

Appendix 3

UK biotech seeks bail out^{1,*}

Biotech leaders in the UK say the cash-stricken industry has reached ‘breaking point’, and have made an unprecedented plea for state funding.

Twenty-two prominent figures from the sector say a major cash injection is the only hope for its survival, and have asked Gordon Brown and business secretary Lord Mandelson for £500 million.

Investor Sir Christopher Evans and Nomura Code Securities chief executive Chris Collins are heading up the bid, and say a government-industry partnership would encourage private investors and secure UK biotech’s future.

The group says that without the investment the sector faces a downwards spiral and “the very real prospect of short-term extinction”. It could also lose its position at the forefront of the European biotech sector as well as the ability to compete internationally.

The biotech industry has often been unstable, but the current harsh economic climate has made it much harder for companies to attract investment.

A dossier produced by the 22 signatories notes: “The UK biotech industry is a world leader which has pioneered some truly life changing scientific discoveries”.

“Despite this heritage, the lethal mix of weak specific industry characteristics coupled with a complete market failure as well as the unprecedented economic downturn due to the credit crunch means that the industry has reached breaking point”.

They say the sector needs an injection close to £1.5 billion, to be spread between two funds. Together they would aid consolidation among smaller companies and help the UK’s larger, more successful biotechs to buy other assets and to fund clinical trials.

But leaders say government aid is essential to trigger the private investment needed, and that ministers must act now to make that happen.

The group added: “This quantity of capital will never naturally pool in UK from the British venture capital community unless it is led by a substantial government commitment with a national focus to build new consolidated businesses on British soil”.

But those asking for it are keen to say that aid is “not being sought to prop up a struggling industry”.

The group say the support, if given, would be a genuine investment with a view to delivering significant financial return to the government and taxpayer.

It added: “If Government were to embrace these initiatives on the scale outlined here, it will effect fundamental change in the biotech sector and enable it to create wealth, jobs and contribute towards

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building a truly high tech, high value economy in Britain. Only then will UK biotech finally realise its full potential on the world stage”.

Lord Mandelson’s department for Business, Enterprise and Regulatory reform declined to comment on the request, but said the biotech industry was of utmost importance to the government.

It is already carrying out a review of the sector, which began with the Cooksey report and will be concluded early next year.

UK biotech forced to hang on for government aid²

Cash-stricken UK biotech has been left hanging on for government funding, without any guarantee it will get the support needed. Last month industry leaders made an urgent and unprecedented plea for state finance, saying the sector had reached ‘breaking point’.

But government officials have declined to respond with any priority, warning that other sectors are also in need of aid.

In December 22 prominent biotech figures said a major cash injection was the sector’s only hope for survival and they asked Gordon Brown and business secretary Lord Mandelson for almost £1.5 billion. The goal was to spread the sum between two funds to aid consolidation among smaller companies and help the UK’s larger, more successful biotechs to buy other assets and to fund clinical trials.

But a spokesman for the Department of Business, Enterprise and Regulatory reform declined to comment on when ministers would reply to the request, and indicated there was no assurance that funding would be granted. When asked if any priority had been given to the request, the Department was non-committal. Instead it defended its support for the UK’s biotech industry by saying it had already begun a review of the sector – which started with the Cooksey report and will be concluded in the first half of this year.

²Originally published in *Pharmafocus* of Friday, January 09, 2009. Available at: http://www.pharmafocus.com/cda/focusH/1%2C2109%2C21-0-0-JAN_2009-focus_news_detail-0-492406%2C00.html, accessed Friday, January 09, 2009. Republished with the permission of *Pharmafocus*, Wiley Pharmafile Ltd.