

BUSINESS AND REGULATORY NEWS

Drug merger A to Z

Last month, Astra AG (Södertälje, Sweden) and Zeneca Group (London) agreed to merge into AstraZeneca (London). Completion of the deal, which produces a company valued between \$65 billion and \$75 billion, will give Astra shareholders 46.5% of the new firm and Zeneca shareholders 53.5%. The merger will create a much larger company with greater resources in terms of sales, marketing, and research. "The state of the pharmaceutical industry today is changing dramatically and resources are absolutely critical to competitively operate," says Steve Lampert, Zeneca spokesperson. "In order to take up the competition against the other big companies you need more financial muscle," agrees Astra's Michael Lidel. Last year the combined firm would have had sales of \$11.5 billion. The formation of AstraZeneca—the corporate headquarters of which will be in London, and the main R&D center in Södertälje—will result in 6000 jobs losses over three years, which AstraZeneca estimates will

save about \$1.1 billion in costs. According to Zeneca's Rachel Bloom, Zeneca and Astra overlap in cardiovascular and respiratory areas, and "the new company will have a pipeline of 55 products." It's "too early to tell" how biotechnology programs will be affected, Bloom says, "All we've done in this merger is put the top management structure in place."



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AstraZeneca board includes (from left to right) CEO, Tom McKillop (was Zeneca Pharmaceuticals CEO); chair, Percy Barnevik; deputy chair Håkan Mogren (was Astra CEO); deputy chair, David Barnes (was Zeneca CEO).

FDA-style agency for Japan

Japan's Ministry of Health and Welfare (MHW; Tokyo) is to merge two of its existing bureaus, the pharmaceutical and medical safety bureau and the environmental health bureau, to create a new agency modeled on the US Food and Drug Administration (Rockville, MD). The move comes as part of the government's administrative reform drive aimed at restructuring ministries and agencies by the year 2001. Under the plan, MHW and the Ministry of Labor will be merged into the "Ministry of Labor and Welfare." The planned agency will approve, test, and regulate the safety and efficacy of drugs, food products, medical instruments, and cosmetics, which are being carried out separately between the two bureaus under the current Japanese system. The pharmaceutical and medical safety bureau is responsible for overseeing manufacturing and importing of new drugs and medical instruments, as well as researching into the side effects of new drugs. The environmental health bureau inspects imported food products and oversees food sanitation policy. It is hoped the new agency will improve the ministry's ability to handle a wide range of health issues, from outbreaks of food poisoning to side effects of drug.

Business and Regulatory News Briefs written by Emma Dorey, K.S. Jayaraman, Ellen Peerenboom, Adam Michael, and Asako Saegusa.

German-Canadian deal

A collaboration announced in November aims to boost the development of agricultural biotechnology in regions of Germany and Canada. The three-year deal brings together two government-backed organizations, BioGenTec (Cologne, Germany), which promotes biotechnology in the North Rhine Westfalia region of Germany and funds biotechnology startups, and Ag-West Biotech (Saskatoon, Saskatchewan), a Canadian equivalent of BioGenTec specializing in agricultural biotechnology. Although financial details are not disclosed, "we will put in as much as much as is needed [to make it succeed]," says Peter McCann from Ag-West Biotech. "We expect the benefit to be new R&D projects, exchange of scientists, and joint ventures," says McCann. Germany in particular stands to gain because its plant biotechnology sector is especially underrepresented: In North Rhine Westfalia, there are only around six agricultural biotechnology related companies, including two consultancy firms. However, about 25 out of 50 Saskatchewan biotechnology companies are involved in plant biotechnology, making the Canadian province a good partner for BioGenTec. "Agricultural biotechnology is a field where, within the next couple of years, we expect a boom," says Steffen Reich spokesman for BioGenTec NRW. "Experts expect that the turnover will rise from Euro10 billion in 1995 to Euro60 billion in 2005 within Europe."

BIO/TECHNOLOGY

nature biotechnology

15 years ago—January 1984

• **Monsanto supports oligosaccharide research.** Oxford, UK—Monsanto Company (St. Louis, MO) will underwrite research on oligosaccharides at the ancient university here. The deal, for £1.2 million (\$1.8 million) over five years, will support work in the university's biochemistry department on the isolation, structure, and function of the carbohydrate side chains attached to proteins. This is Monsanto's first major support for academic research in the UK. Oxford biochemists have developed a sophisticated technique for isolating and sequencing oligosaccharides, carbohydrate side chains that are attached to a large variety of proteins. . . . This opens up the possibility of reattaching the carbohydrates to genetically engineered materials that lack them, or even attaching them to drug molecules.

• **Analysts predicting biotech stock rises for 1984.** The year 1983 had its ups and downs for biotech stocks, but industry analysts are anticipating a successful 1984. Peak prices reached last summer dropped off as much as a third or more by the fall, and the Bio/Technology Stock Index of Specialty Firms has plunged to 000 from its inception at 1000 in July. For this reason, Wall Street is having trouble determining whether, on balance, the year was good or bad. What is certain, however, is that analysts are licking their chops at the newly devalued stock prices as they try to determine which issues are undervalued and due for recovery in the coming months. Nelson Schneider, vice president for biotechnology at EF Hutton (New York), says 1984 could be the first year that the stock of a company with outstanding science could perform poorly if the firm cannot translate its research into marketable products. "I think that biotechnology companies will be forced to maintain a high level of corporate performance," he says.