

## Price Reduction Expected in the East This Spring Mainly at the Dealer Level

**P**RODUCERS and distributors of pesticides in the eastern areas reported improvement of varying degree during 1954, both in volume and profits. Conditions in markets were better than in 1953 or 1952 primarily because the industry, with few exceptions, kept a more watchful eye on sales and inventories. As a result, there was less forced liquidation.

Even manufacturers who suffered some loss in volume last year were at least able to show better profits and a trimming of inventories. It was, as some phrased it, "a reasonable year."

Prices again are of primary concern as the industry begins a new season. Notwithstanding the opposition to price cutting, reductions are looked for again during the spring. It is historical in this industry, and it is mainly at the dealer level. Because the dealer as a rule does not have an abundance of storage space, he is under pressure to keep his stock moving.

### Infestation

The "O' Debbil" the drought was still much in evidence last year as it was in 1952 and 1953. Dry weather continued to check insect infestation and distributors of insecticides fared poorly in the cotton states. Further, the green bug problem did not materialize on the scale expected. As to 1955, the degree of infestation will depend on many unknowns, particularly temperatures and rainfall, and even the experienced observer cannot predict these developments with complete confidence.

It is possible that as a result of very cold weather in the East this winter, the life cycle of many insects may have been cut short. For the same reason the earworm problem in corn this year may not prove very serious.

Seasonal conditions make the future indefinite. The uncertainty this holds for the pesticides industry was summed up by the observation of one manufacturer: "If companies attempted to base their manufacturing schedules on predictions of future insect problems, they'd all go broke."

Decision of Ethyl Corp. to quit the agricultural chemicals field is seen as a forerunner of other similar retirements. The point made is that this is a relatively small industry which has probably been overrated by some chemical firms. When they find that the volume is smaller than estimated they get out of the field. As a result of this development, it is possible that other companies will now make serious appraisal of their agricultural chemical position and decide

whether to make investments necessary to market their products.

"We think that the major problem facing the industry," said a New York marketing factor, "is not the amount of material or insecticides we have, but the intelligent marketing of them."

### Promotion

In the matter of promotional and sales efforts, we may witness more emphasis on consumer appeal as well as greater activity in what the industry has come to regard as specialty products. There is also much stress on bringing the company's message to county agricultural agents, state extension workers, and dealers.

Specialty products are increasing their share in the total volume of pesticides business, a trend which got under way the year before. These products possess an economic value to the consumer which justifies additional effort in research, development, and merchandising. On the other hand, manufacturers are cutting back substantially their overhead and merchandising expenditures for large-volume materials like DDT, BHC, and the hormone weed killers, all of which have been adversely affected by price competition.

S. B. Penick and Co., New York, manufacturers and importers, also thought that the emphasis in promotion and sales efforts this year would be on specialty items. They expect that new products will exert a considerable impact on the market, especially true in the instance of malathion. American Cyanamid indicates that the use of malathion in 1954 was about 100% greater than in 1953. This new product is reported capable of controlling some 75 different pests on 30 different crops, and in some applications it is replacing DDT, BHC, and rotenone. Another important development is the increasing use of dry baits in dairy barn fly control.

### New Products

The U. S. Public Health Service in February announced the development of a new insecticide, DDVP, or dimethyl-dichlorovinyl phosphate, which was originally discovered as an impurity in a commercially produced organic insecticidal phosphate compound.

Attention is being directed to chemicals which are uniquely effective in specialized applications. One may see this in the tests which are being given herbicides by the New Jersey Agricultural Experiment Station and other research stations in the Northeast for controlling

weeds in alfalfa. The better known herbicide, 2,4-D, kills both weeds and alfalfa. While 3,4-D shows promise for such specialized applications it is not expected to find a mass market in the immediate future.

Another research objective of eastern experimenters is the use of herbicides to kill off weedy grasses in pasture areas so unwanted vegetation can be replaced by grasses and legumes with higher nutritive value.

Dalapon and amino triazole have been used experimentally in this application. Since dalapon works through foliage, only a limited amount of the compound gets into the soil. Amino triazole has the advantage of being unstable. In this application the herbicide should be fugitive so remaining amounts in the soil will not prevent growth of the crop plant.

Among manufacturers, some do not believe that any of the new pesticides which hit the market last year will exert their impact on market trends in 1955. It was also felt in one quarter that the Miller Bill may actually bring about a reduction in new compounds over the next few years. There are requirements in the form of labels and registration which tend to curtail the number of new pesticides offered by the industry. And it takes two to three years of proved experience to establish a new chemical, and to displace existing products it must perform a job not now possible with existing compounds.

No producer has sufficient resources, it was contended, to permit simultaneous introduction of more than a few compounds. And relatively few are conducting the basic research necessary for originating new products.

### Antibiotics

Despite successful experimentation, a reserved attitude is shown among traditional pesticide producers as to the value of antibiotics in plant disease control. But the antibiotic idea will be accorded semicommercial application by others during the year in protecting fruit and vegetable crops against bacterial and fungus disease.

Pennsylvania is recommending the use of streptomycin for the control of fireblight on apples. New Jersey reports success with streptomycin in guarding peppers against bacterial spot. Antibiotics are being promoted for commercial plant disease control, particularly for high-value crops. For example, these products might permit growing of pears in eastern sections, now barred by the fireblight hazard.

New York State researchers comment: "There will be considerable use of antibiotics on a trial basis in the fruit orchards of New York this year. Unless some unforeseen difficulties develop, the



Cattail is a problem in the obstruction of drainage ditches and other waterways. Weed control agents may be the solution. Here dalapon spray is being applied. Where ditchbank weeds and brush are additional problems, 2,4-D and 2,4,5-T may be mixed with dalapon if adjacent agriculture permits

use of antibiotics will in time become commercial in New York fruit areas.”

### **Safety Measures**

Safety continues to be a major concern of pesticide buyers and producers. It is a continuing part of one experiment station program through the press, radio, county extension services, and direct to the grower.

Mounting interest is being shown in the eastern areas on the effect of pesticides upon food flavor. Users today are more careful than ever in screening these materials for possible adverse effects in foods, and the same is true with producers. Studies indicate that flavor differences may not be produced by the taste of the pesticide itself, but rather by chemical action of the compound on the plant.

Research efforts meanwhile are being continued to find safer organic compounds. Pesticide manufacturers are also striving to improve the consumer's knowledge of the hazards involved. This is being done through the National Agricultural Chemicals Association, manufacturers' literature, and labels. One producing interest which has decided not to engage in these activities has adopted instead a policy which excludes extremely hazardous compounds from its production and marketing stages.

### **Defoliation**

Although much research is being done on the use of defoliation chemicals, their

use thus far has been limited mainly to cotton. Some workers report that defoliation chemicals might be employed effectively on corn (as a means of reducing drying costs by increasing drying on the stalk before harvest), but this use is not expected to make a great deal of headway during the current year. One eastern agricultural experiment station says: "Additional basic research is needed before defoliation is used widely on crops such as corn."

Recent work at Cornell may open the way to the use of defoliant in the production of dry edible beans. Since New York and Michigan grow the bulk of this crop east of the Mississippi, the problem of working out local regulations governing this use should not be too difficult.

The use of airplanes to apply agricultural chemicals appears to be leveling off in the East. Airplane spraying is currently being used on a number of crops such as peas, where ground equipment might damage the crop or might objectionably pack the soil; it is also being used by some large growers.

### **Dealer Education**

We can expect continued efforts in the direction of dealer education, with more emphasis on attracting the consumer to a particular product. Conferences held by extension services and state colleges expressly for dealers are considered one of the best methods to

promote the sale and use of pesticides. Other methods of reaching the farmer are being explored, and increasing use may be made of television to reach the grower.

### **Business Outlook**

As to the outlook for pesticides in 1955, manufacturers are not entirely in agreement. One factor looks for a continued slight improvement in volume and profits, provided conditions are normal with respect to weather and insect infestations. While the inventory position was improved at the year end, stocks were still quite "fair" in size, others pointed out, and this together with excess producing capacity for many items, such as BHC, would be the main market factors this year.

Business outlook for pesticides in 1955 seems a lot healthier than it has been during the past two or three years, said John R. Stoddard, vice president, Prentiss Drug and Chemical Co., New York.

"Again we start out the year with smaller inventories, improved advance bookings, and a more diversified sales picture. This is true for our company, and I think it is generally true for the industry. We are not concentrating our efforts on one product or one market, so that we will be less subject to disastrous weather conditions affecting our over-all sales and profit picture."

There is a possibility that cash receipts from farm marketings may be reduced somewhat in 1955, which leads some in the pesticides business to expect heavier use of insecticides and other materials. The grower has been shown that pesticides reduce labor costs, but if farmers are caught in a price squeeze they may seek to acquire their insecticide supplies at low price levels.

Another view is that if farmers expect a lower cash income, purchases of insecticides like other cash outlays will be made more carefully. There may be a greater tendency to hold off on purchases until an insect or disease outbreak is actually imminent. If the outbreak does not occur or proves to be less severe than expected, high inventories could result, and this in turn encourages price cutting. On the other hand, where acreage controls place a premium on high yields per acre, then there is every reason to expect that farmers will buy chemicals which have increased their yields in the past. Further, where chemicals actually reduce cash outlay, as with pre-emergence weed control in cotton, a rising volume in these chemicals can be expected.

If reduced farm income last year is to be reflected in smaller sales of agricultural chemicals in 1955, we can look for it at the time when the grower places his orders. We can then expect demand to build up in the late spring and summer, with very few advance bookings.