

INDIA: The Energy of One Billion Entrepreneurs

India: one tenth the size of Canada, and thirty times our population: an English speaking, well-educated democracy with possibly more entrepreneurs per square foot than anywhere on the planet.

I had the privilege recently to be part of the Atlantic Canada delegation that travelled to Mumbai, India for business development meetings and to attend the Global Economic Summit (GES) that attracted about 500 delegates from around the world. The mission was coordinated by the Atlantic Canada Opportunities Agency under the leadership of Michel Tetu, and by Bill Aasvengen the World Trade Centre in Halifax. The Economic Summit was more important for its symbolism than its substance—you will recall that one year ago, Mumbai was the target of a terrorist attack that shook the world, killed people, and destroyed part of the Taj Mahal Hotel, the beautiful and historic landmark of Mumbai that showed its resilience by hosting the GES 2010.

Several industry organizations from the Atlantic region were included in the delegation, including food processing, education, digital media, and biosciences. The intention was to provide an opportunity for leaders in these sectors to assess at a first level, the India opportunity for their sector.

Unleashed from its economic shackles by government policy reforms only in the early 1990's, the pace of economic growth is an impressive +6% five year average increase in GDP. The scale of government plans for economic and social change are at a scale that's surreal: 70 NEW CITIES in the country in the next ten years—fourteen already started; \$19 billion in foreign investment in the country in 2008, more than doubling the 2007 number; new ports, bridges, rail systems, highways, airports—infrastructure vainly attempting to keep up with the frenetic pace of economic growth.

The drivers? Educated, entrepreneurial people, provided with access to foreign capital and investment, in an open trading environment, using innovation and ingenuity to identify and act on competitive advantages in world markets. The resulting jobs and capital investment stimulated domestic supply chains and local industry, uncoiling a huge domestic middle class economy now at 300 million people. Incredible!

They still have much to do. There are many very poor people in India, and the gap between very rich and very poor is widening, especially in urban areas. But the Taxi Driver testimony was that any able bodied, educated person in Mumbai could get a job. And the rapid growth of the middle class is the stabilizing force.

So what about bioscience and biotechnology? The industry was hardly on the map five years ago. Now, industry revenues currently stand at \$60-65 billion from some 400 companies in the sector. And growing very rapidly. The major subsectors are

generic drug manufacturing (70-80% of revenues), clinical trials, and R&D, all largely in the human health area. These are world-class, state-of-the-art businesses. Several companies have now established their own pipeline of new drug candidates often in partnership with large multi-nationals.

Veterinary products are mostly off-patent older generics in the relatively unsophisticated agri-food sector. Keep in mind that Hindus (+70% of the population) don't eat beef, and Muslims (<30%) don't eat pork. And feeding people is still much more important than feeding pets— so the companion animal market doesn't exist- yet. Fish health products in the land-based shrimp/ prawn industry seem to be pro-biotic oriented.

We will be following up with several of the companies we met in Mumbai. With such a huge domestic market, smaller companies are totally consumed with local growth rather than a North American investment opportunity. Indian companies seem very hungry for new technologies from North America, but I would be very cautious about intellectual property protection.

India presents a huge opportunity for Canadian business. The sheer magnitude of the market, and the stimuli being provided by central and state governments will continue to create more demand than supply for the foreseeable future. Imports , valued at \$243 billion in 2008-09 continue to outstrip exports.

Still, it's a complicated set of cultures, traditions, and relationships. For companies wanting to get a piece of the Indian market for their products, partnerships with carefully selected Indian companies will be essential to get through the new business development maze. Looking through the other side of the lens, we will be discussing inward investment and R&D collaboration opportunities between PEI Bioscience Cluster businesses and researchers and Indian counterparts over the next few months.