

# Commission Affaires Internationales du Cercle Montesquieu

## La Chine est-elle devenue un Etat de Droit ?

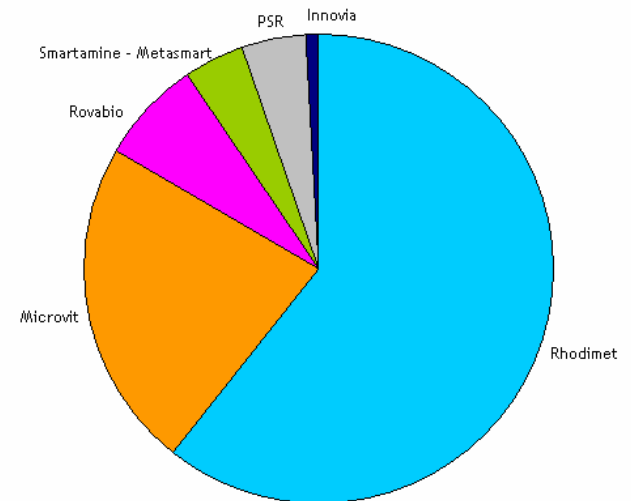
**Nathalie DEBEIR**  
**4 septembre 2013**



# THE ADISSEO GROUP

- **A worldwide group:**
  - 1.734 employees
  - 7 production sites (France, Spain, China)
  - A worldwide distribution network covering more than 100 countries from 5 regional head offices.
- **The « Animal Nutrition » division of *China National Bluestar Group*, a jv between Chemchina and the Blackstone group, which is the largest entity of the *ChemChina Group***

**2012 Sales :**  
**1,15 billion €**  
**(1,4 billion \$)**



# ADISSEO SHAREHOLDING STRUCTURE

## The Blackstone Group®

- Leading manager of private capital and provider of financial advisory services
- Provides corporate and mergers and acquisitions, restructuring and reorganization advisory services

## CHEMCHINA

- Over US\$30 Bn in revenues
- Ranked 355 on "Fortune" Global Top-500
- 5 subsidiaries across base chemicals (a) , organic raw materials, agrochemicals(b) and fertilizers, rubber and chemical machinery space
- Acquired 60% of Makhteshim Agan (Israel).

20%

80%

## BLUESTAR 中国蓝星

- 2 A-share listed subsidiaries: Bluestar New Chemical Materials, and Shenyang Chemical Industry
- Key products (other than nutritional feed additives): organic silicon, bisphenol A, paste PVC, ion-exchange membrane electrolyser, polyethylene, PBT, polyether, chloroprene rubber and TDI.
- 4 acquisitions abroad : Adisseo (France), Rhodia Silicone (France), Qenos (Australia), Elkem (Norway)

**ADISSEO**  
A Bluestar Company

- (a) The base chemicals produced by ChemChina are used in products in the following industries: aerospace, automobile, textile, paper and pulp, logistic and transportation, cosmetic and personal care, electronic and electrical appliances, adhesive, leather goods, etc.
- (b) The agrochemicals produced by ChemChina are primarily chemicals used in fertilizers and pesticides for agricultural purposes

# ADISSEO PRODUCTS : a full range of additives

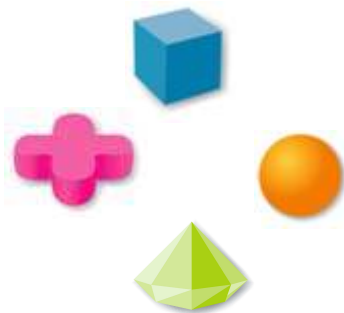
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## Methionine

- ◆ Is an essential amino acid for poultry, pigs and dairy cows.

## Vitamins

- ◆ Play a major role in animal growth, production and reproduction.



## Enzymes

- ◆ Contribute to improving animal nutrition.

# ADISSEO PRODUCTS



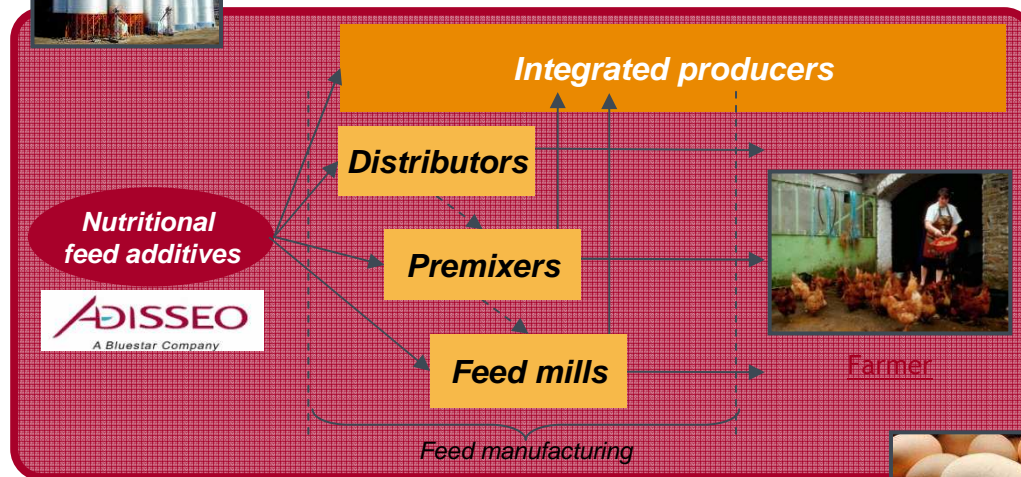
Seeds



Crop Production



Storage /  
Distribution of grains



Meat / Dairy /  
Egg Processing



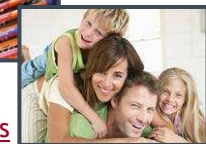
Food Preparation, Packaging



Food Distribution



Customers



# An expertise based on over 70 years' experience

- 1939 → Foundation of « *Alimentation Équilibrée de Commentry* » (AEC)
- 1971 → AEC became the Animal Nutrition Division of the *Rhône Poulenc Group*
- 1988 → International Development Strategy – Corporate Headquarters transferred to Antony
- 1994 → Start up of the new liquid Methionine plant at Institute ( West Virginia – USA)
- 2000 → Merger between *Rhône Poulenc* and *Hoechst* to create *Aventis Animal Nutrition*
- 2002 → Foundation of *Adisseo* in April 2002 by *CVC Capital Partners* and Management
- 2003 → Creation of CERN ( Center of Expertise and Research in Nutrition) in Commentry
- 2004 → Increase of Methionine Production Capacity by 25%
- 2006 → Incorporation of Adisseo into the *China National Bluestar Corporation Group*  
Foundation of *CINABio*, a biotechnology R&D Center in Toulouse
- 2007 → Acquisition of *Rhodia's Sulphur Products & Regeneration* Activity (PSR)
- 2010 → Increase of Methionine Production capacity by 25000 T
- 2011 → Acquisition of *Innov'ia*
- 2013 → Start up of *Adistar* (and Europe 2 project completed)

# An international sales organization

2,500 customers in over 100 countries





# Our main production facilities in pictures ...

- Methionine manufacturing site
- Vitamin manufacturing site

Commentry (France)



Burgos (Spain)



Les Roches-Roussillon(France)



Adistar (China)





## From a Chinese group subsidiary's perspective : investing in China and building a plant in Nanjing

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- **Adistar is located in Nanjing Chemical Industry Park (NCIP)**
  - the second largest chemical park in China
  - the first significant production base builds by Adisseo in Asia, also the first integrated (both upstream and downstream) plant for liquid methionine in the world
- **Registered on July 2009, Adistar was an empty land and is now a plant with 30 units**
- **From 35 people transferred from Tianjin to a multi-cultural team of 500-570 headcounts, among which 310 local employees and 45 (peak period) people on mission or expatriation, as well as around 200 permanent contractors**
- **1500 safe working days without LTI recordable for Adistar employees**

## From a Chinese group subsidiary's perspective : investing in China and building a plant in Nanjing

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- **Bluestar Adisseo Nanjing Co is a Chinese company in China but adopted the WFOE status last year : capital injection, business licence, by laws, board, strategic committee etc ...**
- **Need to monitor carefully the approvals we obtained**
- **No incidents during the construction of the plant (Technip) – HSE is our first priority**

## From a Chinese group subsidiary's perspective : investing in China and building a plant in Nanjing

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- **Economic profit and financial performance are scrutinized by the shareholder : State Owned Enterprises are changing**
- **Chinese executives learn management, operational and safety procedures :  
« World's best practices »**
  - Economic Value Added (EVA) as a key assessment measure
  - IT services with ATOS
  - Bluestar World Class Manufacturing
  - CXO's

# From a Chinese group subsidiary's perspective : investing in China and building a plant in Nanjing

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## ■ KEY ELEMENTS

- Ability to hire and retain high quality local management talent
- Ability to navigate the regulatory environment
- Build up key local relationships
- Procure a stable and secure supply of raw materials and proven expertise in constructing and operating facilities in China.

## How to apply the legal rules and to collaborate with its external counsels ?

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- **The chinese law is quite young (roughly 20 years) Hong Kong more flexible in term of contractual obligations**
- **Doing things the « chinese way » ie business relationships, gentleman's agreements, undocumented promises ... : follow through on all contractual obligations**
- **Enforcing obligations may be difficult : CIETAC or HKIAC**
- **Competition law : vitamin C case : has been argued that governement forced Chinese companies to coordinate pricing**

# How to apply the legal rules and to collaborate with its external counsels ?

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- **Explaining in detail the proposed transaction or contemplated operation in order to get the administrative approvals fast**
- **Oral information versus written information**
- **Market practice is quite limited**
- **Local context needs to be understood**
- **Culture, language and values: find the right partner and go fast (series of acquisitions like Siemens, Schneider Elec, ABB, SEB )**
  - Growth in China and labour rates increased
  - Rapidly emerging middle and wealthy classes
  - Consumer purchasing power increased
  - « Chinese story » with local product or trademark

Obrigado

Gracias

Merci  
Thank you  
Danke

谢谢

