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RE. AUSTRALIAN PRODUCTIVITY COMMISSION REVIEW OF PUBLIC SUPPORT FOR SCIENCE AND INNOVATION

Dear Commissioners,

Syngenta Crop Protection, as a major investor in science and innovation in Australia, welcomes the opportunity to respond to the Productivity Commission's Draft Research Report into Public Support for Science and Innovation.

Syngenta invests over \$AUD 1 billion annually around the world, with this investment allowing the company to deliver new innovations to farmers in over 140 countries.

While the majority of Syngenta's pioneering research into new active ingredients occurs in the Northern Hemisphere, the company does invest in a major Australian research and development program. Syngenta's local research program is focused on adapting and tailoring our innovative chemistry into products and formulations capable of performing under the unique and challenging conditions which characterise Australian agriculture. This often involves the development of novel formulations specially created for Australian production systems, and numerous years of field development to provide both regulators and farmers with assurance that Syngenta's products meet the highest quality and performance standards.

The availability of the R&D Tax Concession, including the Incremental Tax Concession (175% premium) has had an important, and positive influence over Syngenta's ability to establish and expand its R&D program in Australia.

The Australian crop protection market incorporates two distinct market segments. An extremely competitive market segment comprising a large number of companies selling off-patent agricultural chemical products, and a more targeted market for newer, innovative and higher value products, involving a limited number of global companies committed to R&D.

Australian farmers rely on global R&D companies, including Syngenta, to bring new chemistry into the Australian market and to provide them with innovative products capable of overcoming emerging pest and disease pressures, managing chemical resistance, and offering them more targeted and "softer" crop protection options. The emergence of new, more targeted chemical products will be increasingly important as Australian farmers look to access higher value quality- focused export markets.

While Syngenta has an exciting range of products in the R&D pipeline, the growing costs associated with generating the Australian-specific information required to register a product in Australia, the low barriers to entry for generic competitors in post-patent product markets and the limited size of many individual

markets for targeted crop protection products, means that it is increasingly difficult to establish a compelling business case for investing in the research and development required to introduce new agricultural chemical products into the Australian market.

In the case of a number of Syngenta's recent R&D projects, the availability of the R&D Tax Concession has had a direct bearing on the viability of the research projects, which have, or will ultimately deliver Australian farmers with the new crop protection products. Any reforms to restrict companies such as Syngenta from accessing the R&D Tax Concession will put risk to many of these projects.

Syngenta has concerns over the Commission's draft recommendation that R&D Tax Concession be re-oriented towards the 175% incremental component. While Syngenta has benefited from the Incremental component of the Concession, the proposed approach may prove restrictive for companies with an interest in agricultural research, where seasonal variability can have a marked effect on R&D investment from year to year.

Our growers deserve to have access to the highest performing crop solutions and it is imperative they do in order to sustain agriculture in Australia.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Andrew Aubert'.

Andrew Aubert
Development Manager - Australasia