Synthetic fuels

US Synfuels narrowly bites dust

Washington

THE Synthetic Fuels ("Synfuels") Corporation (SFC), willed into existence by Congress in 1980 with an annual spending power of \$20,000 million, was legislated out of existence just before Christmas. But the controversial corporation's end was only narrowly prevented from turning into a \$600 million spending spree.

SFC was formed when oil and natural gas prices were expected to continue to rise sharply, making the development of other sources of such fuels economically realistic. SFC's job was to support companies attempting to develop these alternatives. But reality turned out differently from expectations. Oil and natural gas prices did not rise precipitously, while large-scale projects for producing fuel from oil shale and natural gas from coal encountered technical problems for which expensive solutions were required.

In more than five years, only one of SFC's projects actually reached the point of producing energy on a commercially usable scale — the Cool Water coal gasification plant in California, which feeds into a combined cycle generator to produce electricity.

As its future came to seem less and less bright, members of Congress began to attack SFC as a rogue elephant, claiming

that it was poorly managed and that its goals had in any case receded out of reach. Congress has also known that the Reagan administration has been sceptical of SFC since its inception towards the end of the Carter presidency. After fierce negotiations last year, by the end of the summer it was clear that SFC's days were numbered.

That prospect spelt disaster for two of SFC's projects, the Union shale plant at Parachute Creek in Colorado and the Seep Ridge oil shale project in Utah, both of which are still in need of SFC backing if they are ever to be viable. This dire prospect seems to have provoked the high drama in the days and hours before and after the congressional vote on 16 December.

Two interested senators, Jake Garn (Republican, Utah) and William Armstrong (Republican, Colorado) appear to have taken the initiative in asking the White House to allow the SFC board to meet and to provide the funds for the projects at risk before Congress had finally voted the corporation out of existence. If that had happened, the government would still have been liable for the com-

mitments, in excess of \$600 million.

Reports of what was afoot reached Capitol Hill together with the intelligence that the President's chief of staff, Donald T. Regan, has blessed the plan for a final meeting of the board, and even that the president might delay signing an abolition bill so as to give SFC a last chance to act.

The board of governors of SFC seems to have been in a difficult position. On the one hand, there were signals from the White House apparently authorizing new spending, but, on the other, clear indications that Congress wanted to call a halt to synthetic fuels development. In the end, the board decided not to act without written instructions. There appear to have followed several heated telephone conversations between members of the Congress and the White House, at the end of which the board was instructed to spend no more public money.

Ironically, the measure abolishing SFC was appended to a larger financial bill which was, in the end, defeated in the vote on 16 December. For a while, SFC was back in limbo, but supporters of SFC were unable to engineer a last-minute reprieve for the corporation, which was finally abolished when the larger financial measure was passed on 19 December. **Joseph Palca**

British biotechnology

Celltech within sight of profit

CELLTECH, Britain's budding biotechnology corporation, greeted the new year with an annual report showing a 27 per cent decrease in losses and a forecast of profitability by 1987. In the year ending 30 September 1985, Celltech's £3.8 million turnover more than doubled the previous year's. Chief executive Gerard Fairtlough reckons his company is the world leader in the bulk production of monoclonal antibodies, and is looking to Japanese and US markets, which account for about 85 per cent of Celltech's customers.

Although Celltech's cash balance fell from £9.8 million to £5.7 million during the year, Fairtlough says there is no present need to increase the company's equity base. Rather, Celltech is likely to rely on joint ventures of the kind that established Boots-Celltech Ltd in 1983 and Apcl Ltd in 1984. At its outset in 1980, Celltech gained impetus from an exclusive and widely-criticized agreement with the Medical Research Council (MRC) for first rights of refusal on all pertinent research. Although the five-year agreement was significantly qualified in 1983, Celltech's finance director Hugh Perrott says that the group still enjoys close collaboration with the council's laboratories.

Celltech's crowning accomplishment so far has been the development of a 1,000-litre fermentation tank, which churns out kilogram quantities of the antibodies that

the US company Ortho Diagnostic Systems Inc. will market worldwide as blood group reagents.

Monoclonal antibody production occupies most of Celltech's culture products division, which also supplies antibodies for the purification of interferon and interleukin-2. Last year Celltech spent £2.4 million on expanding these facilities.

The health care division has agreed with the Japanese pharmaceutical firm Sankyo to develop calcitonin, potentially a treatment for osteoporosis and Paget's disease, and tissue plasminogen activator, which dissolves blood clots, for commercial availability. In the United States, Serono Laboratories Inc. has contracted Celltech to produce human growth hormone in mammalian cells and is already conducting clinical trials.

Fairtlough says he has suffered only one disappointment in his company's short history: chymosin, Celltech's first recombinant DNA product, had to be shelved because of patent difficulties and an overestimation of the demand. Fairtlough contends that the dwindling (50 to 15 per cent) shareholdings of the British Technology Group (BTG), which provided the financial catalysis for Celltech's beginnings, does not reflect a lack of faith on BTG's part. He says that Celltech's shareholders are as satisfied as its customers.

Karen Wright

collaboration

the international programme for establishing a system of geostationary navigational satellites. According to the Soviet side, the list of rocket launchers initially accepted by Inmarsat includes the Soviet *Proton* rocket, which, the Soviet participants claim, is cheap and meets the programme's requirements. The United States has now opposed the use of the *Proton*, on the grounds that a launch from the Baikonur site would give the Soviet team the chance to acquaint themselves with the US equipment aboard the satellites, and remains unconvinced by Soviet assurances that the delivery of the rocket to the launch-site, preparations for launching and the launch itself would be carried out in conditions that would exclude any "information leaks" about the on-board equipment.

The dispute over the abandonment of the *Proton*, which the Soviet side claims will mean a loss to Inmarsat of several million US dollars, was not mentioned by Aleksandrov. His vigorous urging of the benefits of pooling knowhow and economic assets in global space organization acquires, in the light of the Inmarsat disagreement, an additional topical note.

Vera Rich