

Monsanto/Pharmacia merger

On 19 December 1999, Monsanto Company and Pharmacia & Upjohn announced that they had entered into a definitive agreement to create a dynamic and powerful new competitor in the global pharmaceutical industry. The new company will have one of the strongest sales forces in the pharmaceutical industry, an expansive product portfolio, a robust pipeline of new drugs, including a number with blockbuster potential, and an annual pharmaceutical R&D budget of more than \$2 billion. The new company also will have one of the world's leading fully integrated agricultural businesses. The combined company will have estimated 1999 sales of \$17 billion with a market capitalization of more than \$50 billion.

The combined company, to be named Pharmacia Corporation, will have a significantly strengthened position in the critical U.S. pharmaceutical market and complementary current and near-term products in key therapeutic areas. Sales in the USA will account for more than 50% of the company's global pharmaceutical sales.

The agricultural business has a leading global position in seeds, herbicides and biotechnology. In conjunction with the creation of the new company, it is expected that up to 19.9 percent of the agricultural business will be offered in an Initial Public Offering (IPO). The agricultural business will become a separate legal entity, with a stand-alone board of directors and its own publicly-traded stock upon completion of the intended IPO.

The new company's corporate headquarters will be located in Peapack, N.J., along with the pharmaceutical business. The new company's agriculture business will be headquartered in St. Louis.

Under the terms of the merger-of-equals transaction, which has been unanimously approved by both boards of directors, Pharmacia & Upjohn shareowners will receive 1.19 shares of the combined enterprise for each share of Pharmacia & Upjohn they now hold. Each Monsanto share outstanding prior to the combination will represent one share in the combined company. The transaction will be tax-free to the shareowners of both companies and is expected to be accounted for as a pooling of interests. Monsanto shareowners will own approximately 51 percent of the combined company's shares.

Sumitomo Chemicals

...acquires Abbott Laboratories' agrochemicals business

Japanese group Sumitomo Chemical has announced its acquisition of U.S. group Abbott Laboratories' agrochemicals business. This consists mainly of biological products for plant protection and growth regulators. Based in Lake County, Illinois, it employs 164 people and in 1998 made a \$103 M turnover (1% of Abbott's sales). The US group retains production rights to its active ingredients. The acquisition will increase Sumitomo's range of products for organic farming and consolidate its position in North America, Europe and Oceania.

...acquires production facility in India

Sumitomo plans to acquire a 90% stake in New Chemi Industries' (NCI) (India) agrochemicals division. The deal is expected to close early in 2000. Sumitomo will upgrade NCI's existing site in Mumbai, India. Production of a mosquito repellent will begin mid-2000. Sumitomo already supplies the Indian market from Japan.

Dow AgroSciences

...to cut 700 jobs

Dow AgroSciences is cutting 700 jobs worldwide. It will close its Mycogen Seeds facility in Minnesota. Dow's agribusiness is the latest casualty in a series of cutbacks by agri-product suppliers hit by the depressed US farm economy. It will consolidate the Minneapolis facility's activity in Indianapolis where Dow AgroSciences is based. Dow says the cuts are an effort to combat challenging business conditions. The company believes that the growth of generic products and the emergence of biotechnology have slowed anticipated growth in its conventional agrochemicals business.

...research agreement with Biotica Technology Ltd.

Dow AgroSciences LLC and Biotica Technology Ltd (Biotica) announced a two-year research agreement that may lead to additional uses of spinosad, an insect control product. Spinosad is derived through the fermentation of a naturally occurring organism. It controls a variety of insect pests, including caterpillars, thrips, flies, drywood termites, and some beetles.

Under the terms of the agreement Biotica will determine the potential for obtaining additional variants of spinosad by targeted changes of the biosynthetic pathway that creates this product.

Monsanto and Novartis settle patent disputes

A settlement has been reached between Monsanto and Novartis concerning pending lawsuits over Monsanto's DeKalb seed unit. The lawsuits relate to royalties and licences for genetically modified Bt corn seeds, Novartis NK, Novartis NK YieldGard corn, and Novartis Knockout corn. Lawsuits had been filed by both companies relating to contractual and intellectual property rights concerning Bt corn. All pending lawsuits are settled by the agreement, including the patent infringement lawsuit of Monsanto against Novartis in several U.S. states and the mutual breach of contract lawsuits in Minnesota and Missouri. Under the terms of the agreement, Novartis has agreed to pay Monsanto licensing fees and future royalties and fees for genetically modified organisms. In return Novartis will receive improved and simplified licence terms for the corn and royalty bearing licences for glyphosate resistance in corn.

Rohm and Haas

...modernises its biocides site at Jarrow, UK

In the UK, the \$14 M modernisation of Rohm and Haas's biocides site at Jarrow has been completed by the UK engineering company Eutech. New equipment has been provided to reduce emissions into air and water, and the site has quality certificate ISO 14001. The quality of the isothiazolones-based biocides produced on this site will now be equivalent to that of those made on the group's 1996-built site at Bayport, Texas, USA, which was extended by 40% in 1998. The UK site now has maximum safety and flexibility. Rohm and Haas has \$130 M/y worldwide turnover in biocides and is the leading producer of isothiazolones. There are 4 different active ingredients in Rohm and Haas's range of isothiazolones, which are for use in the water treatment, wood treatment, cosmetics, paints and plastics industries. The anti-fouling products, Sirena ASR,

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based on Sea-Nine 211, a biocide supplied by Rohm and Haas, are being tested by Colorificio Baseggio in Venice are tested as anti-fouling paints without tin for use on fishing and passenger boats.

...new fungicide plant in China

A dithane production unit is being constructed by Rohm and Haas Nantong Chemical in Jiangsu, China. The plant, due for a late 2000 start-up, will serve the company's domestic market.

Akzo Nobel finalizes acquisition of Hoechst's animal health business

Akzo Nobel has successfully completed negotiations for the acquisition of Hoechst's animal health business. The deal, worth EUR 655 M, will make Akzo Nobel the 4th largest group in the sector. At the end of November 1999, the European Commission approved the deal on condition that the groups withdraw from certain sectors where they would have too dominant a position. The acquisition (which includes all production units and research and development installations and will affect 2400 employees) will double the size of Intervet (Akzo's veterinary products business). Its turnover will increase to EUR 800 M.

Mitsui increases European presence in biopesticides

A 60% stake in Biological Crop Protection, UK, has been acquired by Mitsui and Co. The deal – the first involvement of Mitsui in the predator insects sector – enhances the Japanese company's position in the

European market for biological pesticides. Sales of BCP amount to £2 M/year, and it is the world's third largest producer of predator insects. Within five years, the company aims to increase sales to £6.25 M/year, including its operations in Japan and North America. Sales in Europe are expected to be assisted by a trend away from the use of chemical insecticides.

South Korean veterans of Vietnam sue manufacturers of Agent Orange

2000 South Korean veterans of the Vietnam War have filed a lawsuit in Korea seeking \$321 M in damages from US producers of Agent Orange. A ruling in Seoul is expected shortly. Companies cited in the lawsuit are Monsanto Co and Dow Chemical Co. Veterans want to receive compensation before 2004 at the latest. Both companies have business operations in South Korea. Early in 1999 the veterans won an injunction that froze the sale or transfer of hundreds of the companies' patent rights in South Korea, pending a ruling. Legal authorities say that if the veterans win and the companies refuse to compensate them, the patent rights can be disposed of. The suit is part of a broader legal battle being waged by 17,000 South Korean veterans of the Vietnam War who are seeking \$4.3 bn in compensation from Dow and Monsanto. Hearings on that suit have yet to begin. Former soldiers are also seeking \$1 bn in compensation from the US government. Early December 1999 both the US and South Korean governments acknowledged that Agent Orange had been used on the North Korea border in 1968/69. South Korean officials say that at

least 50,000 soldiers manually sprayed Agent Orange and two other defoliant along the demilitarised zone. The herbicide contained dioxins (as impurities), which are linked to certain types of cancer.

Snippets

...Zeneca Agrochemicals is to launch its new herbicide, mesotrione [2-(4-mesyl-2-nitrobenzoyl)-3-hydroxycyclohex-2-enone] for use on maize from 2002. A new production plant will be built at Cold Creek, Alabama, in 2000. Mesotrione is currently being reviewed under the EPA's fast track pesticide reviewing scheme.

...Novartis' animal health division is to acquire UK company Vericore, which specializes in vaccines, parasiticides and other products for cattle, as well as drugs for pets and aquaculture.

...United Phosphorus Ltd has filed a lawsuit in the US federal district court in Wilmington, Delaware, seeking at least \$56 M from BASF Corp and its subsidiary, Micro-Flo, over their alleged importation of millions of pounds of unregistered pesticides for distribution, sale and use in the US.

...the surfactant hamposyl from Dow's US subsidiary Hampshire Chemical Corp improves plant uptake of glyphosate, without the operator and environmental risks presented by tallow amine alternatives. Hamposyl is based on a sarcosinate compound (similar to those used in toothpastes and shampoos), and is being offered to Monsanto and generic glyphosate producers.

Integrated Crop Management Meeting

In today's world, the majority of the general public is taking a greater interest in the quality of its food than ever before. Recent crises in Europe have taken the public's mind off pesticide residues in food but the US Food Quality Protection Act (FQPA) is raising these issues in the minds of US citizens and it will not be long before they are back with the Europeans. Nevertheless, we are told that organic food consumption is increasing at a rate of 25% or more each year as customers are persuaded that such food, although more costly, is better for them and their families.

So where does Integrated Crop Management (ICM) fit in? ICM involves the application of compounds as and when

needed with the preferred treatments being none at all. As and when necessary, natural crop protection systems are employed with chemical methods used only when the alternative is complete crop loss. It is an integration of all the methods available to us, but only when they are needed. It is a method demanded by supermarkets for the production of their fresh fruit and vegetables. It is being encouraged in developing countries as an answer to pest problems in subsistence farming. And it works.

The Volcani Centre, Israel, and the Fresh Produce Consortium, UK, have joined with the Crop Protection Group of SCI to organise a meeting 'The Economic

and Commercial Impact of Integrated Crop Management' to be held at 14/15 Belgrave Square, London, SW1X 8PS from 3–4 April 2000. There are four sessions: ICM Facts and Perceptions; ICM in Practice; ICM Case Studies; and ICM The Wider Picture and an international group of speakers has been invited to address these topics. Posters are invited for any aspect of ICM that falls into these categories. The full programme can be seen on the SCI web site (<http://www.sci.mond.org>). For further details on the conference or offers of posters contact Deborah Norcross at Belgrave Square (Tel: +44 (0)207 598 1563; email: deborahn@chemind.demon.co.uk).