

Bayer and Aventis

Bayer's takeover of Aventis CropScience is almost complete. Agreement has now been reached on the key points of the sale. Bayer will pay EUR 5.5 bn – simultaneously taking over debts of EUR 2 bn. Schering AG, which has a 24% stake in Aventis CropScience, is expected to receive over EUR 1.3 bn. Subject to the approval of the antitrust authorities, it is planned to integrate the crop protection activities of both companies into a newly established company that will be a separate legal entity within the Bayer Group. The new company will be one of the top players in the global crop protection market (No. 1 in insecticides; No. 2 in fungicides), with approximately 23,000 employees and combined sales approaching EUR 7 billion. The merger will mean cost savings of EUR 500 M/y. Aventis will remain responsible for any risks arising from the StarLink corn affair in the USA.

Half-year results 2001

...Bayer

Sales in Bayer's Agriculture segment in 1H 2001 matched the previous year's level of EUR 2.1 bn. The operating result slipped 7% to EUR 0.5 bn. The sluggishness of the economy in the US and Latin America had an adverse effect, while sales in Europe were hampered by weather-related sales declines in products for cereals and mounting competitive pressure from generic herbicides.

...BASF

Sales in the first-half of 2001 rose 78% to nearly EUR 2.3 bn. By December 2001, BASF expects to exceed the envisioned EUR 125 M in annual cost saving synergies following the acquisition of the agricultural part of American Home Products. The closure of its Princeton research and development centre will add another considerable portion of cost savings. It has great confidence in its new strobilurin fungicide F500. It expects 14 active ingredients to be launched by 2006; its total R&D commitment is about EUR 400 M per year. BASF is very confident to meet the annual synergy effects of EUR 250 M from 2002 onward.

...Syngenta

Syngenta half-year results 2001 have been negatively affected by damp and cold

weather conditions and low prices for agrochemicals. Turnover decreased by 4% to \$4.03 bn. The operating result decreased by 9% to \$1.06 bn and the operating margins remained at 26.3%. Net profits remained almost unchanged with \$400 M (\$399 M in 1H 2001). However net profits decreased by 5.5% to \$377 M in 1H 2001. Syngenta plans further cost-cutting measures and will close down 10 of its 47 global production facilities by 2004. In addition to this, the company will close down half of its 12 technology centres. Overall, Syngenta plans to cut 3000 jobs worldwide, to a total of 20,000.

Agricultural e-commerce

United Business Media (UBM) is to close Farmgate.co.uk. The closure is the latest to hit agricultural e-commerce recently. Globalfarmers.com dismissed half its staff two months ago, with receivers being appointed in early July, but it was bought out by ADAS, whose on-line consultancy and information services will now be supplemented by a trading arm. The French site Agrifirst.com dropped plans to open in the UK. The long-term future of e-commerce could be secure, however, with the cooperation between distributor giants such as Banks Cargill, Dalgety, Kemira, DuPont and Terra to found First4farming, due to start on-line trading in 2002. UBM is also closing Farming News, a move which may speed growers from newsprint to internet.

Isagro

Isagro is in talks with Dow Chemical to dissolve the companies' 50-50 pesticides distribution joint venture Isagro Italia, which had sales of EUR 44 M in 2000. The company is to build a unit in Panoli, India, to manufacture tetraconazole. The site was obtained with the recent purchase of Calcutta-based RPG Life Science. This acquisition, plus the recent acquisition of Caffaro's agchems business, have almost tripled Isagro's sales to over EUR 180 M/y. Isagro will invest EUR 5 M to install new technology and upgrade the former Caffaro copper fungicides plant at Adria, Italy, which has capacity of 20,000 tonnes/y. Isagro is also spending EUR 60 M to develop two new fungicides and one herbicide – due for launch between 2004 and 2006.

Nufarm

Nufarm has acquired the production and formulation units of pesticides and speciality chemicals producer Artferm from Wesfarmers Landmark. Nufarm has also acquired a 50% stake in Artferm's trading and distribution business. Artferm makes sulfonylurea herbicides and a range of surfactants and additives at Lara, Australia. Nufarm is strongly focussed on continued global expansion and a return to strong growth in profits. But the company recently downgraded its profits forecast for fiscal 2001. It expects to return to growth in profits in 2001–2002.

Syngenta in Japan

Syngenta is buying out the remaining 50% stake in the Japanese crop protection and distribution company Tomono Agric. Syngenta already owns 50% of the company. Syngenta will concentrate on improving the company's position in Japan. In Japan, Syngenta and Tomono Agric have combined sales of \$250 M accounting for about 10% of the Japanese market for crop protection agents.

Bayer-Syngenta dispute

The patent dispute between Bayer and Syngenta over neonicotinoid insecticides has been won by Syngenta. The US Patent and Trademark Office has ruled that Syngenta was the first to invest in the thianicotinyl class of neonicotinoid insecticides. The ruling includes Syngenta's proprietary compound thiamethoxam but does not affect a second patent held by Bayer on neonicotinoid insecticides. Bayer intends to continue with two further lawsuits against Syngenta for infringement of this patent. A counter-suit was filed by Syngenta in Delaware earlier in 2001.

Banks Cargill

A seed processing plant has been opened by Banks Cargill at Sandy, UK. The £3 M, high-technology plant can process and apply pesticide dressings to seed at 60 tonnes/hour. The newly merged company is confident that the plant can meet early demand for treated cereal seed this autumn.

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