

# By Bayer out of Aventis: New company could be a stayer

By Brian O'Connell

**H**ave you noticed that as you get older you start to have trouble with your address book. I don't mean the legendary 'little black book', although at my age there are problems associated with that too.

But it's more to do with running out of room on the page as you update the contact details for old friends. They change addresses, phone numbers and then they start merging and/or marrying and you have a change of name.

It's been like that in the ag-chemical industry over the past few years. Many of the players in the industry from a decade ago are just a faded logo memory on a complimentary stubby holder. In August it happened again with the emergence of Bayer CropScience.

But if pedigree is anything to go by, this new workhorse promises to be a stayer. Bayer CropScience is by Bayer out of Aventis; Agrevo; Schering; Hoechst; Rhône Poulenc and so on.

This acquisition is apparently the biggest ever in Bayer history, and a long history it is. The Bayer Group (head office in Leverkusen, Germany) was established in 1863 and the company has been a pioneer of the crop protection market since 1892.

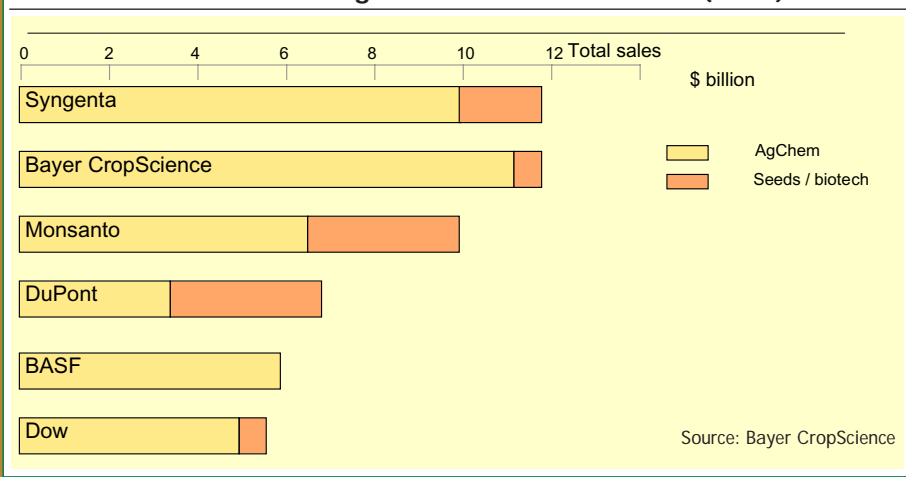
Bayer today has a large slice of the world's chemical research, production and distribution across a number of areas. The company is divided into four independent subsidiaries:

**Polymers:** Turnover 11 billion Euro; 23,000 employees.

**Health care:** Turnover 11 billion Euro; 36,000 employees.

**Chemicals:** Turnover four billion Euro; 14,500 employees.

**FIGURE 1: The worldwide agchem and biotech market (2001)**



**CropSciences:** Turnover 6.5 billion Euro; 22,000 employees.

Of particular interest to Australian farmers is the CropSciences division. It's activities are divided between three independent business groups:

### Crop Protection

Assists farmers produce food of a higher quality and quantity by protecting their crops from pests, weeds and diseases. Turnover: 5.5 billion Euro.

The new merged company will have a 20 per cent world market share (see Figure 1) delivered by a comprehensive crop protection portfolio of:

- Insecticides: 2.1 billion Euro; 26 per cent market share; No. 1 worldwide.
- Fungicides: 1.4 billion Euro; 22 per cent market share; No. 2 worldwide.
- Herbicides: 2.0 billion Euro; 14 per cent market share; No. 3 worldwide.

### BioScience

Improves the quality and the productivity of crops through biotechnology, plant

breeding and hybridisation (see Table 1). Turnover: 200 million Euro.

Bayer CropSciences is concentrating on five key global crops — canola, corn, soybean, cotton and rice. The areas of particular interest to the bioscience people are seeds, agronomic traits, quality traits and crop protection products.

There is a degree of GM controversy in many areas around the world. But these crops are now a fact rather than a futuristic fantasy (see Figure 2).

Products in development now include cooking oils containing healthier fatty acids, higher protein rice and tomatoes with higher antioxidant content. And further down what is fast becoming a very dusty track for Australian farmers there may well be crops tolerant to drought. When it does rain they will be flood proofed and made salt tolerant.

### Environmental Science

Controls pests in non-agricultural markets (cockroaches, termites, rodents and locusts), protects stored products and protects lawns and gardens. Turnover: 800 million Euro.

### BAYER CROPSCIENCE IN AUSTRALIA

The Bayer CropScience head office in Australia is located in Melbourne. In Australia there are 270 employees and a turnover of \$A290 million from an overall Australian market share of 22 per cent. There are production facilities in Kwinana,

**TABLE 1: Financial benefits of biotech (January 2001)**

Crop	Trait	Benefit
Soybean	Herbicide resistance	\$US216 million saved per year in weed control costs \$US19 million less herbicide applied (1999)
Cotton	Herbicide resistance	\$US19 million less herbicide applied (2000)
Cotton	Insecticide resistance	2.7 million pounds less insecticide used \$US15 million less insecticide applied (1999) \$US99 million increase in net revenue
Corn	Insecticide resistance	66 million bushels saved from corn borer

Western Australia; Wyong, New South Wales; and Pinkenba, Queensland.

### Crop Protection – Australia

Both companies in the merged entity had an extensive range of crop protection products in the market place. These are well known to growers and they will continue to be an important part of any crop protection strategy.

Interestingly the products have proved to be particularly complimentary with very few of them directly competing in any one sector of the market both in Australia and overseas. This was largely instrumental in the merger receiving approval from the various 'anti-monopoly' review bodies around the world.

In Australia the announced key objective of the new company is to become a leader in the four main markets: cotton, broad-acre, horticulture and seed treatment. The company believes that by 2005 there is the potential for new product turnover of \$A64 million. This is to come from:

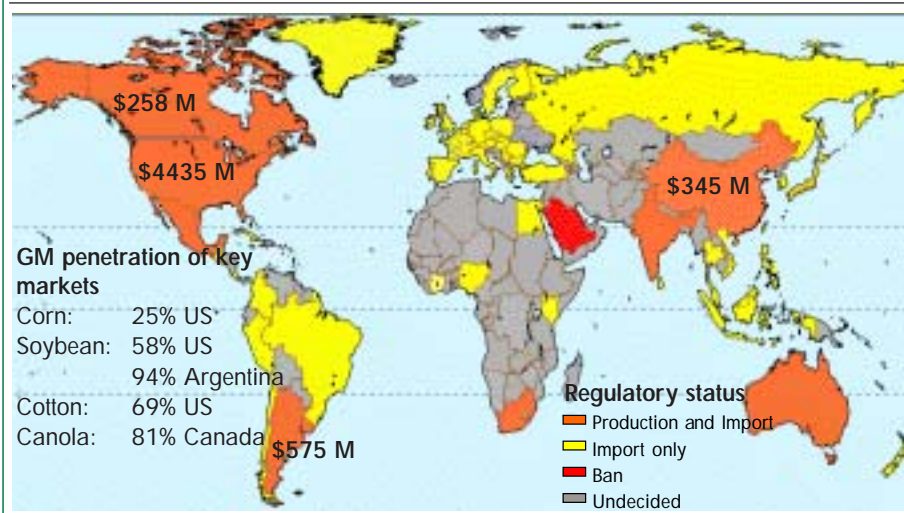
- Broadacre: \$24 million;
- Cotton: \$12 million;
- Horticulture: \$12 million; and,
- Seed treatment: \$16 million.

They are also anticipating a \$5 million turnover from crop diagnostics by 2005.

### Bioscience – Australia

The Bayer BioScience business group in Australia is headed by Susie O'Neill, a

**FIGURE 2: Value of GM crops per country (Total \$US5.9 billion retail value of which 70 per cent seeds and 30 per cent technology fees)**



name familiar to many in the cotton industry. The BioScience group is working to bring InVigor hybrid canola, hybrid grain and forage sorghum, hybrid sunflower, hybrid corn and cotton to the Australian market.

InVigor hybrid canola will be the first GM crop launched by Bayer CropScience in Australia. InVigor canola has been sold commercially in Canada since 1997 and this experience has suggested that benefits to growers will include improved yields in the order of 15 to 20 per cent over current conventional OP varieties and toler-

ance to Liberty broad spectrum herbicide. No additional tech fees will be charged for InVigor canola.

A commercial licence application has been submitted and the company is planning for a limited commercial release in the second half of 2003 and then in 2004 they will be looking for larger scale commercial sales to occur.

All of this is of course subject to successfully meeting the requirements of an extensive body of regulators.

Other BioScience Australia activities include a summer crop business in Toowoomba where conventional breeding programs are producing high yielding hybrid seeds for grain and forage sorghum, corn and sunflower.

Cotton and pure plant research is being carried out in collaboration with CSIRO Plant Industry in Canberra, Liberty tolerant cotton is in development and Bayer is a partner with CSD/CSI in the joint venture company ACSI.

### Environmental Science – Australia

With limited new technologies available in chemistry for pest control the company is looking for new solutions. Strong research alliances are in place for projects as diverse as:

- Pacific Island fruitfly control programs;
- Yellow crazy ant control on Christmas Island;
- Fire ant control in QLD;
- European wasp control in NZ;
- Possum control in NZ; and,
- Malaria control in PNG and Pacific Islands.

Contact details:

<http://www.bayercropscience.com.au>

## Bayer CropScience MD well travelled

After graduating as an Agronomist ingenieur Olivier Duroni began his career with PEPRO, a subsidiary of Rhône Poulenc Agro in France.

He was a sales representative and looked after distribution strategy, sales and promotion. He then moved into product management, focusing initially on fungicides and soil insecticides, then in a worldwide role looking after two active ingredients.

The travel bug saw Olivier travel in search of adventure in Colombia, first as development and marketing manager for the Andean Pact, then as country manager of Rhône Poulenc Agro in Colombia.

More recently, Olivier moved to Australia with his family to take up the role of managing director of Rhône Poulenc Rural (Australia and New Zealand).

Following the merger of AgrEvo and Rhône Poulenc Rural, Olivier was appointed the managing director of Aventis

CropScience Australia/New Zealand.

Following the purchase of Aventis CropScience by Bayer he was appointed the managing director of Bayer CropScience.



Olivier Duroni.