NSDO PRIVITIZATION

# BRITISH FIRMS BATTLE OVER PLANT RESEARCH

YVONNE BUCHANAN

IMAGE UNAVAILABLE FOR COPYRIGHT REASONS

CAMBRIDGE, U.K.—Hot competition is expected for ownership of Britain's National Seed Development Organisation (NSDO). Together with part of the nearby Plant Breeding Institute (PBI), NSDO is the latest of several publicly owned bodies to be "privatized" under the Thatcher administration.

Established at Newton near Cambridge in 1967 to produce and market seeds and root stock from plant varieties developed with government funding, NSDO reported pre-tax profits of £3.0 million in the year ending June 30, 1985. Of this, £1.75 million went as a dividend to the Ministry of Agriculture, Fisheries and Food. Total royalty income for the year was £6.3 million. Plant varieties sold by NSDO now occupy over 80 percent of the winter wheat market in the U.K. and 25–30 percent of the agricultural seed market.

Most of NSDO's revenue comes from varieties bred at Cambridge by PBI which, under director Peter Day, has won a considerable international reputation for its work on cereals, rape seed, potatoes, and field beans. Last year, it achieved the rare distinction of having six cereal varieties added to the recommended list of the National Institute of Agricultural Botany. Only PBI's breeding work is being considered for privatization. Plant science (about 50 percent in manpower terms) will remain the responsibility of its present sponsor, the Agricultural and Food Research Council (AFRC).

Within hours of the announcement of privitization, the Agricultural Genetic Company (AGC) took the unusual step of releasing a paper emphasizing the strength of its own claim, and warning off other potential purchasers such as Shell and multinationals like Imperial Chemical Industries and British Petroleum, which are considering moving into plant improvement for the first time. Formed three years ago and financed in 1984 through an initial private share placement of £2.28 million—followed by a further £15 million—AGC now includes among its shareholders the British Technology Group, venture capitalists Advent, and the British-owned oil company Ultramar.

Also based in Cambridge, AGC already enjoys very close links with NSDO and AFRC, holding first rights to develop and market discoveries made at AFRC institutes. These rights, its says, "will be a stumbling block to other potential buyers of NSDO," who would "have to generate new technology from their own or other resources."

The AGC paper also emphasizes the possible loss of synergy between conventional plant breeding and the new genetic engineering techniques that are now being explored at PBI and other AFRC institutes. "It is not in the national interest to inhibit the effectiveness and contribution of AFRC programmes, or to let them pass out of British control and commercial exploitation," the paper insists. "Were the NSDO to pass into the control of one of the major agricultural seed wholesalers or distributors, unfair trading advantages might be created...Equally, the interests of large multinationals in acquiring the NSDO may lead to a conflict of interest with their existing technologies. AGC is entirely dependent upon the successful marketing of new plant technology."

A major attraction for interested parties not put off by AGC's bluster will be possible access to plant breeding expertise which is already highly sophisticated and which seems poised for revolution by gene splicing. But this will depend upon the detailed relationship that any new owner is able to negotiate with AFRC and upon conditions of the NSDO sale.

Another uncertainty concerns AGC's existing first rights in AFRC work. Negotiation for the possible renewal of these rights is due to begin this summer. If AGC fails either to renew or to secure continued access to plant breeding and seed marketing organizations, its future could be extremely shaky. —**Bernard Dixon**