

## FOCUS ON AGRAQUEST

Crop Protection Monthly interviewed Marcus Meadows-Smith, CEO of Agraquest, during the BCPC Conference in Glasgow in November. AgraQuest describes itself as a leader in innovative biological and low-chemical pest management solutions for the agricultural, home & garden and food safety markets. The company believes that its biopesticide products have the perfect fit with what they describe as an emerging low chem sector. CPM's editor Martin Redbond put the questions to Mr Meadows-Smith.

### What are the drivers for the low-chemical sector?

Finite supplies of arable land and water resources, growing regulatory and consumer concerns are all driving the need for food with lower pesticide residues and cleaner, sustainable agriculture. Our challenge at Agraquest is to provide new pest control solutions for growers that help them to increase farm productivity and provide clean low residue food. We believe that by integrating biopesticides with conventional pesticides we can improve crop yields, reduce residue levels and improve safety to the operator and the environment.

The current growing pressure on pesticides from both regulators and consumers will help drive a move towards what we describe as low-chem mixtures of biopesticides and safe, conventional pesticides. Because of the recent move by the EU to remove older and more toxic chemicals there are now gaps in the armoury of products available to farmers. As a result this has opened up new opportunities for biopesticides in Europe. In the low-chem pesticide sector biopesticides are used either stand-alone or combined with synthetic pesticides to reduce the rate of the synthetic to its lowest label rate without reducing efficacy or yield. If we are able to replace just one spray in a five spray fungicide programme on lettuce or vines we can reduce residues and at the same time give ourselves a 20% share of the market.

### What is the potential of the low-chem market?

Sales of biopesticides worldwide currently amount to around \$1 billion annually which is small compared with the agrochemical market which is 30 to 40 times larger. The big agrochemical companies are now beginning to invest heavily in this area, which we believe can grow to \$10 billion in ten years time. Part of the growth will come with relatively small companies such as our own, linking up with multinational organisations. Our company is already marketing its products through an AgraQuest salesforce in the US and Mexico. Now we are starting to develop partnerships with industry leaders to place our proprietary products into new markets.

### Do you already have partnerships in place?

Yes, BASF is partnered with AgraQuest to distribute the biofungicide *Serenade* in numerous global markets. There are many biopesticide companies who would not deal with agrochemical companies, but we are comfortable selling our products in spray programmes and tank mixes. *Serenade* uses a patented strain of bacillus which controls fungal and bacterial disease on plants. The active ingredient *Bacillus subtilis* strain QST 713, is registered as a fungicide in 25 countries and has obtained Annex 1 listing in the EU and is Annex III listed in many EU countries too.

BASF will license, supply and distribute *Serenade* biofungicide product in Europe, Africa, the Middle East, Asia and Latin America. *Serenade* has been shown to have benefits when applied in combination with BASF's synthetic fungicides, which already have a strong share of the fungicide market. BASF will distribute liquid and wettable powder formulations of *Serenade*, incorporating the products into its spray programmes. BASF plans to initially launch *Serenade* in Brazil, the world's largest fungicide market, and then obtain registrations in Austria, Belgium, Germany, and the Netherlands. The focus will be on agricultural uses such as potato, cereals, vines, oilseed rape and fruit and vegetable. The agreement does not include home and garden uses for which we will seek another more specialist distributor.

We also hope to be able to announce a new distribution deal for the biofungicide *Sonata* (*Bacillus pumilis* strain QST 2808), and are seeking a distributor for the bioinsecticide *Requiem* (extract of *Chenopodium ambrosioides* near *ambrosioides*), which was launched in the US early this year and presented at the BCPC conference in Glasgow. Registrations for *Requiem* are already underway in Europe, Latin America and Asia. The bioinsecticide received approval from the US Environmental Protection Agency (EPA) last December, and a California registration in April. *Requiem* has already captured 16% market share in Florida tomato, pepper and cucurbit sucking pest insecticide markets, which is a very large percentage for a launch year of an insecticide. We expect this product to reach global sales between \$20m and \$40m by 2013. The bioinsecticide is used to control sucking pests such as thrips, mites and whiteflies.

### **Do you expect other agchem companies to become involved in this new sector?**

Major agchem companies have historically shied away from biopesticides. However, this trend is changing. We predict that major agchem companies such as Bayer, DuPont, Monsanto and Syngenta will invest heavily in the emerging low-chem market. Other recent deals in the biopesticide crop protection market include Bayer CropScience's acquisition of certain assets and technologies of bioinsecticide firm AgroGreen and Syngenta's acquisition of bio-based antitoxin producer Circle One Global. Such partnerships and deals validate our strategy.

### **What are your expectations of the future?**

We have already invested some \$130 million in R&D since 1995. Out of a total workforce of 220 we have 40 scientists working in R&D and registration. As a result we have a rich pipeline of products and are currently evaluating seven new active ingredients. We believe that low-chem is going to be the next growth sector in agricultural inputs. As a result our current sales which are in the tens of millions of dollars will grow dramatically. In fact our revenue target for 2014 is \$200 million. We are planning to go public through an initial public offering (IPO) in 2011. We would use the injection of cash to accelerate product development. However, we are in no rush as we are currently cashflow positive.