

# China firm offers record \$43b for agri-giant Syngenta

AFP, Beijing

**S**TATE-OWNED China National Chemical Corp. Wednesday offered \$43 billion in an agreed takeover for Swiss pesticide and seed giant Syngenta, in what would be by far the biggest-ever overseas acquisition by a Chinese firm.

The deal is the latest in a string of overseas investments for China's biggest chemical company, also known as ChemChina, as Beijing prods its companies to "go out" to expand.

Syngenta's board recommended the offer of \$465 a share, plus a special dividend, to its shareholders, saying in a statement that "the proposed transaction respects the interests of all stakeholders".

The statement said the deal "will enable further expansion of Syngenta's presence in emerging markets and notably in China".

But it could face challenges before going through.

The Swiss company reportedly rejected a higher \$47 billion bid from rival Monsanto in August last year, and in November Bloomberg News said the US firm was mulling a higher offer.

The transaction is also likely to face regulatory hurdles -- much of Syngenta's business is in the United States, where a \$18.5 billion offer by Chinese state-owned energy company CNOOC for US oil firm Unocal failed in 2005 in the face of political pressure.

Ahead of the announcement an analyst at Germany's Baader Bank said that an all-cash deal would be welcomed by investors but "it could pose political problems".

The offer far outstrips China's biggest overseas acquisition to date, CNOOC's purchase of Canadian oil firm Nexen for \$15.1 billion in 2013.

The Chinese government has encouraged its companies to invest abroad to secure raw materials and markets, while growth is slowing at home.

"They're (government officials) still thinking in terms of it's good for companies to gain access to these technolo-



A man walks past the logo of Swiss pesticide giant Syngenta at its headquarters in Basel.

gies and these distribution channels," Arthur Kroeber, managing director at research firm Gavekal Dragonomics, told Bloomberg News.

The deal is the latest in a string of acquisitions by ChemChina, which last month bought a 12 percent stake in Swiss energy and commodities trader Mercuria to expand its portfolio.

Also in January, the Chinese company said it planned to buy Germany's KraussMaffei Group, which makes machinery for producing plastics and rubber, for 925 million euros (\$1.01 billion).

Last year it announced the takeover of Italian tyre maker Pirelli, renowned for its Formula One equipment and racing calendars, in a deal valued at 7.4 billion euros.

"Their acquisition strategy is not 'catching up' anymore," said Tyler

Rooker, an assistant professor at the University of Nottingham. "They're acquiring assets that add to their competitiveness as global multinationals."

Syngenta said its existing management will continue to run the company, which will remain headquartered in Switzerland, "reflecting this country's attractiveness as a corporate location".

After the deal ChemChina chairman Ren Jianxin will take over as chairman of a new 10-member Syngenta board, four of whom will be existing directors, the statement added.

"Our vision is not confined to our mutual interests, but will also respond to and maximise the interests of farmers and consumers around the world," Ren said.

China is trying to make its farming sector more efficient, supporting mas-

sive agricultural conglomerates to replace what were once small family-owned plots.

The country is a major importer of wheat and soybeans, and Beijing hopes to ensure food security for its nearly 1.4 billion people.

The government supports what it calls "hybrid" crops, such as rice but has moved cautiously on genetically modified food, saying it will prevent "unauthorised" varieties.

ChemChina has a unit specialising in agricultural chemicals, including fertilisers and pesticides, according to its website, but is not present in the seeds business.

Syngenta chairman Michel Demare said the deal was "focused on growth globally, specifically in China and other emerging markets, and enables long-term investment in innovation".

# The Bangladesh opportunity

FRED P HOCHBERG

**T**HIS week, I am visiting Bangladesh as part of my first international trip in 2016. Why did I choose Bangladesh?

Bangladesh's growing economy and rising consumer demand make it a place where US businesses want to compete. US companies are especially interested in helping Bangladesh meet its ambitious infrastructure investment goals with sustainable "Made-in-the-USA" quality goods and services.

We are especially proud of the aircraft, machinery, satellites, and power equipment that US companies produce, which are the safest, cleanest, and most durable in the world. During my time in Bangladesh, I am meeting with economic, government, and business leaders to assure them that the Export-Import Bank of the United States is here to assist American firms in competing for Bangladeshi business.

For example, in 2011 and 2013, the Exim Bank of the US financed more than \$500 million to allow Biman Bangladesh Airlines to acquire four Boeing 777-300ER long-range passenger aircraft. Bangladesh's economic expansion means greater demand for long-range flights that are safe, cheap, and fuel-efficient. Biman's new Boeing jets will help meet that demand.

But that is just the view from 10,000 metres. On the ground, these new aircraft also mean more jobs for Bangladeshis. This purchase is part of a long-term partnership between Exim Bank and Biman as they work to modernise and expand their fleet. Over time, this process has and will continue to require more pilots, flight attendants, and maintenance workers to keep more planes flying and the Bangladeshi economy literally "soaring" globally.

Since President Barack Obama took office, Exim Bank has supported more than \$650 million in US exports to Bangladesh—more than under any previous administration. And I see more opportunity for investment in the future. Here lies the Bangladesh opportunity: with a growing middle class, we know that Bangladeshis want to buy American-made planes, cars and power plants—and that US businesses want to deliver them.

The Bangladeshi government has announced serious renewable energy plans, focusing their efforts on solar and wind energy technologies. As Bangladesh looks to invest in major renewable energy projects, we at Exim Bank will be there to make US companies competitive in bidding on these projects. It is our job to reduce the risks of entering foreign markets so US businesses can partner with Bangladeshi customers to unleash big opportunities.

We know the competition is tough. I am confident that competitive financing can be a catalyst for getting Bangladesh the high-quality American goods and services that can propel the country's economy forward. We want the US businesses to be competitive in this promising market.

I am proud that Exim can continue providing US businesses with the backing they need to compete effectively for the great opportunities Bangladesh has to offer. I look forward to building on relationships, old and new, with my colleagues and friends in Bangladesh and across South Asia so that together we can shape a bright future for the middle class and deliver on our shared responsibility to the next generation.

The writer is the chairman of US Exim Bank.

# Oil rises after Russia says open to Opec meeting



A worker grabs a nozzle at a petrol station in Tehran, Iran.

REUTERS, London

**O**IL rose on Wednesday, paring earlier losses after fresh comments from Russia about its openness to talk with Opec over output cuts helped revive hope among investors that the world's largest producers could act to boost prices.

Russian Foreign Minister Sergei Lavrov said if there is consensus among the Organisation of the Petroleum Exporting Countries and non-Opec members to meet, "then we will meet".

This helped push the price of oil, which has been set for a third day of declines after data on Tuesday showed another big build in US inventories, off the day's lows. Brent for April delivery LCOc1 rose 40 cents to \$33.12 a barrel by 4.30 a.m. ET, pulling away from a session low of \$32.30. US crude futures rose 46 cents to \$30.34, off a session low of \$29.40.

"Is there going to be a meeting between Russia and Opec? That is a supportive factor in this rally that we've seen in the last one hour," PVM Oil Associates analyst Tamas Varga said.

"(Oil-producing) countries are at the brink of default ... so the situation is dire."

Cash-strapped Nigeria and Angola are discussing potential financing from the World Bank, which, together with the

International Monetary Fund, is in talks with Azerbaijan.

The 70 percent drop in the crude price over the last 18 months has hit the budgets of oil-dependent nations such as Nigeria, Venezuela, Russia and even some of the richer Gulf nations such as Bahrain.

Demand for oil, particularly in Asia, proved robust last year, but not enough to absorb near-record supply and ballooning inventories of unwanted crude.

US crude stocks rose by 3.8 million barrels to 500.4 million in the week to Jan. 29, data from the American Petroleum Institute showed.

"The (global) inventory situation is going to get worse in the second quarter as we hit the peak refining rate at the end of this quarter," Tony Nunan, oil risk manager at Mitsubishi Corp in Tokyo, said.

A rebalancing between oil demand and supply will not come until mid-2017, Morgan Stanley said in a note.

"Despite the myriad announcements of capex cuts, production has yet to respond enough to rebalance the market," Morgan Stanley said.

Goldman Sachs in a note on Monday said volatility in the oil price, which is at its highest since the collapse of failed US investment bank Lehman Brothers in 2008, could reach 100 percent as storage capacity comes under pressure.

# Syria's war-pummelled textile industry hangs on for survival

AFP, Beirut

**A**T a stall in a Beirut exhibition hall, Syrian businesswoman Reem Abu Dahab displays her workshop's lacy pink and white nightgowns, hoping to attract increasingly elusive buyers.

Syria's textile industry was once one of the country's economic bright spots, with its products coveted throughout the region and beyond.

But the sector, like the economy in general, has been devastated by the war that erupted in March 2011, with factories destroyed, workers displaced and sanctions hampering trade.

The migrant crisis and outflow to Europe have also depleted its workforce.

"Buyers used to come from all around the world but the war has scared them and now very few come to Syria," said Abu Dahab, surrounded by products made in a small workshop in Damascus.

Abu Dahab's family once owned a factory in Harasta, a Damascus suburb ravaged by fighting between rebels and the regime.

But it was completely destroyed in the war, and now the business is run out of a small workshop in the capital.

"We had 100 employees, today only 30 of them are still working for us," said Abu Dahab, who was one of around 100 Syrian textile manufacturers at a trade fair set up in Beirut.

Before Syria's conflict began, textiles represented some 63 percent of the industrial sector's total production.

The sector was worth 12 percent of GDP, employed a fifth of the workforce and exports netted around \$3.3 billion (3 billion euros) a year, according to the Syrian Economic Forum think-tank.

But by 2014, private sector textile exports had fallen by half, with the industry particularly affected by fighting in Aleppo city, the country's former commercial hub and home to many textile factories.

"Seventy percent of (textile) factories were closed or destroyed by the war," said Feras Taki Eddine, president of the Syrian Textile Exporters Association, next to a mannequin in black underwear and stockings.

In addition, many businesses lost machines and employees.

"Some of the machines were destroyed and some were stolen. Thieves took them to Turkey. I had 220 machines before, now I only have 10," said Alaa Aldeen Maki, owner of Dream Girl Lingerie, an Aleppo-based business.



Women visit a presentation of clothes and fashion from the Syrian textile industry at an exhibition centre in Beirut.

"Most of my employees emigrated because of the situation and some because they were forced to join the army for military service," he said.

When the war arrived in Aleppo in mid-2012, eventually dividing the city between government control in the west and rebel control in the east, some businesses relocated to small workshops in the city's safer areas.

Others, based in the relative safety of Damascus, have done whatever they can to survive.

Muhanad Daadush owns the country's biggest lingerie and pyjama factory, located in the capital.

He still employs 450 people, many of who sleep in the factory during upticks in violence.

"I had 72 workers sleeping at the factory" at one point, he told AFP at his stall, surrounded by bras of all hues and comfortable cotton sleepwear.

"They started at six in the morning, worked until 11, then slept. They would only go home to their families from Thursday night to Saturday morning."

For all its challenges, Syria's textile industry continues to enjoy a reputation of quality in the region, and the Beirut fair attracted some 500 buyers, mostly from the Middle East.

Fadi Baha was in town from Egypt, where he owns a chain of stores.

"I buy Syrian textiles because of their quality. It's better than Turkish or Chinese merchandise and almost competitive price-wise," he told AFP.

"I like how Syrian manufacturers create a unique mix between Eastern and European styles."

But while regional buyers continue to purchase Syrian textiles, clients from further afield were nowhere to be seen.

Daadush Lingerie once exported 70 percent of its products to Europe, but its owner said only 10 percent now goes there.

And the rising costs of production, difficult trading environment and shrinking workforce, all mean competitors from Turkey and China are increasingly able to pinch clients from Syria's textile industry.

Manufacturers blame shrinking exports in part on sanctions slapped on Syria after the government began its crackdown on dissent following anti-government protests five years ago.

The conflict that followed has killed over 260,000 people and displaced more than half of Syria's population, with many joining a wave of refugees seeking safety in Europe since last year.

Taki Eddine said Europe should be bolstering trade with Syria to keep citizens at work in their home country.