

Interview: Philippe Choukroun – Managing Director & Patricia Hatesuer – Head Life Sciences, Agence d'Attractivité de l'Alsace (AAA), France



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Philippe Choukroun (PC) and Patricia Hatesuer (PH) of AAA speak about the Alsace region in France and the attractiveness of the life science cluster within the tri-national Biovalley area. They highlight the hard working and excellently trained people, the quality transportation and infrastructure, as well as all key resources and factors that have enabled Alsace and the region to attract life science companies for decades.

Alsace has the privilege of being located within Europe's prime life science region, the BioValley Upper Rhine Area. Life science as well as medical technology are part of the key driving economic sectors of Alsace. So just how important are the life science and medtech sectors to your local economy and which historical factors have led to this indisputable leadership in the mentioned fields?

PC: It has been an ongoing success story for the past 50 years. We have had a number of scientists within the region that have had a large number of innovations and patents. The hospital in Strasbourg has been the center of a number of inventions and projects that have been recognized worldwide. We have the institute for cancer research, IRCAD led by Professor Jacques Marescaux, which has its own training center; they hold conferences with world-renowned scientists and physicians. Alsace is attractive for research programs, scientists, and companies that want to be close to these areas of excellence. This is our competitive advantage. If you compare us to other

regions of France, there are some with large pharmaceutical plants that are producing more volume than Alsace; however, we excel in the research and innovation areas.

The region also has a very international atmosphere as we share borders with Germany and Switzerland. This is an international research area where progress and medical advances are made very regularly. The ecosystems around the hospital, and the universities are so strong that pharmaceutical companies locate here to be involved in this unique environment. Our agency Agence d'Attractivité de l'Alsace (Access Alsace) internationally promotes the message that although the region is small, it is very specialized in the areas of research and innovation.

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PH: Alsace is indeed located within Europe's prime Life Science region, the BioValley Area. We have traditionally been open to the world and are one of the first regions in terms of foreign investment per capita. Many of the companies in the region export worldwide. In addition, beyond the corporate aspect, several European Institutions, including the European Parliament, are based in Strasbourg. We have an international flare that very few regions have.

It is estimated that around 40 per cent of the world pharmaceutical companies are based in the trinational area. The area is home to 600 medtech and bio-pharma companies including large pharmas, biotech and med tech startups, CMOs and CROs etc. In the 1990s there was a public and private decision to foster better synergies between all these players (companies, training and research) by creating the BioValley Cluster. This initiative has enabled the cluster to grow and to gain international renown.

When we talk about a cluster, we have to talk about companies, research and training. We have a few Nobel Prizes in the medical field that we are of course greatly proud of. The University of Strasbourg is very strong in terms of research & training, and is today one of the top universities in France for chemistry. This outstanding research powerhouse is made accessible thanks to a centralized Technology Transfer Office (TTO) called Conacetus, which acts as one-stop-shop for companies seeking specific public research partners.

Foreign companies are also sensitive to the hospital infrastructure and environment, for example for the Key Opinion Leaders (KOLs) they can find and the clinical trials they can perform. The New Civil Hospital in Strasbourg is a unique player in the area.

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We are also creating a medtech campus, Nextmed, which will concentrate a hospital, research institutes, structures for patient care, and private companies. This medtech ecosystem will cover the entire value chain which we believe will be very attractive to both local and international companies. Outside of the urban area of Strasbourg, there are several other innovation parks. One of them is located South of Strasbourg and is home to a university as well as 100 businesses and labs, several CMOs and CROs and a whole park largely dedicated to life science. Further south, in the Mulhouse area, interesting solutions have been developed to support innovative companies.

What would you say is the strongest quality of the Biovalley region as a whole?

PC: The French, German and Swiss sides all work together to continue to develop the area as a research and industrial location where people can come and develop new projects. The fact that we are a tri-national cluster is what makes the region so strong. The Biovalley was originally a Swiss initiative that has spread to Germany and France. Years ago, pharmaceutical companies and universities decided to work together and create this cluster of know-how. It was quite unique to

have people from different nations working together under one name.

Alsace is home to major players in the industry, including large pharmaceutical companies, such as Lilly, Novartis and Sanofi, but also a myriad of biotech companies, CROs and more. What would be some of the most notable success stories in the region that you wish to share with our international audience?

PC: I like to use Lilly as a good example. When they first came here, they did not know they were going to expand within the region to what they are today. They have indeed been expanding consistently for the past 25 years, adding new lines and additional staff. They produce their insulin injections in Alsace which are then exported worldwide. Lilly greatly values the excellently trained and accessible people of Alsace, as well as their seriousness and all time reliability. The University of Strasbourg provides people with the skillset and capabilities for this type of business.

The Director of Lilly's plant in Alsace once told us that the only place in France where he would set up business is actually in Alsace. Not only because of the resources such as the well-trained people, but also because of the proximity to Germany and the excellent transportation infrastructure. Each of these aspects are very helpful for his business. After Paris and its region, Alsace holds the strongest presence of international companies in France. We have, all sectors combined, 1400 foreign companies located in Alsace, of which 800 originate from Germany; the rest being shared primarily between the USA and Japan.

PH: Recipharm is another example we could quote. Swedish group Recipharm has just announced (July 2016) an EUR 18 million (USD 19.8 million) investment in their Kaysersberg site, specialized in the Blow-fill-seal (BFS) technology for sterile liquids such as eye care and ear drops. They had bought this site from Alcon/Novartis in July 2015, thus creating a CDMO capable of catering to a wide range of new clients. They will therefore increase capacity by expanding production lines, and offer services to additional companies.

Another example of new investments is the Novartis site in Huningue. Novartis announced last April an investment of EUR 100 million in their Huiningue Biotechnology Center.

When looking at the figures on Innovation, Alsace puts forward some very impressive stats: largest university in France, 12 "grandes écoles", 250 laboratories and over 5200 researchers, an academic hospital and many specialized research institutes, as well as 17 Nobel Prize winners. All in all, it is an ecosystem extremely prone to innovation and advancing medical science. However, other French regions boast attractive environments as well, such as Paris and Lyon. What sets Alsace apart?

The commitment from the region as a whole to life sciences sets us apart. Of course other places will be stronger in specific areas, but the Alsace region has chosen to publicly concentrate on and invest in life sciences.

PC: I think the commitment from the region as a whole to life sciences sets us apart. Of course other places will be stronger in specific areas, but the Alsace region has chosen to publicly concentrate on and invest in life sciences. When we present the region globally, the research and innovation resources within the region is what we are known for and what we are most proud of. Life sciences are our priority politically, financially and industrially. Also, our location at the heart of Europe, in this tri-national state, sets us apart.

As you just mentioned, Alsace is located within Europe's prime life sciences region: the Rhineland Biovalley. While this constitutes a major asset, it also constitutes a major

challenge in the sense that international investors could easily relocate to Germany or Switzerland. Can this tri-national asset actually turn into a liability?

PC: France might have some negative perceptions abroad, but we find that it comes with positive ones as well. Many companies want to be in France and Alsace in particular for the available and great resources we offer. At the end of the day, every European nation is fighting to attract foreign investors and some countries have been more successful than others in doing so. Ireland has for example attracted FDI thanks to tax incentives, an area in which France just cannot compete. Companies could choose to relocate to Germany, but this will also come with higher energy costs, and different working conditions.

That being said, we offer many benefits for companies, and we aim to focus on these because we cannot change the fiscal support that France offers! The Brexit might imply that UK-based companies are looking at relocating; if this is the case, I believe players in life sciences should consider the Alsace region as an ideal location to do so.

The AAA is focused more particularly on the Alsace region. What constitutes the Alsace identity?

PC: A number of years ago, we conducted a very large survey to over 25,000 people, asking them what first words came to their mind when hearing "Alsace"; those were a strong work ethic. The Alsace people are indeed viewed as serious, reliable, and accountable. The Japanese are for example extremely sensitive to the reliability of their staff, and when they invest in Alsace, they value very much this similar working ethic and culture. They feel comfortable with Alsace for the special mixture of the assets of the French and the Germans. They are also here for the extremely rich community of researchers and scientists; that is still the primary asset.

What final message do you wish to send to our international audience?

PC: Although Europe is in an economic downturn, it is not time to give up on Europe. We need, all together, to bring new energy back to the continent and only if we work together will we make this a reality. Alsace is the beating heart of Europe and will continue to be a major life sciences hub in France and Europe.

PH: Alsace is a winning location for health sector companies that want to expand in Europe. AAA can facilitate company's expansion projects by giving advice on strategic options, helping in location search, advising on public funding programs, introducing to strategic regional partners. Alsace is dedicated to helping Europe grow and prosper and we think that life sciences can be a driving force in this!

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