

NEWS on the GROW

compiled by Catherine Evans

Numbers Rise for Farwest Show

The Farwest Show, produced by the Oregon Association of Nurseries, had a stellar 2003 show. Held in the Oregon Convention Center, Portland, Ore. August 21-23, the show made a few changes, which may have played a role in the attendee increase for both the trade show and seminars compared to 2002.

TRADE SHOW

Trade show attendance at 14,025 was up by around 1,000 from last year. Not only were there more attendees at the trade show, there were more exhibitors. A new section, not used in previous years, was opened up and utilized to fit the growing number of exhibitors. The number of exhibitors expanded from 625 in 2002 to 870 this year, expanding the spaces from 872, 10- x 10-foot spaces to 1,365, 10- x 10-foot spaces.



Some seminars were standing-room only.

SEMINARS

Another addition to the show was the expanded seminar line-up sponsored by *GPN*, *Lawn & Garden Retailer* and Proven Winners. The seminars began a day earlier than the trade show and continued through the end of the show, allowing attendees to get both events into their schedules. There were 50 hours of seminars, featuring 43 speakers — some of the industry's most respected. An improvement was made in the organization of the seminars. This year the seminars were divided into tracks — landscape, greenhouse, retail and nursery

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Kmart Reports Loss for 2nd Quarter

Kmart has reported a net loss of \$5 million per share for the 13 weeks of their second quarter that ended July 30, 2003. However, the loss was significantly less than 2002, where the net loss was approximately \$293 million for the same time period.

There was an \$8 million loss on income before interest, reorganization items, income taxes and discontinued operations for 2003, which is also a large difference from the \$264 million loss for the second quarter in 2002.

The current net sales for Kmart in the second quarter of 2003 were a little over \$5 billion making it a decrease of approximately 21.3 percent from \$7 billion in 2002. There was also a 5.4 percent sales decline on a same-store basis in 2003 compared to 2002.

Despite the losses, Kmart is happy with the current progress it is making to work out financial problems from the past. As of the end of July, the corporation has about \$1.2 billion in cash and cash equivalents as well as a borrowing capability of over \$1 bil-

lion on its \$2 billion credit facility inclusive of outstanding letters of credit.

Currently the company is looking for ways to reduce the cost of its Exit Financing Facility.

The second-quarter gross margin went from \$1.3 billion in 2002 to \$1.2 billion in 2003 but as a percentage of sales, the gross margin increased 21.8 percent from 17.7 percent in 2002 due to the decrease and improvement in the company's sales organization.

In other mass merchant news, Home Depot has reported their second-quarter earnings of \$1.3 billion, which is an increase from the 2002 totals of \$1.2 billion. According to Home Depot, the rise in earnings is based on the updated look of their stores, adding more employees and adding better products to their store. At the same time Lowes has reported a 28 percent jump from \$487 million in 2002 to \$597 million in the second quarter of 2003.



Alternative to Methyl Bromide

In an effort to develop something that will have the same effects as the widely used chemical methyl bromide — a chemical that has caused recent controversy because of it being bad for the ozone — Auburn University plant pathologist Rodrigo Rodriguez-Kabana has developed sodium azide, a chemical used as the inflation-triggering agent in automobile airbags, into a highly effective, environmentally friendly agricultural pesticide that will give farmers a viable alternative to methyl bromide.

Rodriguez-Kabana claims the liquid formulation of the chemical, currently named SEP-100, significantly outperforms ozone-depleting methyl bromide in controlling weeds, diseases and harmful, root-eating nematodes. He also says that liquid sodium azide, which is applied to soil before planting through drip irrigation systems under plastic tarps, enhances the environment as well.

"As sodium azide decomposes in the soil, it breaks down into fertilizer and leaves the soil healthier than it was before the sodium azide was applied," Rodriguez-Kabana said. Furthermore, he said, while methyl bromide kills all "good" and "bad" nematodes and insects in the soil, sodium azide does not harm beneficial nematodes and insects.

Methyl bromide, which is injected as a gas into the soil before planting, is a broad-spectrum soil fumigant used by growers for decades. Before the phase-out of methyl bromide began in 1998, U.S. farmers were using an estimated 21,000 tons annually to fumigate soil before planting crops. The chemical will be banned in the United States Jan. 1, 2005 and could possibly cost U.S. growers almost \$500 million a year in lost production unless a replacement is found.

Zelenka Nursery Files for Chapter 11

Zelenka Nursery, Grand Haven, Mich., has recently filed for Chapter 11 in an effort to reorganize and protect the company from creditors. This event follows the problems they have with its current lenders, Bank One, Comerica, Fifth Third Bank and Standard Federal. Because of the financial problems, lenders pulled their support from the nursery, forcing more than 500 workers to be laid off suddenly. The lenders also pulled all cash from the company accounts for liquidation according to *The Holland Sentinel*.

Workers were informed that their recent paychecks are of no value, leaving many people in dire straits. However, many migrant groups are attempting to

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Particle Size	50 microns	700 microns
Physical Properties	Flowable Emulsion	Thin Oil
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The demonstration stage drew many attendees.

— touching on important topics, such as growing greenhouse nursery crops; controlling pests and diseases; retail merchandising solutions; improving your bottom line; nursery soil; and more — allowing attendees to sit in for all that apply. Attendance for the sessions totaled 1,426, an increase of at least 200 attendees from last year.

DEMONSTRATION STAGE

A demonstration stage, sponsored by Proven Winners, outside the trade show allowed attendees to rest and learn at the same time. Josh Schneider, national spokesperson at Proven Winners, gave demonstrations every two hours on a variety of topics from new varieties to container gardening. Some attendees sat and took notes, while others were intrigued enough as they walked by to stop for a few quick tips.

TALK ON THE FLOOR

I talked to quite a few people who expressed their delight in how much bigger and better the show was this year compared to last. The expanded seminars, extended trade show floor and the fact that there is a long waiting list to exhibit caused people to realize what a good, must-go show this is. Those in the West don’t have a big show such as the OFA Short Course or the Southeast Greenhouse Conference. So, this fits the bill. It is also at a convenient time — after the spring season and at the beginning of poinsettia season.

Don’t miss next year’s show, expected to be even bigger and better. Dates have been confirmed as August 26-28, 2004.

— Carrie Burns

Greenhouse Destroyed

On Thursday September 11, 2003, a greenhouse in Bangalore, India, belonging the Monsanto Company, was destroyed by a riot of farmers. Police arrested 29 farmers after the group injured two workers and damaged the greenhouse, which was part of a Monsanto research facility.

The rioters threw stones and stormed the facility according to the Associated Press. Valuable plant material and research was destroyed, forcing researchers to start everything all over again.

The protesters claimed that the genetically modified seed that Monsanto developed is environmentally hazardous and could possibly contaminate genes of other natural crops through cross-pollination, according to the Associated Press. The aggression was meant to bring attention to the people attending the World Trade Organization meeting in Cancun, Mexico.

Unemployment Claims Drop

In the middle of September, according to the Dow Jones Business News, the number of U.S. workers filing for first-time applications for unemployment benefits fell a significant amount, making it the first decline in the benefits in more than a month.

In the week that ended September 13, 2003, unemployment claims decreased by 29,000, making the total around 399,000 according to the Labor Department. These numbers came as a big surprise to many economists who estimated the fall would only be around 12,000 claims. It is also said by economists that claims above 400,000 signify a weak labor market, but anything below that indicates that there may be some stabilization in the making.

According to the Dow Jones Business News, the economy grew 3.1 percent during the second quarter of 2003 making the totals more than twice than in the first quarter. With the upcoming

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holidays, the end of the war with Iraq and the new tax relief, the economy is expected to improve in the third quarter.

However, there are still problems in the labor market. For the

seventh straight month, employers are still cutting a number of jobs. While California reported the largest decrease in unemployment claims, Pennsylvania reported the largest increase.

Container Stock
Inspections
Postponed

The Pennsylvania Landscape and Nursery Association (PLNA) and the Pennsylvania Department

of Agriculture (PDA) have decided to postpone container size enforcement until April 1, 2004, which is five months later than the previous enforcement slated for Nov. 1, 2003. Since there are so many containers in warehouses and circulation that are labeled incorrectly, the PDA has agreed to hold off, allowing businesses the time to meet the requirements of the Pennsylvania law and regulations.

Pennsylvania regulations require that container advertisements and labels must accurately reflect the true measure of the actual container volume. This includes references to “gallon” or “quart” nursery containers and other pots using Imperial measures that do not actually contain that measure.

Departmental regulations also set forth that a pot, which is advertised or labeled by linear measure (i.e., a “4½-inch pot”), must measure 4½ inches on one of its sides if it’s square, and 4½ inches at the top of the inside diameter of the pot if it’s round. In measuring diameter, the inside diameter of the pot should be used, regardless of the shape of the pot. Containers do not have to contain a label; however, if it does, the label must indicate the correct measure or volume of the container.

PLNA and PDA are working in conjunction to resolve issues surrounding the sale of the containers along with the amount of stock they hold. Both organizations realize that this matter must be confronted so that businesses are able to meet the requirements of Pennsylvania law and regulations. For more information go to www.pda.state.pa.us.

NRF Anticipating
Healthy Holidays

After a number of ups and downs in the past year with retail sales, the National Retail Federation (NRF) reports that there may be a significant increase for the holiday season. The NRF has projected total holiday retail sales to grow by at least 5.7 percent over the 2002 holiday season, bringing holiday

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spending to an estimated \$217.4 billion. Raised sales in November and December for retail stores in the GAFS category (general merchandise stores, clothing and clothing accessories stores, furniture and home furnishings stores, electronics and appliance stores, and sporting goods, hobby, book and music stores).

“After several strong months of retail sales growth, it seems clear that the economy is picking up momentum just in time for the holidays,” according to Rosalind Wells, NRF chief economist. “Retail sales gains for the 2003 holiday season will be far better than the meager increases retailers experienced a year ago.” Holiday sales in 2002 increased 2.2 percent to \$205.6 billion.

Some of the reasons for the sales growth prediction are: low interest rates, low inflation, rising equity markets, mounting consumer confidence and more of a disposable income resulting from the withholding tax cut and child tax credit checks.

Businesses are also spending more on equipment and software, by 8 percent at an annual rate in the second quarter. Which will help in the long run for easier checking out and general sales especially, if the holiday season turns out as large as predicted.

Full results and analysis for the first installment of the 2003 NRF Holiday Consumer Intentions Actions Survey will be released on Tuesday, October 21.

Ag Producers Apply for USDA Value-added Grants

The Agricultural Marketing Resource Center (AgMRC), a virtual library of specific agricultural commodity, business development and consulting resources for producers involved in value-

added agriculture, is assisting producer groups in applying for the USDA Rural Business-Cooperative Service (RBS) value-added agriculture grants currently available.

“There is a direct link on the home page of the site to take producers directly to the federal notice of funds available, a USDA value-added grant template and tips on writing grants,” said Mary

Holz-Clause, co-director of AgMRC. “Additional resources for producers to develop their business or to find a new market opportunity for an existing business are also available.” ♦

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Producers can investigate specific commodity information on many different niche opportunities and can locate specific laws, consultants and individual contacts within each state to

assist them in the grant application process.

Recently it was announced that there was \$27.7 million available in competitive grant funds for fiscal year 2003 to help independent agri-

cultural producers enter into value-added activities. The grant will fund one of the following two activities:

- Developing feasibility studies or business plans (including marketing plans or other planning activi-

ties) needed to establish a viable value-added marketing opportunity for an agricultural product; or

- Acquiring working capital to operate a value-added business venture or an alliance that will allow the producers to better compete in domestic and international markets.

Value-added products are defined as follows:

- A change in the physical state or form of the product (such as milling wheat into flour or making strawberries into jam);
- The production of a product in a manner that enhances its value, as demonstrated through a business plan (such as organically produced products);
- The physical segregation of an agricultural commodity or product in a manner that results in the enhancement of the value of that commodity or product (such as an identity preserved marketing system).

Value-added also includes using any agricultural product or commodity to produce renewable energy on a farm or ranch.

Applications must be completed and submitted to the appropriate State USDA Rural Development office as soon as possible, but no later than 4 p.m. on Oct. 20, 2003. For more information go to www.agmrc.org.

Peat Prices on The Rise in Canada

Due to problematic weather conditions in Canada, Canadian peat moss prices have risen. The weather has resulted in a difficult harvest for peat producers this year, especially in eastern Canada. According to the Canadian Sphagnum Peat Moss Association, as of Aug. 31, 2003 only about 73 percent of this year's requirements have been harvested.

However, weather was not the only factor that contributed to cost rising. The recent energy crisis is weighing heavily on transportation costs that have resulted in rising equipment costs and driver shortages. Another reason is the rising insurance costs for peat processing plants and extreme differences in the changing value in the Canadian dollar. ♦

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industry news

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help the workers with the current problem. *The Holland Sentinel* also stated that several were asked to come back a few days later for irrigation purposes but feared that they would not get paid.

One of the reasons the nursery

has been closed is because of its financial problems after two of its biggest clients, Kmart, who also filed for Chapter 11, and Target who eliminated all of its garden centers last year.

Lawyers for Zelenka went before

a federal judge asking for money to pay workers and to bring them back to the fields in order to save the current crops they have. There are still many orders that need to be delivered and many potential customers who are interested in its product. In mid-September the judge granted the funds to allow all but about 25 employees to return to work at Zelenka to finish all of the orders that are currently contracted.

U.S. Senate Blocks Overtime Rule

Against President Bush’s ruling, the U.S. Senate voted against the new rules that govern overtime pay. According to *USA Today*, many labor leaders and other opponents stated the ruling would take away millions of people’s extra pay.

The ruling came as a large blow to the Bush administration and efforts to regulate American workers. A similar type of ruling was also voted against by the House of Representatives earlier in the year as well.

The current blocked vote overjoyed many American workers but angered a number of businesses and associations as well. Also according to *USA Today*, currently, employers are required to pay workers 1½ times their normal rate for any hours that are worked over 40 hours a week.

The changes include raising the current salary requirement from less than \$155 per week to \$425 per week to get overtime pay. This means more than 1.3 million extra low-income workers that are currently exempt would be eligible for overtime pay, making this the largest increase since the original law passed in 1938, according to *USA Today*.

The ruling is revised to say the employee only needs to hold a position of responsibility instead of specifying what duties qualify. Anywhere from thousands to millions of white-collar workers would lose overtime pay under the job duty revisions. GPN

ENERGY CRISIS 2003



With the current problems the United States is having with the possible gas shortage for the winter months, it is helpful to hear from an expert in the field. Scott A. Sanford, senior outreach specialist for the Focus on Energy / Rural Energy Program for Biological Systems Engineering at the University of Wisconsin-Madison wrote *GPN* in response to the current crisis with a number of sources and information about the energy situation:

I’m catching up on my reading and read your Editor’s Report from August 2003. I agree with your assessment of the situation. An energy shortage in this country will tear the economy apart, and I’m hopeful that the politicians come to this realization before it’s too late but I don’t have too much faith. If the amount of money that is being spent on Iraq were spent on energy conservation and renewable energy issues, we’d be well on the road to energy independence. I recently read an article that indicated that there was enough wind resources in the Dakotas to replace 40 percent of the nation’s electrical needs — if we’d only make it a priority to harvest this clean energy.

There are a number of things that a greenhouse manager/owner can do to reduce energy costs and increase space utilization. There is a very good publication, *Energy Conservation for Commercial Greenhouses* (2001 revision), published by NRAES (Natural Resources, Agriculture, and Engineering Service), that is full of information on things every grower can benefit from, whether they own a new or old greenhouse. Copies can be obtained from local cooperative extension offices or directly from NRAES, Cooperative Extension, 152 Riley-Robb Hall, Ithaca, N.Y. 14853-5701 or at www.nraes.com. You can also contact Midwest Plan Service, 122 Davidson Hall, Iowa State University, Ames, Iowa 50011-3080 or www.mwpsHQ.org. The cost is \$17.00 plus shipping and handling.

There are also state and utility programs to help promote the adoption of energy conservation measures. In Wisconsin, the program is called Focus on Energy. The program provides assistance to growers and others to determine which energy conservation measures will provide the best return on investment. In some cases, there are grants available to help promote the adoption.

Visit www.uwex.edu/ces/ag/issues/natural-gas/index.html for the UW Cooperative Extension’s information on why Natural Gas prices are increasing and resources for farmers.

Sincerely,
Scott A. Sanford

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October 2-30: Pest Management Workshops (held every Thursday) Aurora, Ore. Contact: (503) 678-1264 http://oregonstate.edu/Dept/nur-spest/OktoberPestagenda03.htm 16: Mid-Atlantic Conference for Growers Malvern, Pa. Contact: (610) 690-7676 wqg1@psu.edu 16-17: NGMA Fall Meeting Tampa, Fla. Contact: (800) 792-6462 www.ngma.com 17-18: Xeriscape Conference 2003 Albuquerque, N.M. Contact: (505) 468-1021 www.xeriscapem.com 17-18: 25th Annual Fall Flower & Garden Fest Crystal Springs, Miss. Contact: (601) 892-3731 ricks@ra.msstate.edu	24-27: OFA Board and Committee Meetings Columbus, Ohio Contact: (614) 487-1117 www.ofa.org November 5-6: Michigan Greenhouse Growers Expo Lansing, Mich. Contact: (800) 878-5131 5-8: Horti Fair Amsterdam, The Netherlands www.rai.nl 6: 2003 Southeast Pennsylvania Poinsettia & Pansy Trials with Seminars Doylestown, Pa. Contact: (610) 690-7676 wqg1@psu.edu 12-15: ASCFG's National Convention and Trade Show Vancouver, BC, Canada Contact: (440) 774-2887 www.ascfg.org 13-15: Hydroponic Organic Grower's Conference Tucson, Ariz.	Contact: (330) 769-2002 www.cropking.com 18: Westcan Greenhouses Poinsettia Open House Langley, BC, Canada Contact: (604) 530-9298 westcangrhs@shaw.ca December 2: Poinsettia Open House Lafayette and Westfield, Ind. Contact: (765) 494-1335 hammer@hort.purdue.edu 4 and 7: Poinsettia Open House Raleigh, N.C. Contact: (919) 515-3537 john_dole@ncsu.edu 9: Poinsettia Open House Gainesville, Fla. Contact: (352) 392-1831 jbarrett@mail.ifas.ufl.edu January 2004 4-6: Western Nursery and Landscape Association Annual Meeting and Trade Show Kansas City, Mo. Contact: (816) 233-1481	7-9: Mid-Atlantic Nursery Trade Show (MANTS) Baltimore, Md. Contact: (410) 296-6959 14-16: Mid-America Horticultural Trade Show Chicago, Ill. Contact: (847) 526-2010 www.midam.org 15-17: TPIE Fort Lauderdale, Fla. Contact: (800) 375-3642 www.fnga.org 22-25: ANLA Management Clinic Louisville, Ky. Contact: (202) 789-2900 www.anla.org 29-1: IPM Essen, Germany www.ipm-messe.de Save the Date: April 18-20, 2004 AHMA Hardware Show Chicago, Ill. Contact: (800) 723-9895 www.ahmaharwareshow.com
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