



# BIOTECHNOLOGIES

## Market Overview

The UK leads European biotechnology with annual sales over \$9.7 billion. There are 270 specialist biotechnology companies employing 14,000 people and an additional 200 companies with 25,000 employees providing related biotechnology services. Specialist biotechnology companies work in biopharmaceuticals (35%), diagnostics (22%), agriculture/environmental sectors (15%) and specialist products (over 25%). The British biotechnology industry has seen a 30% increase in the number of companies over the past two years, and market capitalization of this sector rose to \$15.8 billion by the end of 1999.

Expenditure in research and development is expected to reach over \$773 million by 2001. Britain is responsible for 60% of the European sector's value; it accounts for 75% of all European publicly quoted biotechnology companies; and it has produced three quarters of the 60+ products currently in late-stage clinical trials. Five of the world's 20 most valuable biotechnology companies and three quarters of all U.S. subsidiaries, which dominate the industry, are located in the UK.

Biopharmaceuticals are the primary strength of the biotechnology industry in the UK with emphasis on gene therapy, combinatorial chemistry, regulation of cells, and development of transgenic animals. The entire market is characterized by partnerships, mergers and licensing agreements. In fact, very few biotechnology firms are completely integrated from initial research, through development, testing, manufacturing and marketing. The biotechnology industry is primarily located in south-east England (around Oxford), East Anglia (including Cambridge) and Scotland.

## Opportunities

The most significant opportunities for Canadian biotechnology firms are in collaborative research partnerships, technology-transfer agreements, licensing ventures, production facilities, and services. The UK industry is seeking greater emphasis on the role of biomanufacturing for long-term industry development, and the market is also strong for preclinical research studies and other research services for clinical trials.

Public opinion and pressure group activity have been targeted at the agriculture and food safety aspects of biotechnology, to

the extent that the market for genetically modified (GM) food products is essentially 'dead' in the UK with all major supermarket chains refusing to stock any GM products. The European Commission and the UK's Food Standards Agency are actively trying to improve public confidence in the regulatory system, but it is likely to be a while before there is a significant demand for food products of biotechnology in the UK. However, there seems to be a far greater acceptance of new technologies within the healthcare and environmental arenas, where clear benefits to the public are apparent, and there is greater confidence in the regulatory system.

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