

July 2021

TWO B MONTHLY

The Global Biocontrol & Biostimulants E-Newsletter

2BMonthly Exclusive Feature

STK Drops Generics to Focus on Biologicals

Botanical-based crop protection and aquaculture company STK Bio-Ag Technologies has dropped its generic sales to focus on botanical and hybrid crop protection products.

Yair Nativ, STK Bio-Ag Technologies VP Sales told 2BMonthly that STK is no longer dealing or selling non-proprietary products or generic products.

When talking about the decision, Yair said it was difficult, but it was an area where the company felt there was no longer an advantage.

"The target is to sell only proprietary products," says Nativ. "We don't have an advantage in fighting to sell another litre [of generics]."

The company is now selling three crop protection products – the organic botanical fungicides Timorex and Dekel, and the hybrid fungicide product Regev.

Regev in USA

It was just over a year ago – June 2020 – that STK made its first shipments to the U.S. market of its Regev product. Launched three years ago, Regev is STK's hybrid fungicide product that incorporates a botanical extract with a synthetic pesticide difenoconazole in a liquid formulation. The company said the product serves as a "bridge," providing farmers an easy-to-use crop protection solution while enabling them to lower their chemical load.

"It's going very well," says Nativ, who began his career as an agronomist in Israel 21 years ago. "Penetrating the U.S. is never easy, but it's going according to plan."

The botanical extract in Regev is tea tree oil, which is sourced from Australia. This botanical extract enhances the activity of difenoconazole, providing increased disease control while reducing chemical usage and having only one residue.

Summit Agro has been STK's exclusive distributor for Regev in the USA since signing an agreement in April 2019.

Nativ confirms that the company is selling Regev in most states in the U.S., with the notable absence being California.

Both active ingredients are registered separately in California but the product itself also needs to be registered. Nativ says the application for Regev is in progress, and the company is hoping for registration in California by the end of 2021.

Customer base

End-users of Regev in the USA, as well as other markets, tend to be fresh vegetable and fruit producers and large-scale plantations, such as banana. Nativ describes a typical customer as one worried about having a lower residue. "I would also say the smart guys who want to lower the risk of resistance," he adds.

Regev is used in greenhouse and in open field, such as almonds.

Nativ emphasizes the ease-of-use of the product. It is used exactly the same way as the grower's current chemical fungicide. There is no mixing, it does not require refrigeration and Regev has a shelf-life of 2 years.

An unexpected challenge when marketing the product says Nativ is the pronunciation of Regev in Spanish speaking markets. He notes this is something the company will consider more fully when branding future products.

Logistics

In terms of logistics, STK is shipping the finished product to the USA from two ports in Israel - Ashdod and Haifa - in containers. Nativ has witnessed the increase in freights for containers, a phenomenon seen in the shipping of commodities since mid-2020. Freights are up from \$2000 to \$6000 for a container. Israel to the USA has a transit time of four weeks, with Chile being 6-7 weeks. STK is shipping finished products in 0.5 litre bottles and 200 litre drums.

Product delivery

The application rate for Regev is typically 2kg/hectare, 300-500ml/hectare, with usage depending on crop.

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Application by drone is increasing, notes Nativ. He says drones are being used for spraying of the product in Colombia and Guatemala. Nativ understands that drones used on some banana plantations are able to carry and apply 60 litres of product. As an aside, when it comes to bananas, Nativ says drones are often used in the nursery, which is a smaller area.

Next steps

The next stage of the STK strategy is to continue growing in the USA, and in the longer term to increase the portfolio of proprietary products. For the U.S. market, the next task is to add more crops to the Regev label, says Nativ. The company is running trials on more crops and diseases, and will use the results to enhance the label.

Lining up the horses

The company is looking to develop new hybrid products with tea tree oil, and is also looking at other plant extracts. Nativ says the company is sampling hundreds of other plant extracts.

The company is looking to develop insecticide and fungicide products – both “solo”, in other words fully biocontrol, and hybrid. At this point, Nativ does not foresee a herbicide product emerging.

The next hybrid product is likely to be ready in about two years, and a new biological product about 5-8 years, in Nativ’s estimation. He notes Regev took more than eight years to develop.

He likens the R&D stage to saddling horses for a race. “We will have a lot of horses at the start, far more than there will be at the end of the race.”