

Asia emerging global biotechnology hub

Gains cost edge over recession-hit Western countries

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In the biggest M&A deal in the biotech space in Asia last year, Japan's Ascellas Pharma snapped up OSI Pharmaceuticals, USA, for \$4 billion in June 2010. This was followed by the acquisition of WuXi Pharmatech, China, by Charles River Laboratories for \$1.6 billion and the buy-out of Metahelix by Ballis of India for \$46 million.

These deals are clear pointers that Asia, led by China and India, is on its way to becoming a global biotechnology hub. "Once considered to be the exclusive domain of the US and Europe, Asia has now emerged as a centre for research and development activity and is now a strategic partner of choice in the biotechnology space. The biotech industry in the West, which was the worst hit by the financial crisis, underwent drastic restructuring, curtailing new investments thereby, providing a cost competitive edge to Asia," says Mr Mahadevan Narayanan, National Leader, Healthcare and Life Sciences Advisory, Grant Thornton India.

USA ACTIVITY

Asian countries recorded 43 M&A and private equity deals in this sector last year, aggregating \$5.5 billion with India, China and Japan dominating the deal table. Of this, India



Bullish on India: Dr B. S. Bajaj (second right), convenor of the Bio-Asia-Global Bio Business Forum, releasing the white paper by Grant Thornton in Hyderabad on Wednesday. (From left) Mr Srinivas K Rao, Managing Director of the Indian Institute of Biotechnology; Mr Yang Weiguang of the BioPharma Industry; China; Mr Mahadevan Narayanan of Grant Thornton; and Professor Abbas S. Lotti, Director-General, National Institute of Genetic Engineering and Biotechnology, Teheran, are also seen.

had a share of 19 deals involving a total consideration of \$230 million. The Indian biotech industry attained a size of \$3 billion last year, clocking 23 per cent growth, while the Chinese market touched \$9 billion (CAGR 17 pc).

Asia also got a significant slice of the global alliances between biotech and pharma companies. "There were 322 global alliances between a bio-

tech and a pharma company, of which 93 involved at least one Asian country. In the biopharmaceutical alliances, Japan led with 41 alliances, followed by China with 22 and India with 13," a report by Grant Thornton points out.

With an estimated \$16 billion of drugs going off-patent in the next five years in developed markets, the global pharma players are sharpening

focus on bio-pharma convergence. Here too, Asian countries got a significant chunk of the pie — the landmark deal in India being the global marketing alliance between Biocon and Pfizer for \$350 million to market insulin.

"The Indian bio-similar market in 2008 was worth \$200 million and is expected to touch \$580 million by 2012. Key bio-similar enterprises

such as Dr Reddy's, Cipla and Biocon, along with players such as Ranbaxy, Wockhardt, Shantha Biotech and Bharat Biotech, are already in the advanced stages of bio-similar development," according to the report.

Against this background, it can be safely assumed that 2011 will see increased doses of collaboration with a flurry of inward-bound interest in Asia.