

(TEL) Canada Clears Glencore's £4bn Takeover of Viterra

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By Agencies

July 16 (Telegraph) -- Glencore, one of the world's largest commodities suppliers, has won a Canadian regulator's approval for a C\$6bn (£4bn) takeover of grain handler Viterra.

Canadian Industry Minister Christian Paradis last night approved the deal, which still needs to be cleared by China's Ministry of Commerce.

Glencore in March offered to pay C\$16.25 per share for Viterra, which owns the largest share of Western Canada's grain storage and farm supply outlets, as well as nearly all grain storage capacity in South Australia.

The transaction anticipates Glencore's sale of some Viterra assets to two Canadian agriculture companies, Agrium and privately-held Richardson International, Reuters reports.

Mr Paradis said the Viterra takeover is "likely to be of net benefit to Canada". In 2010, Canada blocked the \$40bn takeover of Potash Corp of Saskatchewan by BHP Billiton because it did not provide a "net benefit" for the country.

He cited commitments that Glencore has made, including a boost to Viterra's capital spending by more than C\$100 million over five years, work on initiatives with Manitoba and Saskatchewan governments, and charitable contributions.

Chris Mahoney, Director of Agricultural Products, Glencore, said in a statement, "We are very pleased to receive Investment Canada approval, which recognises the long term benefits for farmers and Canada from our acquisition of Viterra."

The acquisition will make Glencore a stronger rival to agriculture companies including Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus Corp. These companies are sometimes referred to as the industry's ABCD quartet.

It could also help Glencore benefit from growing global demand for food, especially as diets and incomes improve in China and India.

Viterra controls nearly half the grain-handling market share in Canada, the biggest exporter of spring wheat, durum and canola.

Glencore anticipates transferring most of Viterra's retail agri-products business, including a 34pc stake in Canadian Fertilizer, to Calgary-based Agrium for C\$1.8 billion.

Richardson, which is based in Winnipeg, would acquire 23pc of Viterra's grain-handling assets and some North American processing assets for C\$800 million.

Glencore said approval from China is not expected before the end of July. Canada's independent Competition Bureau has said it will not oppose the Viterra takeover, but has not ruled on the transactions with Agrium and Richardson.

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