

BASF switches strategy



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Technical Agchem news

There's been a shuffle among the largest agchem companies, with seeds and traits among a common offering in their evolving product portfolios. *CPM reports.*

By Tom Allen-Stevens

BASF has completed its purchase of €7.6 billion (£6.8bn) of assets divested by Bayer, marking an entry into seeds, non-selective herbicides and nematicide seed treatments for the company with the tag line that it “creates chemistry”. The purchase means all of the biggest four agrochemical manufacturers now have large seeds and traits portfolios.

Markus Heldt, president of BASF Agricultural Solutions, said the move will not only bring new opportunities for the new division of the global chemical giant, but also significantly changes its strategy. “This is game-changing,” he said on completion of the purchase last month.

“We’re committing innovative thinking

for real-world ideas that work for farmers. We now have novel technologies including seeds and traits to support farmers. It broadens our R&D and digital platform capabilities, enhances our existing business and leverages more growth.”

BASF signed agreements in Oct 2017 and April 2018 to acquire the businesses and assets Bayer offered to divest in the context of its acquisition of Monsanto. About 4500 employees join BASF through the purchase, bringing the Ag Solutions workforce to over 12,000.

Seeds businesses

The agreements include Bayer’s global glufosinate-ammonium business; seeds businesses including traits, research and breeding capabilities, and trademarks for key row crops in select markets; the vegetable seeds business; the R&D platform for hybrid wheat; a range of seed-treatment products; certain glyphosate-based herbicides in Europe, used predominantly for industrial applications; the complete digital farming platform Xarvio; as well as certain non-selective herbicide and nematicide research projects.

The purchase adds an extra €2bn (£1.8bn) to BASF’s annual sales, with the new division set to increase total turnover to €8bn (£7.2bn). But the bulk of the new business will be in N America, with the new seeds business based in N Carolina. Projected sales in Europe from the acquisitions will be just €400M (£360M).

On the seeds and traits side, the main difference for UK farmers will be that the InVigor brand moves to BASF. Around half of the sales for the acquired vegetable seed business, operating mainly under the Nunhems brand, will also be in the EU.

“We have a global approach for hybrid wheats — it’s a global R&D platform, although it’s still early days and we’re not sure how much of that investment will be focused on Europe,” Markus told *CPM*.

The completion of the sale ends a period of limbo for staff in affected businesses, and Markus said more detailed plans will follow a “discovery phase” that takes place until the end of the year. Meanwhile, Bayer and Monsanto still operate as separate businesses until the acquisition of one by the other officially completes.

Despite a tough regulatory regime, Bayer remains committed to a strong innovation pipeline for EU farmers, according to the company’s Julian Little. “We see more opportunities for biologicals, especially towards the end of the season. The Agraquest approach is that biologicals are not just for greenhouses, but have strong applications in broad-acre crops, so look out for some exciting developments.”

With Xarvio moving to BASF, this leaves Climate Fieldview the key digital platform that will probably be developed through Bayer. Monsanto acquired Climate Corporation five years ago, and the company’s Mark Buckingham says it offers farmers advanced features, such as real-time climatic data, the ability to integrate data and manage parts of fields specifically.

“It’s used widely across N America and we’re preparing to introduce it into Europe. We’ve brought in our expertise in seeds, adding variable-rate seed and the ability to plant multiple varieties in the same field to optimise crop performance,” he says.

Bayer with Monsanto will become the largest global agchem company, with annual sales projected at just over \$27bn, according to industry experts Fanwood Chemical. Vying for second place at around \$17bn are Syngenta/ChemChina and Corteva Agriscience, the agricultural division of DowDupont, with BASF Ag Solutions the fourth largest.

The recent announcement that UPL is to buy Arysta LifeScience is expected to put the combined company into fifth place, with FMC coming next, by virtue of its acquisition of much of the DuPont crop protection products/research. ■

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