

BRIEFS

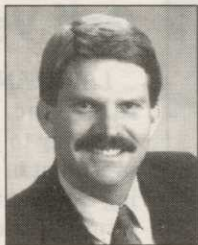


**CLAYTON PROMOTED AT SANDOZ**

DES PLAINES, Ill. — Sandoz Agro, Inc. has named Gary Clayton business manager, turf and ornamental products, within the company's Specialty Business Unit. Clayton was most recently business manager for the company's mosquito control and ornamentals products. Clayton's experience includes positions as VP of operations for Perma-Green; director of technical services for the Professional Lawn Care Association of America; turf and ornamental market manager for PBI Gordon; and turf distributor sales representative for Pro Turf Specialties.

**SEARIGHT TO MANAGE SRO-DALLAS**

CORVALLIS, Ore. — Seed Research of Oregon, Inc. has appointed Pat Searight area manager for the Dallas, Texas, operation.



Pat Searight

He will be responsible for sales of Seed Research's cool- and warm-season grass seed program in Central Texas. Searight has a bachelor's degree in agronomy with a turfgrass management specialty from Texas A&M. Prior to joining Seed Research, he was an instructor with Texas State Technical College and formerly held several golf course superintendent positions.

**DUFFY MOVES UP AT GOULDS PUMPS**

SENECA FALL, N.Y. — Richard C. Duffy of the Water Technologies Group at Goulds Pumps, Inc., has been named staff vice president-corporate development reporting to Thomas C. McDermott, president and chief executive officer. Duffy began his 24-year career in the pump industry with Morris Machine Works of Baldwinsville, N.Y., later acquired by Goulds in 1981. In 1984, he held the position of marketing manager for the Texas Division, in Lubbock, then a similar post for the G&L commercial business at the Water Systems Division here.

**EPA OKs HIGHER RATES FOR ALAMO**

WASHINGTON, D.C. — The Environmental Protection Agency has registered new, higher rates for Alamo fungicide for applications through pressurized injection equipment. For preventative treatments, six milliliters of Alamo should be used. The new label also recommends a 10-milliliter rate for curative treatments. Alamo is Ciba Turf & Ornamental's tool for control of oak wilt and Dutch elm disease.

# Decision to Pennington; feds pay up

By MARK LESLIE

MADISON, Ga. — A struggle that dragged on for six years has come to a close, with the U.S. Treasury reimbursing Pennington Enterprises, Inc. \$250,000 for losses stemming from a government blunder.

"Vindication was uppermost in my mind. We were not at fault," said the seed company's president, Brooks (Sonny) Pennington. "The real sad part is that we taxpayers paid all those government lawyers for six years and then had to pay \$250,000 because of one man's mistake."

The snafu Pennington referred to involved U.S. Department of Agriculture inspectors allowing 2 million pounds of weed-infected Argentine tall fescue grass seed into the country on Nov. 17, 1988. Unknown to Pennington and six other American companies, the shipment contained a noxious weed, serrated tussock. By the time the USDA demanded the

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## Packaging prices continue to rise

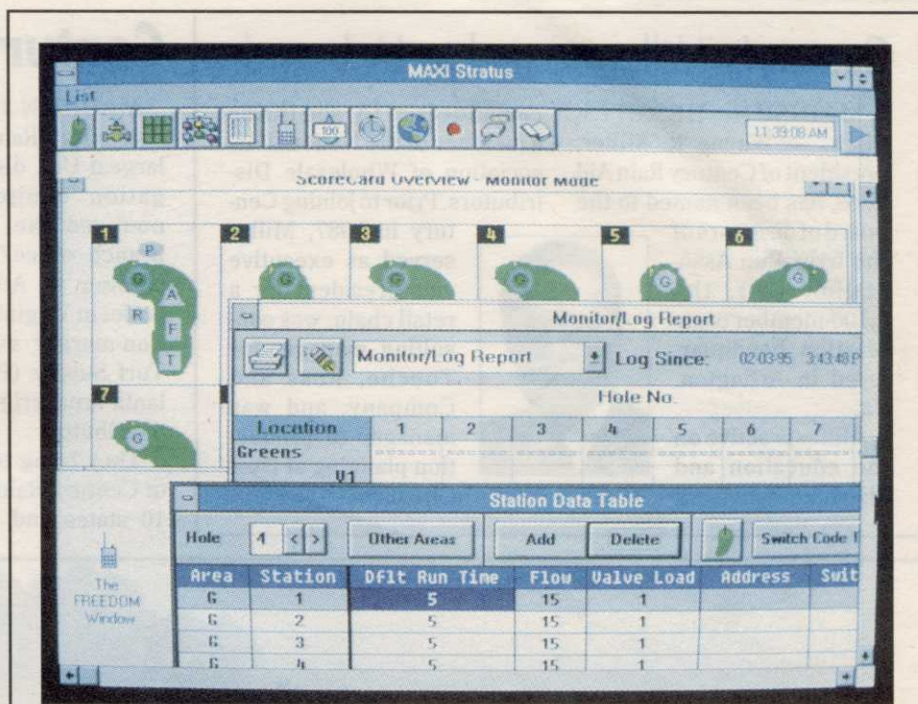
By LYNN GROOMS

If you have purchased multiwall bags or polyethylene film recently, you have noticed some dramatic price increases. And, it's not over yet, according to sources in the packaging business.

Harley Sasse of Greif Bros. in Rosemount, Minn., reports that major paper manufacturers have announced another price increase of \$50/ton. Sasse noted that seed bag prices have already increased 20 percent over last year.

Given the current high demand for paper, including liner-board used to make fiber drums and corrugated box packing, not to mention the near capacity production situation for manufacturers, Sasse

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**NEW PRODUCT OF THE MONTH**

Rain Bird's Golf Division has unveiled Maxi for Windows computer-based irrigation control system. Designed to run on Microsoft Windows operating software, Maxi for Windows provides superintendents with a system that is versatile, easy to use and competitively priced. With Maxi for Windows the super can manage all irrigation applications without extensive training, via the Maxi Quick Start initialization and start-up program, which also helps the superintendent build an initial irrigation program. Because the system operates on the Windows program, it can simultaneously manage up to 50 irrigation schedules, generate spreadsheets, compile government-required reports, conduct word-processing functions and plan future irrigation needs. For more information, call Rain Bird at 818-543-3589. For more new products, see page 66.

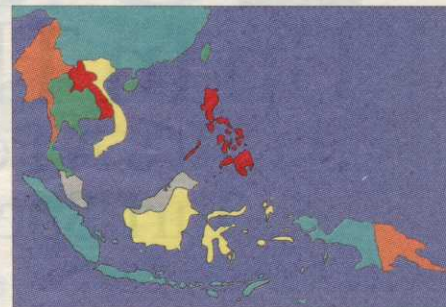
## GCSAA bags Asian exhibit sales duties

By HAL PHILLIPS

SINGAPORE — In keeping with the "America First" campaign it initiated some 18 months ago, the Golf Course Superintendents Association of America (GCSAA) has severed the exhibit sales portion of its relationship with Golf Asia, the industry trade show held here annually.

The superintendents association's former partners in Golf Asia — Singapore-based Connex Private Ltd. and Cleveland, Ohio-based International Management Group (IMG) — will continue to manage the trade show. IMG's Chris Roderick reported that 60 to 70 percent of this year's exhibitors have already reserved booth space for Golf Asia '96.

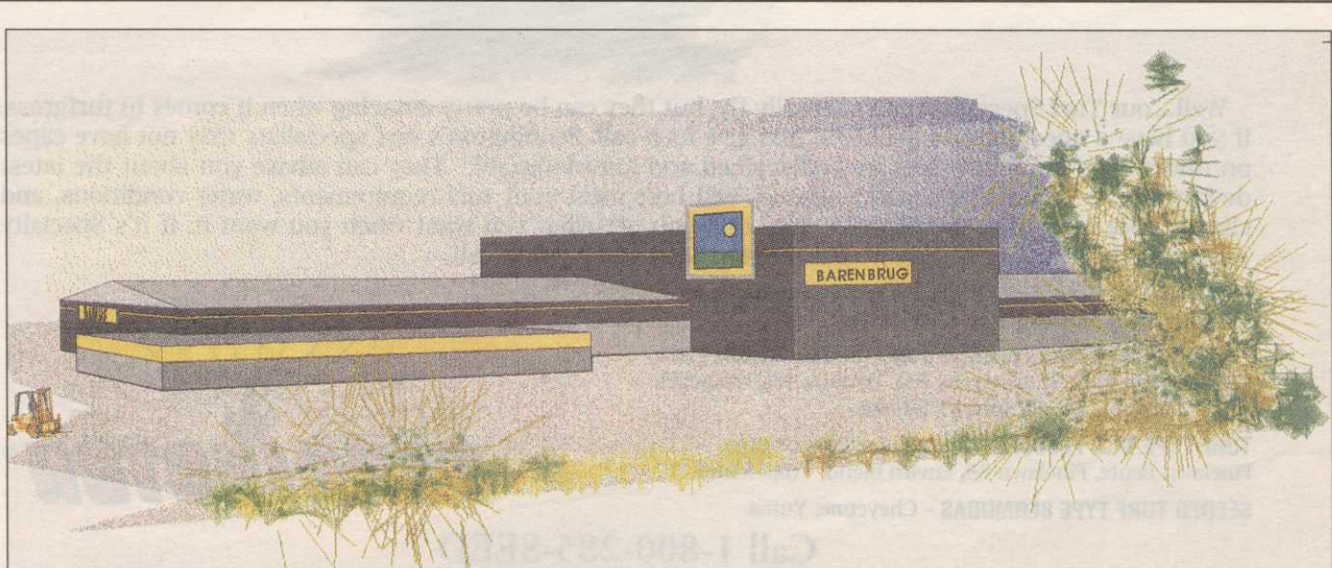
The superintendents association will, however, continue to conduct Golf Asia's education sessions, said GCSAA Chief Executive Officer Steve Mona, who added that his organization broke even financially on Golf Asia '95, held March 23-26. "We won't sell space at all next year,"



Mona explained. "It's really pretty simple: We're going to concentrate on some specific mandates. We want to apply ourselves to those goals. Our involvement on the exhibit side of an international show doesn't meet that mandate."

"There are no hard feelings between us and IMG. We've been discussing this for some time. We will have our own booth there [Golf Asia '96]. We will be present, run the education sessions and man the booth. We're going to concentrate on pro-

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**A NEW HOME FOR BARENBRUG USA**

TANGENT, Ore. — Barenbrug USA has entered the first stage of construction on its new facility. Located on approximately 12 acres of land just south of the Highway 34 overpass on 99W here, the finished product will eventually accommodate more than 100,000 square feet of production, warehouse, shipping and office space. As you can see, the exterior design will incorporate the worldwide Barenbrug colors and logo. Completion of the entire project is projected in about 18 months. In other Barenbrug news, Michael Thomas has been chosen to fill the position of field representative.



## Seed growers organize bargaining association

Continued from page 1

dealers see the PRBA initiative as tampering with the principles of supply and demand. Besides, they argue, a few good crops and dealers will be paying 45 cents per pound for seed worth 43 cents or less.

"The growers are producing too much perennial ryegrass — that's the problem here," said Mike Robinson, president of Corvallis-based Seed Research of Oregon. "As a group, what they should be doing is controlling the acreage of production. Take 10 percent and devote it to something else. That will help the price of ryegrass in the long term. Instead — and we see this all the time — if the price of annual ryegrass goes up one year, they all plant annual ryegrass. Then the price goes down."

Bob Richardson, vice president and general manager of Great Western Seed, a wholly owned subsidiary of Lofts, Inc., agreed that oversupply plays a role, but he noted that bans on field burning and certain chemicals have definitely increased grower costs.

"Growers feel their costs are such that they need their fields fully operational every year," said Richardson. "This is heavy, wet soil and it's not like they could plant a wheat crop. If they could put in a summer fallow situation, that would be the best option. But their costs are too high already."

PRBA Executive Director Jim Carnes admits there is more acreage of perennial ryegrass in Oregon than ever before. But he also sees the institution of floor prices as a positive development for both growers and dealers.

"All we're looking for is a factor of stabilization in the marketplace," explained Carnes, the wild card in this real-world economic debate. Carnes was elected executive director of the PRBA at the organization's first annual meeting in

February. He's also the retired founder of Halsey-based International Seed, one of the companies now sitting across the table from the PRBA.

"With a floor price and a market price to be determined later, a grower is basically growing for a dealer. Anytime there's a minimum price, the growers have a right to negotiate what that market price should be. That's according to the Oregon Supreme Court."

While they have been encouraged to support the fledgling organization, many seed companies contend the PRBA is not about bargaining; it's about arbitrary price fixing. Further, seed dealers point out that a great many growers — traditionally an extremely independent lot — are not participating in the PRBA. Robinson said he believes no more than 40 percent of growers have signed on. Carnes said he has 50 percent of the contracted acreage.

In either case, like the growers, seed companies are an extremely independent bunch. Consequently, assessments of the PRBA tend to vary.

"We have to see how flexible the growers can be in low markets," said Rich Underwood, president of International Seed. "If we decide we need to decrease production and the growers aren't listening, we can't control production. We have high and low markets in agriculture, and we'll see how they handle it."

"From a marketing standpoint, if I know what my costs are going to be, [a floor price] makes my job easier. And if I know what everyone else's costs are going to be, it creates a level playing field. I can put on my margin and away we go."

With the new, higher floor price now in place and ryegrass predicted to be scarce this fall, will seed companies simply pass on price increases to their buyers, i.e. superintendents?

"Absolutely," said Carnes. "Seed companies can get their margins up. And there isn't one of them who doesn't need to increase their margins... Golf courses have to be green. The main cost of keeping it green is fertilizers and chemicals, not seed."

Richardson agrees: "The ultimate result is, superintendents will have to start budgeting more money for seed. I bet golf courses are looking at 10 cents extra per pound. And it should kick in this July, August or September."

Robinson disagrees: "If we raise prices, the superintendent will simply use less seed. He's got a budget. I've seen this before. The superintendent will cut back on his usage."

•••

Seed companies are taking price hits on both ends of the market, said Richardson. While the growers are taking margin away at one end, golf course buying groups — like those organized by larger management companies and the National Golf Course Owners Association — have negotiated lower seed prices at the other end of the spectrum.

"They're getting squeezed," said Richardson, "and they have to pass the costs along."

Further, the PRBA didn't materialize out of thin air, said Underwood.

"I think the dealers may have brought this situation on themselves by trying to sell cheaper than each other," he said. "And instead of taking those costs out of their own margins, they tried to take it

from the grower."

Robinson said he wishes the Perennial Ryegrass Bargaining Association would pay more attention to the third word in its title.

"They call it a bargaining association, but they just tell us what they want," he said. "If the seed companies did that as a group, they'd call it anti-trust... A lot of seed companies are looking for other areas to grow grass seed. They're looking at New Zealand and Canada."

Foreign growing markets are an option, but it's unclear whether the cost of freight would scuttle attempts to save on the production end. The situation is slightly more promising for dealers in Canada where the dollar has fallen along with America's. However, if Canadian currency rebounds, seed companies will find themselves right back where they started — struggling with shrinking margins.

Other bargaining associations have come and gone in the Willamette Valley, but never has one held together this long or effectively. And none has been so well positioned.

"Their timing has been perfect," said Richardson. "We've had excellent fall demand. We've had excellent spring demand. The fall will be very busy."

"Companies have a choice of whether to cooperate with the bargaining association. Most of these growers grow for two or three companies at a minimum... If company A says it will go along, their stuff will get cleaned first. If company B says no, they'll probably have to wait their turn."

## Packaging prices

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predicted continued higher prices for the rest of 1995 and into 1996.

Several pulp producers have announced an additional price increase of \$100/ton effective June 1.

As pulp prices continue to rise, they will have a direct effect on prices for some special paper grades, such as the bleached white paper sheets used as the outside printed ply in many seed bags for brand identification and high quality color graphic design. As of March 8, seed companies could expect to pay between 40 cents and 50 cents per bag, depending on such factors as quantities, bag size and construction.

At a recent meeting of the Independent Professional Seedsmen's Association, Paul McDonald of Repap Manitoba reported that while European and North American manufacturers of coated paper increased their capacity 40 percent between 1987 and 1993 (raising output from 14 million tons in 1987 to 21 million tons in 1993), they are now operating at 95-100 percent of their capacity, depending on the grade of paper. McDonald said coated paper prices have risen sharply and are expected to continue growing.

McDonald pointed out that linerboard

is the most important component of the container board market regarding its relationship to Kraft paper because of its "swing machines." Swing machines can make either linerboard or Kraft paper depending on market conditions.

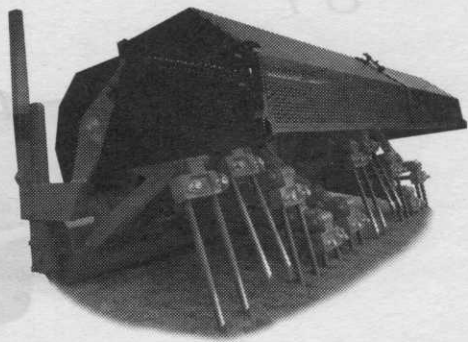
Linerboard production in the United States increased to more than 22 million tons in 1994. McDonald said the box market, which is growing about 5 percent annually and which has low inventories, has produced high operating rates and increasing prices. But, new capacity of more than one million tons is expected to be added this year.

A recent survey by the American Forest and Paper Association indicates that unbleached Kraft paper (the major component of seed bags) capacity will be about 220,000 tons less than previously forecast. McDonald explained this reduction is due to capacity that has shifted to liner-board production.

He pointed out that if shipments of unbleached Kraft paper remain constant this year, the operating rate will increase from 88.6 percent to almost 93 percent. Therefore, the Kraft paper market is expected to remain strong. McDonald suggested this cycle should peak in late 1995 or early 1996.

Strong demand for ethylene, combined with several serious unexpected events at the major petroleum companies, also has driven up prices for polyethylene producers and their ultimate customers (such as seed companies who use polyethylene liners in their seed bags).

Lynn Grooms is editor of Seed World magazine. The above story was reprinted with her permission.




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