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Biotech sector still cold

By Chow Kum Hor

DESPITE the hype, biotechnology has not taken off in a big way. This, government officials say, is about to change, writes CHOW KUM HOR.

ABOUT three years ago, a Taiwanese investor, taken in by the biotechnology buzz in Malaysia, wanted to make the country a base for his technology-intensive pharmaceutical company. After all, with affordable labour and a government intent on promoting the biotechnology sector, Malaysia seemed an ideal place to invest in.

But his arrival here was greeted by stonewalling bureaucracy: the Land Office gave him the runaround; Treasury officials were not co-operative and the visa application forms were in Bahasa Malaysia. Fed up with the red tape, he took his money to Singapore instead. If it was any consolation, the businessman subsequently did set up a plant in Johor producing gelatin capsules for antibiotics.

Malaysia, it appears, is losing out to the republic in biotechnology - a field touted as the next big wave after the information and communications technology revolution.

The Biovalley project is a sorry testament of the country's venture so far into the sector. The 800-hectare Biovalley, located south of Cyberjaya, was originally slated to be the hub for biotechnology companies.

The project was launched by former Prime Minister Tun Dr Mahathir Mohamad in 2003, but even today it remains a plot of undeveloped land with only three companies committed to setting up operations there.

"There is no clear direction of where the country's biotech industry is heading. I think that is one of the main problems," says Malaysian Biotechnology Industry Organisation (MBIO) chairman Datuk Salleh Mohd Noor.

The two-year-old MBIO, set up to represent the biotechnology industry, has about 30 members involved in such fields as biopharmaceutical, oleochemical and food manufacturing.

Industry sources often lament that the lack of a clear direction in the sector has resulted in investors adopting a wait-and-see attitude.

"This a capital-intensive industry. If the Government is not clear on where it wants to go next, the venture capitalists are not willing to part with their money.

"A national policy on biotechnology was supposed to be unveiled last December but it is still not forthcoming," an industry source says.

Without a proper framework, he adds, there is a "hodgepodge approach" on the part of government agencies, often sending investors on a wild goose chase.

"The Science, Technology and Innovation Ministry; the Natural Resources and Environment Ministry; the Agriculture Ministry and State-level agencies may all have different views on how a simple tongkat ali extraction plant should be run. Now, that's frustrating."

Datuk Salleh Ismail, chief executive officer of Technology Park Malaysia (TPM) gives another reason; the lack of knowledge workers.

Singapore "imports" the bulk of skilled workforce to its acclaimed Biopolis, the hub for the industry. It is said that up to 40 per cent of them are Malaysians, with the rest from countries like the United States, India and China.

"In Malaysian universities, the students are even struggling with the

English language when most of the textbooks in this field are in English," adds the TPM's Salleh.

Malaysia already faces shortages of botanists, taxonomists, zoologists, chemists and experts in medical sciences. It also does not help that some of the top names in the industry find Singapore a more attractive investment location.

Its Economic Development Board, for example, offers start-up ventures funding of up to S\$2 million (RM4.63 million) under its Biomedical Sciences Innovate & Create Scheme.

"In Singapore, there is also a host of support services, including waste disposal and outsourcing facilities, besides a pool of talented knowledge workers," a representative from a Singapore-based biomedical company says.

He adds that until Malaysia puts in place this infrastructure, investors will be reluctant to come. For example, businessmen do not want to set up operations and then find they have to invest in waste disposal facilities, which can be expensive.

"Besides, Malaysia does not seem certain about where it is going now. They announced the setting up of a Biovalley but it only exists on paper. Businesses don't like this kind of uncertainty."

A check with the Singapore Economic Development Board's homepage revealed that the country attracted some S\$850 million (RM1.97 billion) in investments in this sector last year, creating some 1,900 new jobs.

NS Holdings Bhd founder and chief executive officer Datuk David Yeat says although Malaysia's biotechnology industry has come a long way, there is plenty of room for improvement.

Sharon Low, managing director of Stemlife Sdn Bhd, which offers cord blood banking services, is also concerned about competition from China and India.

"We need to co-operate and share knowledge with the industry leaders there. Their cost base is lower than ours and their workers' skills increasingly higher."

Malaysian Biotechnology Information Centre (MABIC) executive director Kelvin Keh, however, thinks that there is hope.

"It is not a doom-and-gloom situation. We can still catch up with our competitors," says Keh. Mabic, a non-profit organisation, was set up to foster closer relations among the stakeholders in the industry.

Science Advisor to the Government Tan Sri Dr Ahmad Zaharudin Idrus is aware that expectations have been running high for the Government to make public its policy on biotechnology.

Ahmad Zaharudin adds that the National Biotechnology Policy is expected to be unveiled by June. "It will be tailored to suit our strength which is agriculture. Essentially, the industry will be market-driven, with the private sector playing an important role."

He adds that a lot of research needs to be done, whether to boost yields or come up with crops resistant to certain viruses.

Citing padi as an example, Ahmad Zaharudin says little research has been done on the plant's genome - a study that, among others, can help scientists understand better how to increase its yield.

"We have rich fauna and flora but not enough studies have been done. There are already indications that some plants have active anti-cancer ingredients. They include pegaga and turmeric," he says.

He adds that for the industry to soar, the Government has to go beyond providing the hardware.

There must be support services. Marketing strategies need to be mapped out, the shortage of knowledge workers needs to be addressed and a team of qualified managers must be trained.

Ahmad Zaharudin is optimistic that in five years the industry will boom,

with an estimated RM10 billion to RM20 billion being pumped in by foreign investors.

MBIO's Salleh is more cautious. He says the policy must be followed through and the targets met.

"Otherwise, all this talk of Malaysia being a biotechnology hub will amount to nothing. And we cannot allow this to happen."

(END) Source : New Straits Times