

Chinese Partners Give Firm World of Options

By KELLY J. KACZALA

TOLEDO - James P. Kulla, president of Biological & Environmental Control Laboratories, Inc. (B.E.C.), announced Friday the formation of a new high technology company which will be based in Toledo.

General Biotech, Inc. (G.B.I.), an Ohio corporation jointly held by b.e.c. and Alpha Laboratories of Toledo, will build a business base in Toledo and form joint ventures in the Peoples' Republic of China, focusing on the areas of molecular diagnostics, biopharmaceuticals, and gene therapy.

Management anticipates the creation of 10 to 20 jobs in Toledo in the next two

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have a couple of people go there to implement the first stages of setting up the diagnostic lab in Beijing," Mr. Kulla said.

The entrepreneur also sees the potential for some spin-offs from the joint venture between GBI and the Capital Institute of Medicine. "Our joint venture partner there is affiliated with 13 hospitals in need of medical equipment and supplies. We're in the process of putting together a network here to try and provide some of that product to them."

In April of 1993, a Chinese trade delegation invited to Toledo by Toledo Sister Cities International toured several River East Economic Revitalization projects, including b.e.c.'s facilities. As a result of the tour, the principals of b.e.c. and Alpha began discussions which led to the formation of GBI.

GBI-Toledo will serve as an equip-

years and the formation of several new joint venture companies. Mr. Kulla anticipates the first joint venture will generate about \$3 million per year over two years.

Papers have already been filed in China for the formation of a Sino-American Biomedical Company. This first joint venture between GBI and the Capital Institute of Medicine, a medical university in Beijing, will operate an infectious disease diagnostic laboratory and a biotechnology research center at the university.

"Five to six weeks from now, we'll

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ment and raw material export source for the joint venture company. In addition, GBI will have rights to the commercialization of new products developed by the biotechnology research center. Through this joint venture, GBI will have access to the world's largest marketplace as well as a new source of technology from China's scientific community.

"We anticipate that we will be manufacturing many of the raw materials for the work that will be done in China. Much of the technical material will be coming from the Toledo based laboratory," said Mr. Kulla.

"It's a little stronger than simply a trade agreement," he added. "They're actually going to be involved in the production of the product. We'll be putting together the raw materials, sending them there for final assembly and packaging, and taking advantage of their lower labor rate."

General Biotech will have research and development laboratories and management offices in Toledo. GBI is currently working with Toledo's Department of Development staff to explore potential Economic Development Loan Program opportunities. Mr. Kulla's firm, b.e.c., was founded in 1980 and moved into the River East business incubator in 1983. The company has 110 permanent and 20 temporary employees. The company in Toledo does environmental testing and medical product quality control work. Its laboratory in Cleveland also does environmental testing.

Mr. Kulla said the Chinese signed onto the deal because American business acumen is valued highly in China. "They were looking for a laboratory facility and someone with business savvy. They've got all of the technology, but they don't understand the whole financial systems that go along with running a business."

The Chinese were very cautious during negotiations, he said, because of their history of bad experiences with foreign companies. "Apparently they've had some bad experiences with companies coming in, trying to make the quick kill, get out again and leave them nothing," he said. "We're trying to build from a spirit of cooperativeness that will hopefully be a win-win situation for the

both of us," he added.

There are some concerns that the political instability in China could impede business ventures, he said, but he doubts the strong movement there toward a free market economy will ever be squelched.

It will be frustrating, he said, not to be able to immediately take advantage of all

the opportunities provided by the joint venture.

"I guess frustration will come from seeing how many opportunities there are and not being able to grab them all at once," Mr. Kulla said. "I think it's just going to open up a whole lot of avenues for mutual trade and business. It's really exciting."