

Seed company chose best merger partner

Pannar Seed Company explored various potential partners' seed industry and corporate cultures before deciding on the proposed merger with US-based multinational seed producer and DuPont subsidiary Pioneer Hi-Bred International, Pannar MD Deon van Rooyen told the Competition Tribunal on Wednesday, 21 September.

The hearing follows the Competition Commission's decision against the merger in December on the grounds that it would lessen competition in SA's maize seed market. The merging parties then took the case to the Competition Tribunal.

Van Rooyen said it had become obvious to Pannar that it was losing its market share due to the strength of seed companies with modern technology such as Monsanto. Ten years ago it embarked on collaborative research ventures with various global companies and considered equity partnerships. Pannar even invested in the US and Argentina, but this was not enough.

"We were not looking for a highest bidder so we could take the money and disappear; we were seeking a strategic partner that would keep us in the business, preserve the jobs of our experts, and complement our tried and tested business concept while giving us access to the new technology," Van Rooyen said.

On advances by another suitor, Syngenta, he said Pannar got the impression it did not appreciate Pannar's 50-odd years of local knowledge, and its presence in Africa.

With regard to the approach by US chemicals giant Dow, he said there were several collaborations in research, but when it came to a business partnership, Pannar discovered several unsettling business trends. Most of the smaller companies Dow had acquired in the past few years had either disappeared or shrunk.

Pioneer Hi-Bred CEO Dr John Soper said the company had proposed the establishment in SA of an international research hub - similar to those set up in India, China and Brazil. "Our vision would be to bring technology to those farmers ... because they can't afford the seed, but our own experience tells that it can be done."

Source: Business Day