



I. FUYUNO

Xueliang Song (standing) is one of a number of academics now running spin-off firms in Japan.

business-like behaviour — such as keeping some of his ideas to himself, instead of sharing them with colleagues.

With backing from ASTEC, the company has now built a prototype device and hopes to commercialize it by 2010. Some of ASTEC's other companies are already farther down the commercial road. Perseus Proteomics, spun off from the University of Tokyo in 2001 to develop antibody-based drugs as possible cancer treatments, initially raised ¥600 million from ASTEC and other venture-capital groups. Wakabayashi effectively managed the company himself, until a full-time president was appointed in 2004. This February, Fujifilm bought a 22% stake in the company for ¥1 billion, and one of its antibodies is expected to enter clinical trials next year. Perseus has so far raised ¥2.4 billion in total.

The government has meanwhile taken several steps to help young companies. METI has marked out a dozen geographical 'clusters' nationwide and appointed a prominent academic or businessperson to supervise university spin-off businesses in each one. And the New Energy and Industrial Technology Development Organization (NEDO), a branch of METI, is providing scholarships for about 100 young would-be entrepreneurs at universities and research institutes.

But officials are aware of criticism that the support has been spread too thinly. "We can't support everyone," says Masamichi Hashiguchi, director of NEDO. "The first stage of backing university start-ups is over. Now we'll only take care of competitive companies."

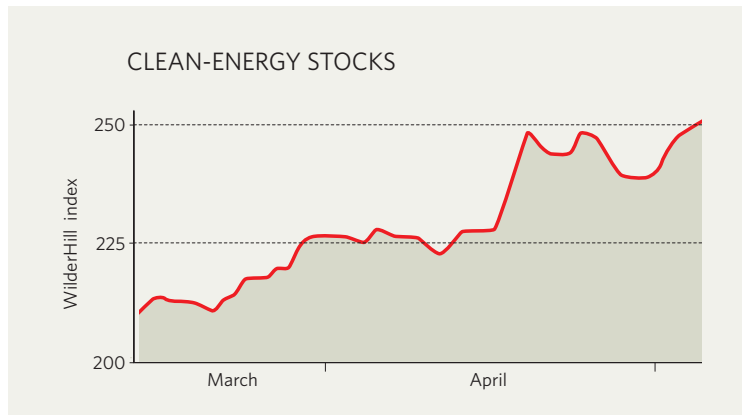
IN BRIEF

YEAST YIELD Merck is to pay \$400 million for a privately held biotechnology firm that improves drugs by fine-tuning their sugar structures. GlycoFi of Lebanon, New Hampshire, has developed technology that uses specially engineered yeasts to attach sugars to proteins with high accuracy. About 70% of drugs are proteins with sugars attached. GlycoFi was founded in 2000 and built up with \$35 million from venture-capital groups such as Polaris Venture Partners and SV Life Sciences. It will now become a wholly based subsidiary of New Jersey-based Merck.

NO CONCORDE Both Boeing and NASA have emphatically denied that they are planning talks with the Japanese Aerospace Exploration Agency (JAXA) on the joint development of a supersonic passenger plane. Officials in Japan had told newspapers there that they were hoping to meet with the Americans to discuss such a project, with a view to boosting innovation in their domestic aerospace industry. Japan already has a small, exploratory collaboration with France on supersonic airliners.

VAXGEN SETBACK Shares in California vaccine supplier VaxGen plunged by more than a third when it admitted it will be nearly two years late delivering 75 million doses of its recombinant anthrax vaccine to the US government. Under the terms of its \$878-million contract, which is part of Project BioShield, the company won't be paid until it delivers the vaccine. It now says that won't happen before late 2007 at the earliest, and it blames the delay on the government demanding more trials of the vaccine's safety and efficacy.

MARKET WATCH



A period of exuberance — irrational or otherwise — has sent the price of 'clean-energy' stocks shooting upwards by almost 50% since the beginning of the year.

Continuing worries about the high price of oil and a steady drumbeat of political and business endorsements for renewable energy have brought cash pouring into the clean-energy sector — and almost all stocks in it are rising.

"What we're seeing is that mainstream investors want clean-energy stocks," says Michael Liebrich of London-based New Energy Finance. "It's not exotic anymore."

Rob Wilder, whose company WilderShares in California keeps the WilderHill index (stock market symbol: ECO) of US-listed clean-energy stocks, says that the prevalent attitude towards the sector has reversed sharply. Not so long ago, he says, his was the "voice in

the wilderness" asking people to take clean energy seriously. "Now there's so much hyperbole, that I sometimes wish there were some naysayers. The more the sector is universally acclaimed, the more nervous I get."

Since a fund was launched last year that allows investors' money to track the WilderHill index, some US\$800 million has poured into it. But Wilder thinks some of the strongest growth prospects are in companies that are still too small to be represented in the index — including thermal (non-photovoltaic) solar energy, and ethanol production from cellulose.

Leibrich says he worries that market valuations of some stocks may have moved ahead of their real worth. But he argues that the overall rise in the market is "not a bubble" because the long-term prospects for the sector are strong.

Colin Macilwain