

significant relief for the sector. Even so, they still have to get through the Australian Senate, and many details are yet to be determined. For example, the definition of 'tax credits' will not be decided for some time, and that measure won't even come into effect until the 2010/11 financial year.

The budget also contained some unwelcome announcements, especially the watering-down of tax relief on employee share schemes. Lavelle called that "disappointing" and is trying to get the government to backtrack, noting that cash-starved small companies often use share schemes to motivate staff.

Canada's federal government is still mulling industry demands to allow companies cash for their tax losses. Peter Brenders, president and CEO of the BIOTECANADA industry association, says he is asking for "a one-time opportunity for emerging companies to monetize their tax losses, contingent on reinvestment in R&D." The association, which fears half of its members could run out of money this year, is also asking for all R&D spending in Canada to be eligible for refundable tax, and all new direct investments in biotech to be exempted from future capital gains.

There is no movement yet at the federal level, but Brenders says several Canadian provinces, such as Ontario (see p. 586 this issue) and Quebec, have set up new venture funds and offered tax breaks for startups. Ontario's fund is worth CAD\$100 million (\$87 million), dedicated to stem-cell and genomics research.

Asia, too, is working to protect its position. Earlier this year (*Nat. Biotechnol.* 27, 305, 2009) Malaysia announced a stimulus package worth \$16 billion, some of which will go into promoting biotech partnerships with India and China. And in mid-May China announced aid for its fledgling biotech industry, in the form of favorable tax policies and assistance in finding

capital. At the same time the country's State Council announced \$10 billion over two years to develop various technology projects, which will include drug development. This came on top of a \$600 billion general industry stimulus package launched in November.

The Indian government has launched a Biotechnology Industry Partnership Programme to support early-stage biotech research, supplying up to 50% of the costs of approved projects. The first tranche of \$20 million has been allocated and a second call for bids went out in May (*Nat. Biotechnol.* 27, 305, 2009).

Yet when it comes to the crunch, can government actually make a difference? The sums required to replace private investors' desertion of the biotech industry this year are gigantic—far beyond the scope of most governments, which have plenty of other industries also screaming for their help.

Even in Norway, the fastest to react so far, the wheels grind slowly. Though it was as long ago as January that the country announced a crisis package allegedly containing \$400 million earmarked for biotech (*Nat. Biotechnol.* 27, 216, 2009), five months later the program is still bogged down in a bureaucratic swamp.

"As far as we know, no direct help has been given to biotech companies so far," says Jonas Einarsson, chairman of the Oslo Cancer Cluster. Several biotechs have applied for a share of the large sums handed to Innovation Norway, but none has been given the nod, according to Einarsson, who suspects problems with the regulations. "Innovation Norway usually supports companies that have products on the market—and this is not always the case with early-stage biotech R&D companies." No surprise there then: it seems that governments, like the banks, will only lend money to people who can prove they don't need it.

Peter Mitchell London

IN brief

GE animal SBIR break

Small businesses wanting to carry out research into animal biotech may once again be eligible to apply for US Department of Agriculture (USDA) funding. During the past two budget cycles, the USDA dropped support for both university- and company-based research on cloning and genetic engineering of farm animals. Recently, the Biotechnology Industry Organization (BIO) has been helping to persuade USDA to reinstate a small part of that program, the segment supporting research at companies under the federal Small Business Innovation Research (SBIR) scheme, says Barbara P. Glenn, managing director for animal biotechnology at BIO in Washington, DC. But, this reinstatement may not apply to universities for the next budget cycle, fiscal year (FY) 2010, which Congress is currently reviewing. As most extramural USDA research takes place at universities, "The SBIR decision is a good step in the right direction, but we're continuing to make our case that an exclusion for university research doesn't make sense," says Glenn. BIO and several coalitions are urging USDA to increase spending for research from \$200 million, where it stood for several years, to at least \$300 million for FY 2010. **Jeffrey L Fox**

Chavez own brand

President Hugo Chavez has launched a state-funded factory to provide inexpensive medicines for Venezuela's healthcare system. The Caracas-based plant is the first in a new manufacturing complex aimed at relaunching the nation's Autonomous Service of Pharmaceutical Manufacturing, SEFAR, a social-security sponsored program. The revamped facility, originally built in 1993, cost around \$10 million to modernize and is equipped to produce insulin, antibiotics and therapies for tropical diseases, including malaria and Chagas. Venezuela will initially provide these subsidized drugs locally and eventually also export to members of the Bolivarian Alternative for America (ALBA), an organization that includes Bolivia, Cuba, Dominica, Honduras, Nicaragua, and Saint Vincent and the Grenadines. Other compounds such as anticancer drugs (e.g., gefitinib) and antiretrovirals (e.g., efavirenz, zidovudine, lamivudine) are in the pipeline. Insulin from SEFAR is expected to reach as many as 50 million people. Venezuela—a market worth an estimated \$3.6 billion—currently imports roughly 77% of its medicines, 55% of which are generics. Rosa Maria Morales, associate professor of economy and biotechnology at the University of Carabobo, notes that Venezuela provides free access to drugs through the Institute of Social Security (IVSS), but given the economic crisis, the scheme has become hard to sustain. On intellectual property issues related to SEFAR, Morales notes, "The Venezuelan Constitution protects intellectual property rights and so does the Law of Industrial Property." **Victor Bethencourt**

Details

Genentech will pay Bayhill \$25 million upfront in cash and equity for the development and potential commercialization of BHT-3021, a DNA plasmid vaccine for Type 1 diabetes, currently in phase 1/2. Under the terms of the agreement Bayhill will also receive milestone payments potentially exceeding \$325 million, and escalating royalties on annual net sales. Bayhill retains rights to opt in on future development and an option to co-promote in North America.

The Institute will receive \$6.4 million from AstraZeneca over the next three years, and another \$2.5 million from Cancer Research UK to develop new drugs targeting the pathways of chaperones, excluding HSP90, that support cancer cell growth. Cancer Research UK and AstraZeneca will own the resulting intellectual property, and the pharma will receive exclusive rights to any new compounds identified by the institute. Upfront payments and potential milestones and royalties were undisclosed.

The companies have signed a research agreement to evaluate ProteoNic's protein expression enhancing technology to investigate enzyme production for Genencor's fungal expression platforms. ProteoNic's UNic Toolbox system enhances protein expression by optimizing mRNA. The collaboration is aimed at lowering production costs.