

Chemical mergers

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regarding whether individual products will stay in production or pass into history.

"I think reregistration has an effect, but that's just part of it," said Bill Liles, director of Ciba's Turf and Ornamental Division. "The cost of regulatory compliance in today's environment is staggering: state, federal, clean air, clean water, OSHA, FIFRA..."

"It's tough to be a one-product company today — it's tough to be a two-product company! The costs are too high. You're limited in the resources you can put behind the products."

Under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), all chemicals registered with the Environmental Protection Agency before 1984 must be reregistered before Jan. 1, 1997. Reregistration isn't guaranteed and the supportive research can cost millions of dollars. Sometimes it's easier to cut bait and fish with someone else.

"The only way to tackle these difficulties is to ensure that profitable and innovative products on an own-research basis come onto the market more quickly," says NOR-AM spokesman B.J. Bilas regarding the Hoechst-Roussel/NOR-AM partnership. "Only companies of sufficient size will be in a position to afford the investments necessary for constant renewal of their product range."

Bilas said the new joint venture — agreed to by a pair of German parent companies, Hoechst AG of Frankfurt and Schering AG of Berlin — will take effect early this year. Hoechst will hold 60 percent of the shares and Schering 40 percent. The partnership, said Bilas, is aiming for sales of more than \$2 billion, making it one of the largest agrochemical producers in the world — a claim neither Hoechst-Roussel nor NOR-AM could make on their own.

Scotts' acquisition of Grace-Sierra was a transaction valued at approximately \$120 million, including repayment of indebtedness, according to Robert Stern, Scotts vice president of Human Resources. After the merger, the combined business and operations will form the world's largest turf and horticultural products company, with fiscal year 1993 sales approaching \$600 million, said Stern, who added the transaction remains subject to board and regulatory approvals.

Market changes strong enough to elicit this type of corporate response cannot happen overnight. ("Scotts' interest in Grace-Sierra has been a long-term interest," Stern explained.) But EPA and its administrator, Carol Browner, have clearly stepped up the rhetoric during the first 12 months of the Clinton Administration. The approaching reregistration deadline and Browner's stated objective to reduce pesticide use present added obstacles to profitability in American markets.

Not everyone sees reregistration as the moving factor behind the industry consolidation. Some believe it's just good business.

"In my mind, mergers are happening because companies see their product lines are complementary," said Ron Fister, director of specialty sales for Sandoz. "In our case, with ZOECON, merging the two groups together gave us more strength — more marketing and sales people... Turf used to stand on its own, and ornamental used to stand on its own. Now they complement each other. I think companies look at one another from a viewpoint of strength rather than getting reregistered. I don't think reregistration had anything to do with it."

"At this point, I think all companies are looking at their chemistry in terms of

EPA SIGNS OFF ON BARRICADE

DES PLAINES, Ill. — Sandoz Agro, Turf & Ornamental's Barricade pre-emergence herbicide is now approved for use in and around more than 100 species of landscape ornamentals, as well as on bentgrass and golf tees, following Environmental Protection Agency registration. Changes to Barricade's new label also include the removal of height restrictions for turf at application. It is now approved for use on all areas of the golf course, except putting greens.

reregistrations. Do we keep it or do we drop it? But you also look at companies that complement your product line. Does it make you stronger? The decision to keep a product usually is made before you look at other companies."

U.S. manufacturers have also recognized the realities of competition from overseas — including consolidated competition such as that from Hoechst and Schering. When it comes to free trade, international pacts like the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariff and Trade (GATT) will almost certainly open more doors than they close.

It is Grace-Sierra's international reach that made it especially appealing to Scotts, said Stern. In addition to manufacturing facilities in California, Pennsylvania, Arkansas and South Carolina, Grace-Sierra has another in The Netherlands and sells its products in Europe, Latin America and the Far East, including Australia and New Zealand.

"You can be a U.S. company and be successful here," said Liles. "But your long-term competition will come, eventually, from overseas. When you spread your resources to different parts of the world — like Scotts and Hoechst-Roussel and Schering have done — you can be flexible. You can shift resources and survive a downturn in particular markets."

"These are the things you have to do if you're going to be a player in the marketplace."

Sandoz Agro, Inc. expands national sales contingent

DES PLAINES, Ill. — Sandoz Agro, Inc., Turf & Ornamental is expanding its national sales team, as part of the company's commitment to increase support for customers in the turf, greenhouse and industrial vegetation management industries.

The changes are a result of the reorganization of the company's speciality division this summer, and include the hiring of Matthew Albrecht, John Meyer and Martha Trubey as sales representatives.

Albrecht, who will represent Sandoz to the IVM market in the Mid-Atlantic region, joins the company following seven years with IMC Fertilizer, Inc. At IMC, Albrecht served as both sales manager and regional sales manager.

Meyer will represent turf and ornamental products for Sandoz in the Southeastern United States, excluding Florida.

His 11-1/2 years in the turf industry include experience as a turf and horticultural sales representative for Wilbur-Ellis Co. Meyer worked in lawn care operations with TruGreen, Excelawn, and, prior to that, owned his own lawn care company.

Trubey, whose territory for Sandoz includes turf and greenhouse operations in Texas and Oklahoma, joins Sandoz with seven and a half years of industry sales experience.

Most recently, Trubey worked as a sales representative for Grace-Sierra, where she specialized in turf, ornamental and commercial greenhouse markets.

RISE update: Counterpart emerges in Canada

A new Canadian organization to address specialty pesticide issues is being formed north of the border as a counterpart to RISE (Responsible Industry for a Sound Environment). The Council of Responsible Environmental Soundness will be the green industry committee of our northern neighbor, the Crop Protection Institute of Canada. More information? Contact Anabelle Fidulitch 514-667-5081.

EPA's Office of Pesticides, in its announced goal of a "reduced pesticide use policy", is looking at urging Integrated Pest Management in non-ag settings. Victor Kimm, EPA's OPP deputy, said the agency hopes to publish a guide for IPM techniques in schools soon. RISE has had an opportunity to review and comment on an early draft of such an EPA guide. But, publication funding is "iffy".

Five Washington state agencies have been directed by Gov. Lowry to review the issue of multiple chemical sensitivity and implement a program to recognize the syndrome for medical benefit purposes, even though the medical community doesn't recognize MCS as a valid disease. RISE is keeping up-dated through Art Losey, former state department of ag official.

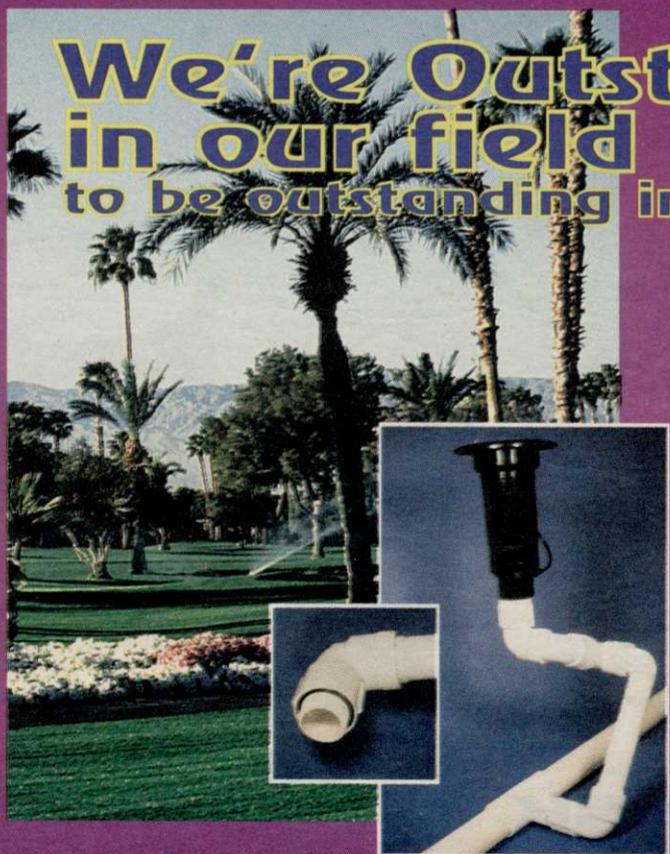
The above updates were provided by RISE (Responsible Industry for a Sound Environment). RISE Executive Director Allen James can be reached at 202-872-3860.

RGF OFFERS ENVIRONMENTAL BOOKLET

RGF Environmental Systems, Inc. is offering a free booklet titled "101 Environmental Questions and Answers for Golf Courses". The booklet is written to aid the golf course superintendent's in their knowledge of recent golf course environmental concerns. The subjects include: equipment cleaning, mix & load, pesticides, storm water, odor control, and pond algae control. For a free copy, call RGF at 407-848-1826.

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