

IMPACT OF REGULATORY ACTIVITY ON EMERGING COMPANIES

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According to bcc Research, biopesticides comprise about 2.5% of the global pesticide market (approximately \$700 million) and are expected to reach \$1 billion by 2010. According to CPL Business Associates, the 2005 market for microbial biopesticides was \$268 million of which \$109 million are sales in North America. CPL projects a rise from \$268 million to \$750 million by 2015. While good figures on the growth of biopesticides are hard to find, there is no doubt that the biopesticide market is growing faster than the chemical pesticide market, which is declining. The increase in biopesticides is driven by the removal of some chemical pesticides from the market, global food production that requires residue management, worker safety and labor management – the ability of growers to save costs with short worker re-entry periods, resistance management and the increase in organic farming and IPM. The biopesticide industry (see www.biopesticideindustryalliance.org) is attractive for entrepreneurs and investors because biopesticides can provide good growth prospects and are less capital-intensive than chemical pesticides and genetically engineered crops. However, given the significant market risks that biopesticide companies face in agricultural markets, such as commodity price swings, weather, overcoming customer misperceptions, and slow product adoption (relative to other industries), any regulatory hurdles, including inconsistency and unpredictability of the product approval timeframe only inhibit new start ups and investment in biopesticides. Regulatory delays and hurdles can cripple a fledging biopesticide company and significantly impact company growth and even survival. The passage of the Pesticide Registration Improvement Act (PRIA) in 2004 by Congress, which requires registration approval within certain specified timeframes in return for user fees, increased the predictability of approval timelines for biopesticides (and chemicals). This has increased innovation and helps the biopesticide industry bring more products to market. It also increases product improvement (i.e, better formulations) and label expansion because of shorter timelines than they were before PRIA. The speaker will provide an entrepreneur's experiences in discovery, development and marketing of biopesticides and examples of the impact of regulations on biopesticide companies she founded. While regulatory is still critical to a fledging biopesticide company, policies, grants and programs affecting market adoption will have greater impact on the growth and success of biopesticides.