

Translation of “Langfristige Aussichten sind intakt”; Konzernchef Mike Mack (48) ist überzeugt, dass Syngenta weiter stark wachsen wird

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**“Our long-term prospects are still intact”
CEO Mike Mack (48) is convinced that Syngenta is set for further strong growth**

Farmers will suffer from Europe’s rejection of genetically modified food, believes Mike Mack. However, he does not intend to invest too much time trying to convince consumers and politicians.

BaZ: Mr Mack, your growth rate slowed significantly in the first half. Why?

Mike Mack: Even compared to the record growth reported in 2008, we still achieved two per cent growth in the first half at constant exchange rates. Many currencies, such as those in Latin America and Eastern Europe, have substantially weakened against the dollar. As the dollar is our reporting currency, we have therefore reported a decline.

How have you managed to increase prices even though commodity prices have been falling sharply for several months?

Commodity prices are passed on with a delay of up to twelve months. In the second half of 2008, we were manufacturing products to be sold in the first half of 2009. At that time the price of oil had reached a peak. Then you need some lead-time to adjust prices. Last October, we already began to negotiate higher prices with our customers and distributors at a time when commodity prices were still much higher than they are now. In addition, farmers recognize the value of our products. They know that the use of these products can help to achieve higher yields.

You were admittedly able to increase your prices. On the other hand you have had to accept a fall in crop protection volumes ...

The credit environment has worsened significantly during the first half, especially in Eastern Europe. Our customers were no longer able to raise credit on the same scale as before to place their orders with us. Demand for crop protection products did exist, but we cannot sell all our products on credit. We have to limit our risks in this challenging environment.

In other words, Syngenta does not want to be a bank?

We also grant credits to support our customers. But we must have assurance when doing so, for instance by seeing their balance sheets and guarantees that our customers have buyers for their harvests. But if the credit risk exceeds an acceptable level for us we have to say no.

All things considered, do you look to the future with confidence?

Certainly. The long-term prospects of our industry remain intact. Demand for food will of course be influenced by the trend of the global economy, which is slowing at the moment. But in the long term demand for food will continue to rise due to a growing world population and the limited land available for cultivation. As a result, the products we manufacture are becoming increasingly important.

In Europe, skepticism over genetically modified food remains as great as ever. Do you find this frustrating?

No. But farmers in Europe are being increasingly disadvantaged because they are denied access to new technologies and safe products. However, we are not wasting too much time trying to convince consumers and politicians. We sell both genetically modified seeds and seeds which are grown by conventional techniques. It is a fact that gene technology is increasingly used in farming all over the world.

Will public opinion in Europe change one day?

I do believe that genetic engineering will be accepted in Europe one day. Precisely because people here will come to realize that other regions and countries are gaining a competitive advantage by growing genetically modified crops. However, neither our short-term nor our long-term strategy depends on the acceptance of genetic engineering in Europe. We have a global business.

So everything is just a matter of time in Europe?

It is a fact that genetic engineering is safe and this has been proven by scientists. It has been successfully used for a number of years in many countries and has also helped to increase agricultural productivity worldwide. One day people in Europe will ask why the wheat from which our bread is made no longer comes from Europe. We will continue to advocate the use of genetically modified crops; whether our view will be accepted is a matter for others to decide.

Has criticism by non-governmental organizations calmed down because they are more concerned with the problems of the financial industry today?

The challenges facing us today are far-reaching. When I compare the situation today with what it was twelve months ago, I see that the world is much more focused on global challenges, such as food security, climate change or conserving biodiversity. The products into which we conduct research can help to meet these challenges.

So you are optimistic on the whole?

Yes. Syngenta is regularly invited to contribute to these discussions. From time to time others do criticize us, but we are a leading company and have to live with that.

Interview: Andreas Möckli