

Syngenta: a Basel company in Chinese ownership

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Syngenta, created in 2000, developed into the world's largest producer of crop protection chemicals and one of the largest seed companies. Its products, which range from herbicides, fungicides and insecticides to seeds for maize, vegetables and flowers, are sold in more than a hundred countries. For most of its existence as a listed company, Syngenta was a target for acquirers. In 2015 the American group Monsanto made a takeover offer, which the Syngenta board rejected as undervaluing the company and as carrying excessive antitrust risk.¹

In February 2016, the board accepted an offer from China National Chemical Corporation (ChemChina), a Chinese state-owned enterprise, which valued Syngenta at about USD 43 billion. It was at the time the largest foreign acquisition ever made by a Chinese company. The transaction required approval from competition authorities in many jurisdictions and from the Committee on Foreign Investment in the United States, which reviewed it for national security implications. Once these approvals had been obtained, ChemChina completed the acquisition in 2017, after which Syngenta was delisted from the Swiss and American exchanges.² The financing of the acquisition was provided by Chinese state banks and an international bank syndicate, together with hybrid and perpetual instruments. The magnitude of the debt became a subject of discussion among analysts in the following years.

The Chinese state then reorganised its chemical holdings. In 2020 Syngenta Group was formed as a holding company combining Syngenta, the Israeli crop protection company ADAMA and the agricultural businesses of Sinochem. ChemChina and Sinochem merged in 2021 to form a new state-owned group, Sinochem Holdings.³ Syngenta Group, which is incorporated in China while keeping its global operational headquarters in Basel, prepared a listing on the Shanghai Stock Exchange, which would have been one of the largest initial public offerings in the

world. The application was withdrawn in 2024, a decision officially attributed to changes in the market environment and the group's development strategy.⁴

The Syngenta case raises questions that go beyond the company itself. The acquisition by a foreign state-owned enterprise of a Basel company of strategic importance for food security fuelled the Swiss debate on investment screening, which led the Federal Council to propose a federal act on the screening of foreign investments, focused on acquisitions by state-controlled foreign investors in sensitive sectors.⁵ For Basel, Syngenta remains a headquarters company with research activities in Switzerland, notably at Stein in the canton of Aargau, and a significant number of employees in the region. The company's ownership by the Chinese state has, however, made it a subject of geopolitical attention that Part K examines in its scenarios for the pharmaceutical and agrochemical industry.

1 Notes

1. On the takeover proposals of Monsanto to Syngenta in 2015 and their rejection by the Syngenta board, see the Syngenta press releases of 2015. To be verified. ↩
2. On the public tender offer of ChemChina for Syngenta AG (announced 3 February 2016, completed in 2017, approximately USD 43 billion), the CFIUS clearance and the delisting, see the offer prospectus, the reports of the Swiss Takeover Board and the Syngenta press releases. Figures to be verified. ↩
3. On the formation of Syngenta Group in 2020 and the merger of ChemChina and Sinochem into Sinochem Holdings Corporation Ltd. in 2021, see the Syngenta Group annual reports and press releases. To be verified. ↩
4. On the planned IPO of Syngenta Group on the STAR Market of the Shanghai Stock Exchange and its withdrawal in March 2024, see the press releases of Syngenta Group and the contemporary financial press. Status to be verified. ↩

5. Draft Federal Act on the Screening of Foreign Investments (Investitionsprüfungsgesetz, IPG), Federal Council dispatch of 2023. On the parliamentary process triggered by the Rieder motion (18.3021) and the scope of the act, see the Federal Council's dispatch and the parliamentary records. State of the parliamentary deliberations: Status to be verified. ↩

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