

RESEARCH CAPITAL

# CANADIANS SEEK VENTURE CAPITAL IMPROVEMENTS

TORONTO—Discussion about the sorry state of Canadian venture capital dominated the recent meeting here on "Investing in Canadian Biotechnology." While entrepreneurs blamed venture capitalists for being afraid to invest in biotechnology, the financiers countered that Canadian scientists are unwilling to commit their own resources to commercial projects. All agreed, however, that improvements are needed to transform the country from a biotech also-ran into a "gifted late achiever."

The meeting was co-sponsored by Allelix (Mississauga, Ont.)—a leading Canadian biotech concern—and IDEA Corp. (Toronto), a Crown Corporation of the Province of Ontario, established to promote technology in the province. IDEA has \$91 million to invest in innovation.

Canada, through its National Biotechnology Strategy, is trying to approach U.S. biotech standards. It has formed several National Laboratories specializing in various aspects of biotechnology, has set up a National Biotechnology Advisory Committee to highlight obstacles and opportunities in the field, and has initiated programs that award grants for biotech research. "In Canada," summed up John Evans, chairman of Allelix, "playing catch-up will be a difficult ballgame."

Ronald Cape, a native Canadian who left his homeland to help found Cetus Corp. (Emeryville, CA), was pessimistic in his assessment of how far Canada trails the world leaders in biotechnology: "There is an admitted gap, and that gap is widening." He suggested government funding of basic research as a way to improve the situation.

Among Canada's problems, Evans listed the lack of strong traditional chemical and pharmaceutical industries, thinly spread university expertise, and insufficient protection of intellectual property. "We didn't start from a competitive advantage," he said, "but I think we have some ingredients we can put together that will allow us to finish well." Evans foresees particularly good opportunities for Canadian biotechnology in agriculture, food processing, mining, energy, and forest products. He emphasized that choosing good market niches will prove critical.

Terry Owen, president of Helix Biotech Ltd. (Richmond, B.C.) stressed the need for cooperation between investors and innovators. Nei-

ther understands how the other works, he said, and there are basic shortcomings in the Canadian investment climate, with its widespread aversion to risk. He recommended liaisons between investors and innovators, that the two groups should work together in the development of business plans, that Canada forms an association along the lines of the Industrial Biotechnology Association

(Rockville, MD) to develop strategy, that the sources of start-up capital be diversified, and that the tax structure be simplified and improved.

According to Cape, a good deal of the incentive for Canadians to invest in Canadian biotechnology has stemmed out of loyalty to the country. "There is an underlying appeal to patriotism," he said, "which I think is a weakness." —Arthur Klausner

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