“Consolidation and Competition in the U.S. Seed and Agrochemical Industry”

The Senate Committee on the Judiciary

Written Testimony

of

Erik Fyrwald, CEO, Syngenta AG

September 20, 2016

Chairman Grassley, Ranking Member Leahy and Members of the Committee:

Thank you for the opportunity to appear before this Committee. My name is Erik Fyrwald, and I am the CEO of Syngenta.

Syngenta is a global agriculture company employing 28,000 people in over 90 countries. Although we are headquartered in Switzerland, we are proud that as a Swiss company, we fit so seamlessly in the U.S. agriculture economy as a partner of the American Farmer. Our history as a company dates back to 1758. Nothing will change with this transaction.

Regardless of who owns Syngenta, the farmer is our customer and our friend. Farmers drive our product decisions, and our business investments depend on what farmers need. If farmers are not in business, neither are we. This transaction enables us to continue to be a leading provider of innovative products for growers across seeds, traits, and crop protection products. Together, we believe ChemChina and Syngenta will make a critical contribution to global food security.

You have asked me here today to discuss consolidation and competition in the U.S. Seed and Agrochemical Industry. In a moment of tight markets, we feel and see the struggles of a down agriculture economy. With this proposed transaction, we are making a strategic decision to enhance our ability to better supply U.S. farmers and farmers worldwide. Once our proposed acquisition by ChemChina is complete, we will be a stronger player with greater capital and greater market reach. And because of this, it means we can continue to operate as a market leading innovator in seeds, traits, and crop protection products, which we believe will preserve investment in R&D, as well as the safety, reliability, and diversity of the global food supply long term.

Let me share with you our rationale for this transaction, and the impact – or, actually, lack of impact - it will have on Syngenta, as well as what this transaction means for the sector and for growers.

In the U.S., the proposed acquisition of Syngenta by ChemChina should pose no antitrust concerns. Syngenta is an agriculture company and ChemChina is a chemical company, so the two companies do not compete. Nor are Syngenta and Adama - the ChemChina portfolio company that sells agrochemicals in the U.S.- particularly close, direct competitors. Syngenta is an originator firm that focuses on the research and development of new, higher-value agrochemicals and other products. We spend nearly 10% of our global revenue on R&D every year, and we provide a variety of added services to growers. Adama, in contrast, is a company that sells off-patent products without offering any added services to growers. Syngenta and Adama operate under very different business models. In part because of these factors, Syngenta and Adama products appeal to different customer bases.

Moreover, any overlap between Syngenta and Adama is extremely small; in fact, Adama accounts for less than 1% of Crop Protection product sales in the United States. As distinct from other mergers in the industry, there is no competition for seed sales nor for research and development between Syngenta and Adama.

And ChemChina would agree. As the CEO of ChemChina stated on the day our transaction was announced, “ChemChina and Syngenta are highly complementary businesses with relatively limited overlaps in products.”

In short, the acquisition of Syngenta by ChemChina should not raise competition concerns. Unlike prior hearings held by this Committee (like AB-InBev/SAB-Miller or Anthem/Cigna and Aetna/Humana, the subject of two recent Committee hearings), the ChemChina/Syngenta transaction does not involve large horizontal overlaps or companies that are particularly close head-to-head competitors.

Not only will the acquisition of Syngenta by ChemChina not harm consumers in the United States, but instead it will affirmatively benefit them, as well as our employees and the industry as a whole.

In the United States we employ nearly 4,000 employees across 44 states, with facilities in 23 states. For example, in North Carolina, we recently completed a $160 million expansion of our biotechnology facility to further advance biotechnology research. And in Iowa, we have a $3 million capital investment plan underway at one of our research sites. This week in Minnesota, we are opening our Seed Care Institute, a state-of-the-art facility. We are committed as ever to our Good Growth Plan, which seeks to improve the sustainability of agriculture by 2020. These capital investments in R&D are just a few examples of our commitment to ensure we are providing the best possible solutions for American farmers.

Moreover, we believe these sorts of investments will only increase following the transaction. ChemChina will provide Syngenta with greater capital to further its current industry-leading R&D programs, providing growers with the latest and most effective chemicals and seeds. Because ChemChina is not publicly traded, this transaction will allow Syngenta to focus more intensely on long-term R&D instead of having to focus on satisfying short-term investor expectations and demands. It will also give Syngenta better access to emerging markets.

For all of these reasons, we believe antitrust agencies around the world, including in the United States, will recognize the procompetitive nature of the transaction. We are confident we will receive regulatory approval.

Just as important to us, this acquisition allows *Syngenta to remain Syngenta*, with the same strategy, management, people, and culture. No American jobs will be lost or go overseas as a result of this acquisition. There will be no material changes to our US operations.

The acquisition also preserves our core business model, so that the company can continue to operate as it always has for farmers and customers. We will remain subject to all laws in the U.S., including FIFRA, TSCA, and other environmental statutes, consumer protection laws, IP, labor, healthcare, security, currency, antitrust, tax, tariff and customs laws, as well as all state laws. There will also be no changes in food safety oversight. Any of our products commercialized in the U.S. will always need to meet our own high standards as well the standards of the EPA, FDA and USDA review processes.

All that has changed in this transaction is our shareholder base.

As you will be aware, we received CFIUS clearance last month. Any national security issues relating to the transaction were addressed effectively as part of that process. The USDA played an active and significant role in that process.

In closing, we believe that this is a pro-competition and pro-consumer acquisition. It is *good for U.S. farmers, customers, our employees and the sector as a whole.* We will be a stronger player with better scale and market reach that will be able to innovate and compete more effectively. And because there will be no material changes in how Syngenta is run, competition in the sector will be maintained and strengthened with this transaction.

Again, thank you for the opportunity to appear before you. I look forward to answering your questions.