

## 300 German biotechnology companies by 1998

German Federal Science Minister Jürgen Rüttgers expects that just over one year after the winners of the BioRegio competition were announced, Germany will have doubled the number of its biotechnology companies. According to figures gathered by the German Chemical Engineering Society (DECHEMA; Frankfurt) and presented by Rüttgers at the end of August in Bonn, Germany had around 150 biotechnology companies at the end of 1996. By mid-1997, the Ministry of Science had counted another 93 new enterprises; an additional 52 is expected to be in business by the beginning of next year. Every new company will create six new jobs when it starts, Rüttgers says. He expects that biotechnology will provide Germany with at least 70,000 new jobs.

Two of the new companies are relocating to Germany from the United States, the first results, Rüttgers says, of a "road show" that took place in February 1997. "After the Americans saw the concepts, the projects, and the supporting money available," he says, "there was a great deal of interest from US companies."

Rüttgers was speaking at a press conference called by the German Ministry of Science and Education (BMBF; Bonn) to demonstrate the progress Germany has made in biotechnology over recent months. The BioRegio competition was the minister's "big idea" and was designed to pull together Germany's research, entrepreneurship, and investment communities on a regional basis. Last November, prizes of DM 50 million (US \$28) each in federal funds over five years were awarded to the Rhein Neckar (around Heidelberg), Rheinland (Cologne, Düsseldorf and Aachen), and Munich regions (see also *Nature Biotechnology* 14:1664-1665, 1996 and 15:15, 1997).

So far, the three winning regions have asked the science minister for DM 74 million (US \$41.4) to fund a variety of projects that will cost

DM 182 million in total. The rest of the money will come from private sources. By August of this year Rüttgers had agreed to funds of DM 20 million (US \$11.2) for the proposed projects, leaving over DM 50 million (US \$28) worth of funding undecided. Only one or two project proposals have been rejected.

A smaller fourth region for which a special case was made, Jena, will also receive a total of DM 5.7 million (US \$3.2) to support seven proposals. The other 13 BioRegios will all receive some funding. So far, DM 34 million (US \$19) has been earmarked for them.

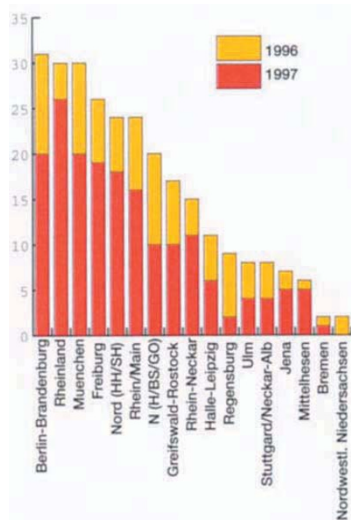
In real terms, federal funding from BioRegio is scant compensation for the dearth of venture capital available for biotechnology in Germany. In the years up to 1994, only 10% of German venture capital went into advanced technologies,

and just 3% found its way into biotechnology. In contrast, in the same period, US venture investors put 62% of their capital into advanced technology, 22% into biotechnology. The situation in Germany does seem to be improving; in 1996, 7% of German venture capital went into biotechnology, an increase of approximately DM 100 million (US \$56).

Rüttgers finds this increase in venture capital "very promising" and immodestly attributes at least part of it to a BMBF program called "Venture Capital for Small Enterprises". The program has mobilized DM 30 million (US \$16.8) of capital for biotechnology, he says. He adds that the private financing initiatives planned for BioRegio totaled DM 565 million (US \$316.4).

Stefan Engelhorn, formerly one of the major family shareholders in Boehringer Mannheim (Mannheim) before it was sold to Hoffmann-La Roche (Basel) believes, however, that full-blooded entrepreneurship is still not part of the German nature. Now running Corange BioNet (London and Munich), an investment fund company, he thinks that the potential stigma of bankruptcy still stifles attempts to start new companies, especially those in biotechnology.

*Ellen Perrenboom*



Breakdown of biotech companies in different regions of Germany.

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