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versions of human growth hormone, and more approvals are on the horizon.

But some economists question the underlying assumption driving acceptance of biogenerics — that access to them will slash prices for consumers. Generics of ordinary drugs commonly become available for one-twentieth the price of the original, or even less. However the costs of actually producing biogenerics will be far higher. And because they will be not quite identical to the originals, regulators are likely to demand at least some clinical trials for biogenerics. In Europe, these are estimated to cost tens of millions of dollars for each drug, against the couple of million commonly required to prove that a generic drug can be substituted for an original medicine.

What's more, because biologics often treat cancer and other grave diseases, it is not clear how willing insurers would be to push patients toward generic versions as a means of cost control. It also remains to be seen whether seriously ill patients would accept substitute products.

Henry Grabowski, an economist at Duke University in Durham, North Carolina, argues that few companies will attempt to make biogenerics and that dramatic price drops will thus be unlikely, at least in the short term (H. Grabowski, I. Cockburn and G. Long *Health Aff.* 25, 1291–1301; 2006).

In the case of ordinary, small-molecule drugs, Grabowski says, "it is important to remember that the rapid pace of generic entry and penetration took many years to evolve. This will also be true for biologics." ■

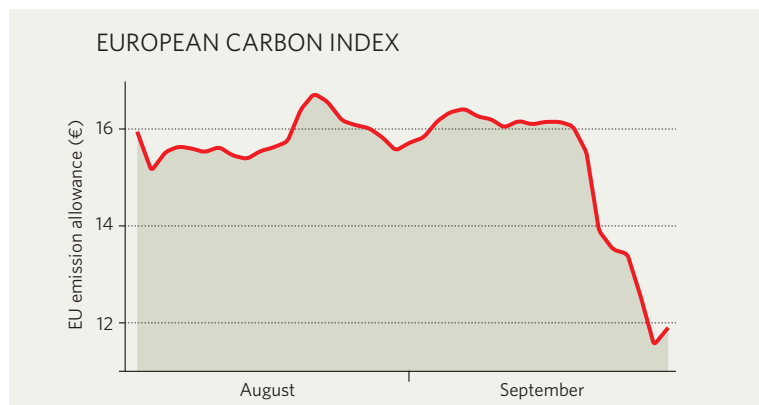
IN BRIEF

SUITOR IDENTIFIED Serono is to be bought by Merck in a deal that values the Swiss biotechnology company at 16.1 billion Swiss francs (US\$12.9 billion). The largest biotech company in Europe, whose best-selling product is a drug for multiple sclerosis, Serono has been scouting for a partner or buyer since last autumn (see *Nature* 438, 557; 2005). Merck of Darmstadt, Germany — unrelated to the New Jersey company of the same name — earlier this year lost out in a bid to buy its rival Schering (see *Nature* 440, 603; 2006). It says Serono will retain its own laboratories and headquarters in Geneva.

MARKED CONFIDENTIAL Icelandic genetics database company DeCode Genetics is suing five of its former staff and their new employer, the Children's Hospital of Philadelphia, for allegedly misappropriating its trade secrets. The suit, filed at the district court in Philadelphia on 26 September, claims that the five sent the hospital proprietary information about DeCode's methods and business plan before leaving to work there. The hospital, which denies wrongdoing, is attempting to build a database of 100,000 children and mine it for information about susceptibility to disease.

IN THE SOUP Christopher Evans, Britain's most prominent biotechnology entrepreneur, has been arrested in connection with a police investigation into loans made to the ruling Labour party. In a statement, Evans said he was "shocked and dismayed" at the arrest. He says he lent the party £1 million (US\$1.9 million) openly, on a commercial basis, and that interest would be paid on it. Critics charge that Labour secretly accepted several large loans just before the 2005 general election in exchange for honours or influence.

MARKET WATCH



After steadying in the summer, prices for European Union allowances for emissions of carbon dioxide have dipped precipitously in the past two weeks, to less than €12 (US\$15) for a tonne of emissions.

According to carbon-market analysts, the drop reflects recent falls in oil and gas prices. These encourage electricity generators to switch from coal to natural gas, whose more efficient burning produces less carbon dioxide. The fuel switch has lowered the demand for emission allowances traded at five European carbon exchanges, including the European Energy Exchange in Leipzig, Germany (see chart).

But Nils Medenbach, an emissions-trading specialist at the Frankfurt-based consultancy 3C Climate Change Consulting, says the low prices also indicate that many energy companies think they already have enough

allowances to cover the first period of the carbon-trading scheme — which lasts until the end of next year.

As the year draws to a close, and industries get a better picture of their overall 2006 energy use, large facilities throughout Europe are also tending to sell options rather than buy them, says Milo Sjardin, an analyst at the London-based New Carbon Finance.

Some analysts think that demand for allowances will continue to slip. "You may want to sell now," says Sjardin. "Unless industrial production suddenly increases to very high levels, or drought leads to a dramatic drop in hydropower supply, prices may go down to €5 by the end of the year." Prices are higher, however, for the next trading period, from 2008 to 2012, and market volume remains healthy, dispelling suggestions that the trading scheme is failing altogether. ■

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SOURCE: EUROPEAN ENERGY EXCHANGE