

Imperial Chemical Industries

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Imperial Chemical Industries (ICI) was a British chemical company and was, for much of its history, the largest manufacturer in Britain.^[1]

It was formed by the merger of leading British chemical companies in 1926. Its headquarters were at Millbank in London, and it was a constituent of the FT 30 and later the FTSE 100.

It produced paints and speciality products (including ingredients for foods, speciality polymers, electronic materials, fragrances and flavours). ICI was acquired by AkzoNobel in 2008, who immediately sold off parts of ICI to Henkel, and integrated ICI's remaining operations within its existing organisation.^{[2][3][4]}

Contents

- 1 History
 - 1.1 Development of the business
 - 1.2 From 1991 to 2007: reorganisation of the business
 - 1.3 2007: takeover by Akzo Nobel
- 2 Operations
 - 2.1 Argentina
 - 2.2 Australia
- 3 See also
- 4 References
- 5 External links

Imperial Chemical Industries



Industry	Chemicals
Founded	1926
Defunct	2008
Headquarters	London, England
Key people	Hans Wijers (CEO AkzoNobel), Sir John Harvey-Jones
Products	Paints & speciality chemicals
Revenue	£4,845 million (2006)
Operating income	£502 million (2006)
Net income	£295 million (2006)
Owner	AkzoNobel
Number of employees	29,130 (2006)
Website	Imperial Chemical Industries (http://www.akzonobel.com/news/information_former_ici/)

History

Development of the business

The company was founded in December 1926 from the merger of four companies: Brunner Mond, Nobel Explosives, the United Alkali Company, and British Dyestuffs Corporation.^[5] It established its head office at Millbank in London in 1928.^[5]

Competing with DuPont and IG Farben, the new company produced chemicals, explosives, fertilisers, insecticides, dyestuffs, non-ferrous metals, and paints.^[5] In its first year turnover was £27 million.^[5]

In the 1920s and '30s the company played a key role in the development of new chemical products, including the dyestuff phthalocyanine (1929), the acrylic plastic Perspex (1932),^[5] Dulux paints (1932, co-developed with DuPont),^[5] polyethylene (1937)^[5] and polyethylene terephthalate fibre known as Terylene (1941).^[5] In 1940 ICI started British Nylon Spinners as a joint venture with Courtaulds.^{[6][7]}

ICI also owned the Sunbeam motorcycle business, which had come with Nobel Industries, and continued to build motorcycles until 1937.^[8]

In the 1940s and '50s the company established its pharmaceutical business and developed a number of key products including Paludrine (1940s, an anti-malarial drug),^[5] halothane (1951, an anaesthetic agent), Inderal (1965, a beta-blocker),^[5] tamoxifen (1978, a frequently used drug for breast cancer),^[9] and PEEK (1979, a high performance thermoplastic).^[5] ICI formed ICI Pharmaceuticals in 1957.

ICI developed a fabric in the 1950s known as Crimplene. Crimplene is a thick polyester yarn used to make a fabric of the same name. The resulting cloth is heavy, wrinkle-resistant and retains its shape well. The California-based fashion designer Edith Flagg was the first to import this fabric from Britain to the USA. During the first two years, ICI gave Flagg a large advertising budget to popularise the fabric across America.

In 1960, Paul Chambers became the first chairman appointed from outside the company.^[10] Chambers employed the consultancy firm McKinsey to help with reorganising the company.^[10] His eight year tenure in charge saw export sales double, but his reputation was severely damaged by a failed takeover bid for Courtaulds in 1961-2.^[11]

ICI was confronted with the nationalisation of its operations in Burma on 1 August 1962 as a consequence of the military coup.^[12]

In 1964 ICI acquired British Nylon Spinners (BNS), the company they had set up in 1940 jointly with Courtaulds. ICI surrendered its 37.5 per cent holding in Courtaulds and paid Courtaulds two million pounds a year for five years, “to take account of the future development expenditure of Courtaulds in the nylon field”. In return Courtaulds transferred to ICI their 50 per cent holding in BNS.^[13] BNS was absorbed into ICI existing polyester operation, ICI Fibres. The acquisition included BNS production plants in Pontypool, Gloucester and Doncaster together with Research and Development in Pontypool.

Early pesticide development included Gramoxone (1962, a herbicide),^[5] the insecticides pirimiphos-methyl in 1967 and pirimicarb in 1970, brodifacoum (a rodenticide) was developed in 1974; in the late 1970s, ICI was involved in the early development of synthetic pyrethroid insecticides such as lambda-cyhalothrin.

Peter Allen was appointed chairman between 1968 and 1971.^[14] He presided over the purchase of Viyella.^[14] Profits shrank under his tenure.^[14]

Jack Callard was appointed chairman from 1971 to 1975.^[15] He almost doubled company profits between 1972 and 1974, and made ICI Britain's largest exporter.^[15] The company acquired Atlas Chemical Industries Inc., a major American competitor, in 1971.^[5]

In 1977 Imperial Metal Industries was divested as an independent quoted company.^[16]

During the 1980s (from 1982 to 1987) the company was led by the charismatic John Harvey Jones.^[17] Under his leadership the company acquired the Beatrice Chemical Division in 1985 and Glidden Coatings & Resins, a leading paints business in 1986.^[18]

From 1991 to 2007: reorganisation of the business

In 1991 ICI sold the agricultural and merchandising operations of BritAg and Scottish Agricultural Industries to Norsk Hydro.^[19]

In 1991, ICI fought off a hostile takeover bid from Hanson, who had acquired 2.8 percent of the company.^[20] However the move pressured the company to split-off its pharmaceuticals arm.

It also divested its soda ash products arm to Brunner Mond. This ended an association with the trade that had existed since the company's inception, one that had been inherited from the original Brunner, Mond & Co. Ltd.

In 1992 the company sold its nylon business to DuPont.^[21]

In 1993, the company de-merged its pharmaceutical bioscience businesses: pharmaceuticals, agrochemicals, specialities, seeds and biological products were all transferred into a new and independent company called Zeneca Group, which subsequently merged with Astra AB to form AstraZeneca PLC.^[22]

Charles Miller Smith was appointed Chief Executive Officer in 1994. This was one of the few times that someone from outside ICI had been appointed to lead the company, Smith having previously been a director at Unilever. Shortly afterwards the company acquired a number of former Unilever businesses, in an attempt to move away from the company's historical reliance on commodity chemicals.

In 1997 ICI acquired National Starch & Chemical, Quest, Unichema, and Crosfield, the speciality chemicals businesses of Unilever for \$8bn.^[23] This step was part of a strategy to move away from cyclical bulk chemicals and to progress up the value chain to become a higher growth, higher margin business.^[5] Later that year it went on to buy Rutz & Huber, a Swiss paints business.^[24]

Having taken on some £4 billion of debt to finance these acquisitions, the company had to sell off its commodity chemicals businesses.

- Disposals of bulk chemicals businesses at that time included the sale of its Australian subsidiary, ICI Australia, for £1bn in 1997,^[25] and of its polyester chemicals business to DuPont for \$3 billion also in 1997.^[26]
- The following year it sold Crosfield to WR Grace and bought Acheson, an electronic chemicals business.^{[27][28]}
- In 2000 ICI sold its diisocyanate, advanced materials, and speciality chemicals businesses at Teesside and worldwide (including plants at Rozenburg, Holland, in South Africa, Malaysia, and Taiwan), and Tioxide, its titanium dioxide subsidiary, to Huntsman Corporation for £1.7 billion.^[29] It also sold the last of its industrial chemicals businesses to Ineos for £300 million.^[30]
- In 2006 the Company sold Quest International, its flavours and fragrances business, to Givaudan, for £1.2 billion^[31] and Uniqema, its oleochemical business, to Croda International, for £410 million.^[32]

Having sold off much of its historically profitable commodities businesses, and many of the new speciality businesses, which it had failed to integrate, the company consisted mainly of the Dulux paints business, which quickly found itself the subject of a takeover by AkzoNobel.

2007: takeover by Akzo Nobel

Dutch firm AkzoNobel (owner of Crown Berger paints) bid £7.2 billion (€10.66 billion or \$14.5 billion US) for ICI in June 2007. An area of concern about a potential deal was ICI's British pension fund, which had future liabilities of more than £9 billion at the time.^[33] Regulatory issues in the UK and other markets where Dulux and Crown Paints brands each have significant market share were also a cause for concern for the boards of ICI and Akzo Nobel. In the UK, any combined operation without divestments would have seen Akzo Nobel have a 54% market share in the paint market.^[34] The initial bid was rejected by the ICI board and the majority of shareholders.^[35] However, a subsequent bid for £8 billion (€11.82 billion) was accepted by ICI in August 2007, pending approval by regulators.^[36]



A former ICI plant in Huddersfield, West Yorkshire, now owned by Syngenta.

At 8.00am on 2 January 2008 completion of the takeover of ICI plc by Akzo Nobel NV was announced.^[2] Shareholders of ICI received either £6.70 in cash or Akzo Nobel loan notes to the value of £6.70 per 1 nominal ICI share. The adhesives business of ICI was transferred to Henkel as a result of the deal,^[37] while Akzo agreed to sell its Crown Paints subsidiary to satisfy the concerns of the European Commissioner for Competition.^[38]

The areas of concern regarding the ICI UK pension scheme were addressed by ICI and Akzo.^[39]

Operations

ICI operated a number of chemical sites around the world. In the UK the main plants were as follows:

- Billingham (in Stockton-on-Tees) and Wilton (in present day Redcar and Cleveland): ICI used the site to manufacture fertilisers in the 1920s and went on to produce plastics at Billingham in 1934. During World War II it manufactured Synthonia, a synthetic ammonia for explosives.^[40] The ICI Billingham Division was split into the ICI Heavy Organic Chemicals Division and ICI Agricultural Division in the 1960s. From 1971 to 1988 ICI Physics and Radioisotopes Section (later known as Tracerco) operated a small General Atomics TRIGA Mark I nuclear reactor at its Billingham factory for the production of radioisotopes used in the manufacture of flow and level instruments, among other products.^[41]
- Blackley (in Manchester) and Huddersfield: ICI used the sites to manufacture dyestuffs. The dye business, known as the ICI Dyestuffs Division in the 1960s, went through several reorganisations. Through the years it was combined with other specialty chemicals businesses and became ICI Colours and Fine Chemicals and then ICI Specialties.^[42]
- Runcorn (in Cheshire): ICI used the site to manufacture chlorine and sodium hydroxide (caustic soda).^[43] For many years it was known as ICI Mond Division but later became part of the ICI Chemicals and Polymers Division. The Runcorn site was also responsible for the development of the HiGEE and Spinning Disc Reactor concepts. These were originated by Professor Colin Ramshaw and led to the concept of Process Intensification: research into these novel technologies is now being pursued by the Process Intensification Group at Newcastle University.^[44]
- Winnington and Wallerscote (in Northwich, Cheshire): It was here that ICI manufactured sodium carbonate (soda ash) and its various by-products such as sodium bicarbonate (bicarbonate of soda), and sodium sesquicarbonate. The Winnington site, built in 1873 by the entrepreneurs John Tomlinson Brunner and Ludwig Mond, was also the base for the former company Brunner, Mond & Co. Ltd. and, after the merger which created ICI, the powerful and influential Alkali Division. It was at the laboratories on this site that polythene was discovered by accident in 1933 during experiments into high pressure reactions.^[45] Wallerscote was built in 1926, its construction delayed by the First World War, and became one of the largest factories devoted to a single product (soda ash) in the world.^[46] However, the decreasing importance of the soda ash trade to ICI in favour of newer products such as paints and plastics, meant that in 1984 the Wallerscote site was closed, and thereafter mostly demolished. The laboratory where polythene was discovered was sold off and the building became home to a variety of businesses including a go-kart track and paintballing, and the Winnington Works were divested to the newly formed company, Brunner Mond, in 1991. It was again sold in 2006, to Tata (an Indian based company) and in 2011 was re branded as Tata Chemicals Europe. The Winnington plant closed in February 2014, with the last shift on 2 February bringing to a close 140 years of soda ash production in Northwich.
- Ardeer (in Stevenston, Ayrshire): ICI Nobel used the site to manufacture dynamite and other explosives and nitrocellulose-based products. For a time, the site also produced nylon and nitric acid. Nobel Enterprises was sold in 2002 to Inabata.^[47]
- Slough (in Berkshire): Headquarters of ICI Paints Division.^[48]
- Welwyn Garden City (in Hertfordshire): Headquarters of ICI Plastics Division until the early 1990s.^[49]

Argentina

ICI subsidiary, formerly called Duperial since 1928 until 1995, when was renamed to ICI. Established in the city of San Lorenzo, Santa Fe. It's operating in an integrated production site with commercial offices in Buenos Aires. Since 2009 called Akzo Nobel Functional Chemicals S.A. and produces sulfuric acid with ISO certification.

Australia

ICI subsidiary ICI Australia Ltd established the Dry Creek Saltfields at Dry Creek north of Adelaide, South Australia, in 1940, with an associated soda ash plant at nearby Osborne. In 1989 these operations were sold to Penrice Soda Products.^[50]

See also

- IMI plc
- Pharmaceutical industry in the United Kingdom

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External links

- Official site (http://www.akzonobel.com/news/information_former_ici/)
- Dulux (<http://www.dulux.co.uk>)
- National Starch and Chemical Company (<http://www.nationalstarch.com>) ICI subsidiary.
- Orica (<http://www.orica.com.au>)



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