

EMERGENCY

US ARMY AND EFP TO TEST 2H FILTER MEDIA

Emergency Filtration Products Inc is to start testing its licensed nanotechnology-enhanced 2H filter media in conjunction with the US Air Force.

The proprietary enhancement encompasses the integration of filter media with various types of nanotechnology solutions for the detection of, and protection from, biological, chemical, radiological and explosive agents.

The US Air Force tests, which are expected to validate some previous testing performed by EFP, will measure the nano-enhanced filter media's ability to combat several identified biological contaminants, including *Staphylococcus aureus*, *Bacillus cereus* spores, *Klebsiella pneumonia*, MS2, *Aspergillus niger* spores and *Trichophyton*.

Initial tests indicated the filter media's ability to arrest and eradicate the rapid growth of endospores. These were conducted with *Bacillus thuringiensis* – an endospore that is genotypically and phenotypically similar to *Bacillus anthracis*, more commonly known as anthrax.

WATER

UPDATE: KEY ACQUISITIONS CONFIRMED

As well as Pentair's shift into the water market (see *front page*), Cuno Inc and Siemens AG have now completed their own major water industry acquisitions, first announced earlier this year.

The acquisition of WTC Industries by Cuno Inc for US\$110 million was complet-

ed after the majority of WTC shareholders – 1 657 557 in favour vs. 450 against and 10 abstaining – approved the proposal at a 29 July meeting.

Following the vote, the official closing of the transaction took place on 2 August. (See *Filtration Industry Analyst*, June 2004, page 1.)

Meanwhile, effective 31 July, Siemens' acquisition of the US Filter Corp from French parent company, Veolia Environnement was confirmed.

The US\$993 million acquisition positions Siemens strongly in the water and wastewater treatment business in North America. (See *Filtration Industry Analyst*, May 2004, page 1.)

- WTC, through its PentaPure Inc operating subsidiary, manufactures water filtration systems and replacement filter cartridges for point-of-use applications. It currently employs 220 people, and 2003 sales totalled US\$28.3 million.
- The worldwide product, system and service business of US Filter with its 5 800 employees and an annual turnover of US\$1.2 billion will now become a part of the Siemens Industrial Solutions and Services Group (I&S) in the form of the new "Water Technologies" division.

VEOLIA'S NORTH AMERICAN DIVESTMENT COMPLETED

The sale of French utility giant Veolia Environnement's Culligan business to private equity firm Clayton Dubilier & Rice, completes Veolia's North American disposal programme. (See *Filtration Industry Analyst*, October 2003, page 1.)

The sale of Culligan, worth US\$610 million, is expected to

be completed in the fourth quarter of 2004, and is subject only to applicable regulatory approvals and other customary closing conditions.

The sale of Culligan represents the final step in the implementation of the strategic re-focusing of Veolia Environnement's water operations in North America; it follows the sale of Everpure in late 2003 to Pentair, the sale of farmlands held by USFilter in California in the first half of 2004, and the sale of USFilter's systems and services businesses to Siemens, also announced in the first half of 2004.

The disposals reflect Veolia's strategy to focus its development on outsourcing services and long-term contracts for both municipalities and industrial companies, and the total proceeds generated from the sales amounts to approximately US\$1.9 billion.

This restructuring plan instigated by Veolia was needed amongst other things to reduce considerable debt within the organisation generated by aggressive acquisitions by Veolia's former parent company, Vivendi Universal. Vivendi bought the US Water assets in 1999, under an ambitious expansion spree by former chief executive officer Jean-Marie Messier.

But ever since, the purchases weighed on the utility's performance, particularly the USFilter unit, and the company therefore decided to sell up and re-focus.

Why did companies such as Veolia find it so tough to operate in the US water business? See 'What next in the US water business?', pages 7 and 8.

CHINA WATER CRISIS OFFERS WINDOW OF OPPORTUNITY

It isn't just established markets that companies such as Pentair, GE, Cuno and

Siemens should be targeting. Emerging markets such as China could increasingly be opened up to companies willing to focus on this region.

This strategy is backed up by research – according to a recently published market report*, China's population is likely to exceed 1.6 billion by 2010, making its problematic water supply an international concern.

China's vice-premier, Wen Jiabao, told a conference in January 1999 that the survival of the Chinese nation was threatened by the country's shortage of water.

And the government has become increasingly concerned about industrial wastewater, its treatment and potential re-use. National policy has moved towards a closer study of pollution and water, and a recently added amendment to China's Water Pollution Law stated that all cities with populations over 250 000 must build water treatment plants.

However, only eight mainland cities currently meet both Beijing's air and water quality standards, namely Suzhou, Ningbo, Xiamen, Shenzhen, Zhuhai, Shantou, Zhanjiang and Haikou. This gives potential openings for water and wastewater treatment companies in the country, as well as the filtration companies that supply them.

* *Water Supply and Treatment in China: Industry Analysis* is published by Research and Markets (Dublin, Ireland.)

- The Chinese water industry includes the collection, treatment, storage and supply of drinking water, and wastewater treatment and sewage. The global water industry has annual revenues of US\$400 billion. US\$600 billion will be spent on global water and wastewater infrastructure between 2000 and 2010, says the report.