

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday STANDARD CHARTERED BANK			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 0.75%	▲ 0.42%	\$1,888.04	\$42.78	▲ 0.86%	▼ 0.53%	▼ 0.02%	▼ 0.86%	BUY TK 83.95	97.79	110.01	12.50
4,905.04	8,470.58	(per ounce)	(per barrel)	43,815.45	25,385.87	2,711.39	3,310.10	SELL TK 84.95	101.59	113.81	13.14

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Bangladesh looks to ramp up API production for burgeoning pharma sector

JAGARAN CHAKMA

Bangladesh, a laggard in the production of raw materials for the \$3 billion pharmaceuticals industry, has made a four-fold jump in the manufacturing of active pharmaceutical ingredient (API) in the last decade to meet growing demand.

But the current API production is still minuscule as the country needs to import \$1.3 billion worth of raw materials every year for the pharmaceuticals sector.

Drug-makers have to step up efforts to make more raw materials locally as the over-reliance on the imports is not viable because the supply chain could face disruption and the price may witness volatility, said industry people.

Besides, it would not allow pharmaceutical



COLLECTED

KEY POINTS

- ▶ API demand worth of Tk 12,750cr
- ▶ Locally meet worth of Tk 1,950cr
- ▶ API production grew 4 times in the last 10 years
- ▶ Expected investment Tk 2,000cr at API park
- ▶ Expected employment 25,000
- ▶ Total land 200 acres
- ▶ Plot allotted to 40 companies
- ▶ Five facilities are undergoing
- ▶ Establishment of CETP is about to start
- ▶ API park may cater 60pc of the demand

companies to bring down the cost of raw materials and thus, the price of medicines.

Although the API production has not grown in keeping with the pharmaceutical sector, local companies have been producing high-quality raw materials on a limited scale, helping the drug industry add value to their products.

Ten local companies, including Eskayef, Square, Beacon and Beximco, produce APIs, said SM Shafiuazzaman, secretary-general of

Plants being set up in the API Industrial Park in Gazaria of Munshiganj to produce active pharmaceutical ingredient. The BSCIC has allotted 40 plots to investors.

the Bangladesh Association of Pharmaceutical Industries (BAPI), which represents about 250 local drug makers.

"Local production can at best meet 10 to 15 per cent of the annual demand for the raw materials from the pharmaceutical sector," he said.

The government is setting up an API industrial park in Munshiganj to fill the void, cut reliance on foreign markets and save foreign currency.

The park has been developed on 200 acres of land in the adjoining Dhaka-Chattoogram Highway under Gazaria upazila at the cost of Tk 330 crore. It took around 12 years to build the estate after the government undertook the project in 2008.

"If the API park can become fully functional, it would cater to 50 to 60

per cent of the demand," Shafiuazzaman said, adding that Bangladesh would not be able to manufacture all the APIs due to patent issues.

The country imports APIs mainly from China and India.

Local API production can give Bangladesh two advantages. First, it will decrease the cost of locally manufactured drugs and add to the cost advantage in exports.

Second, APIs can be exported too. The global API market size is worth \$135 billion. "So, there is a huge investment opportunity," Shafiuazzaman said.

Pharmaceuticals companies currently produce APIs worth Tk 1,950 crore, up from about Tk 500 crore a decade ago, according to Monjurul Alam, director for global business development at Beacon Pharmaceuticals.

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Bangladesh overlooks RCEP despite risk of competition

Garment exports may face more competition from Vietnam, experts say

REFAYAT ULLAH MIRDHA

Bangladesh has not shown any interest in joining the world's largest trade deal, Regional Comprehensive Economic Partnership (RCEP) primarily to safeguard its revenue generation from duties on imports.

On the other hand, none of the would-be RCEP signatories asked Bangladesh to join their ranks.

The RCEP is going to be signed today at the end of a summit of the Association of Southeast Asian Nations (Asean).

China initiated the RCEP as a free trade agreement among itself, the 10 Asean states and Australia, India, Japan, South Korea and New Zealand. The negotiations were formally launched at an Asean summit in Cambodia in November 2012.

"We did not join the RCEP. We have not shown interest in joining the deal although we knew about it."

The RCEP members did not give any proposal for us to join this mega trade deal," said Sharifa Khan, additional secretary to the commerce ministry.

She had been serving, until very recently, as the in-charge of the ministry's Free Trade Agreement (FTA) wing.

Khan presumes there would not be any major negative impact on Bangladesh's export even if Bangladesh is not part of the deal.

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REGIONAL TRADE DEALS OF BANGLADESH

- ▶ South Asian Free Trade Area (SAFTA)
- ▶ Asia-Pacific Trade Agreement (APTA)
- ▶ Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
- ▶ Preferential Trade Agreement among D-8 Member States (D-8 PTA)
- ▶ Trade Preferential System among OIC-Countries (TPS-OIC)

KEY POINTS

- ▶ Bangladesh did not join RCEP
- ▶ World's largest trade deal to sign today
- ▶ RCEP is a 15-member trade deal
- ▶ China initiated the deal as counter to scrapped TPP
- ▶ India withdrew from RCEP
- ▶ RCEP nations home to 3.4 billion people, 40pc world trade
- ▶ GDP of RCEP countries \$49.5 trillion



Inclement weather, not Covid, to cut rice production

USDA forecasts

SOHEL PARVEZ

Rice production is likely to decline by 5,50,000 tonnes in the May-April period of 2020-21 from a year ago as a result of cyclones, heavy rains and repeated floods, said a US Department of Agriculture (USDA) statement released on Thursday.

Production of the staple may fall one per cent year-on-year to 3.53 crore tonnes in the market year (MY) of 2020-21 from 3.58 crore tonnes a year ago, said the USDA's Foreign Agriculture Service (FAS) in its Grain and Feed Update on Bangladesh.

"The Covid-19 pandemic has not had a significant impact on Bangladesh's MY2020-21 grain production."

"However, severe weather in Bangladesh, which started in May and ended in August, has impacted Bangladesh's rice production and moderately impacted Bangladesh's corn production," said the report.

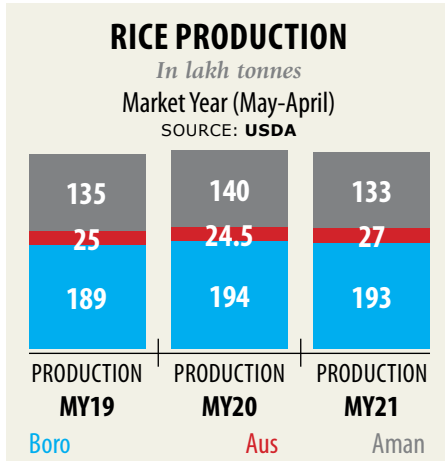
The forecast comes at a time when prices of rice are on the upward amidst speculations of reduced crop harvests for repeated floods and slow release of grain by large farmers and traders.

Grown in the monsoon, aman rice accounted for 39 per cent of the grain output in the last marketing year, according to the USDA report.

Because of disruptions and delayed planting as a result of floods, the overall yield of aman rice might decline by 5 per cent from last year's total of 1.40 crore tonnes.

In addition, cyclone Amphan, which hit the country in May, had a "direct impact" on boro rice, the biggest crop, according to the agency.

It said the production of boro, harvested by farmers in the April-May period,



dropped this year to 1.93 crore tonnes.

"Since May, Bangladesh's grain farmers have had to overcome a cyclone, heavy monsoon rains, and consistent inflow of floodwaters from India," said the report.

Floods started with heavy rainfall on June 17 and did not recede until the end of August. It caused Bangladesh's 200-plus rivers to overflow, impacting over 40 per cent of Bangladesh's landmass, added the report.

The USDA estimated total acreage of aman to be 58 lakh hectares, slightly down from that the previous year. Since August, flooding has receded and the impact on the aman rice season is expected to be mild, it said.

Citing the Ministry of Agriculture, the report said aman crop on 100,000 hectares of land would be affected this season.

However, Bangladesh's rice consumption and imports are expected to increase this year, according to the report.

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Boosting revenue collection key to economic recovery

Experts say at DCCI virtual workshop

STAR BUSINESS REPORT

A more streamlined tax collection system would help rebuild the country's economy and push it towards its goal to become a developed nation, said Shams Mahmud, president of the Dhaka Chamber of Commerce and Industry (DCCI) yesterday.

"For that, we need to widen the tax net, online tax and VAT return submission system, simplify the return submission process and provide hassle-free service," he said.

The DCCI chief also said registered industries should not have to pay value-added tax for land leased at the economic zones.

The advance income tax imposed on the local small and medium enterprises (SMEs) that import raw materials should also be reduced, he added.

Mahmud made these comments during a virtual workshop on the 'Finance Act 2020 and VAT & Supplementary Duty Act 2012'. Around 100 members of the DCCI and other business entities participated in the workshop.

The global economy has been significantly affected by the ongoing coronavirus pandemic, and Bangladesh has not been spared. To address the Covid-19 fallout, the national budget for fiscal 2020-21 is geared towards facilitating economic recovery.

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Most NBFIs see rise in profits

Thanks to lower provisioning, they said

AHSAN HABIB

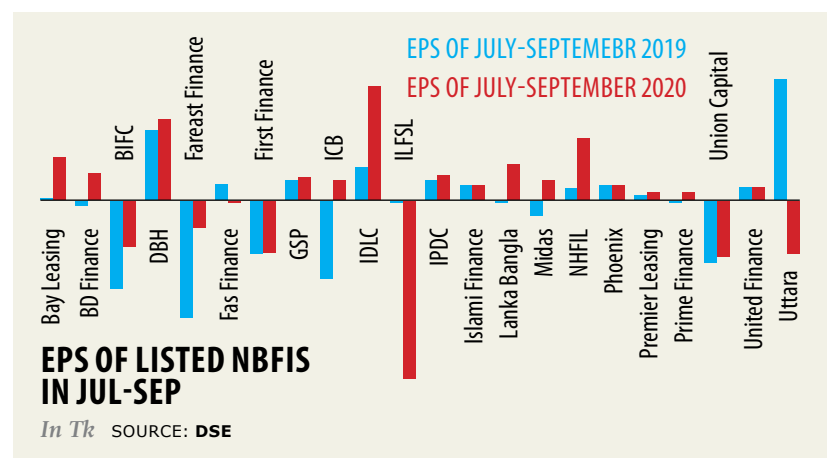
Most of the listed non-bank financial institutions (NBFIs) posted higher profits in the July-September quarter thanks to the lower provisioning regime amid the ongoing pandemic.

All but Peoples Leasing out of the 23 listed NBFIs published their financial reports. Of them, the earnings of 10 rose year-on-year, and four bounced back and returned to profits.

The earnings of one NBFIs remained the same, while the rest seven experienced a fall in the current year's third quarter.

IDLC Finance booked higher earnings per share, followed by DBH and National Housing Finance.

BD Finance, the Investment Corporation of Bangladesh, LankaBangla, and Midas Financing returned to the black after incurring a loss in the same quarter last year.



EPS OF LISTED NBFIS IN JUL-SEP

In Tk SOURCE: DSE

Uttara Finance and International Leasing Financial services drowned into losses in the quarter.

Despite posting higher profits, investors are still feeling shaky to invest in the stocks of the NBFIs as they fear

bad times are coming next year.

"The NBFIs' margin rose on the back of lower deposit rates," said Arif Khan, managing director of IDLC Finance.

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Bangladesh seeks duty-waiver for 12 more years past LDC graduation

REFAYAT ULLAH MIRDHA

Bangladesh has demanded before the United Nations export duty waivers on its products for 10 to 12 years past its status graduation from a least developed country (LDC) to a developing one in 2024, said a top commerce ministry official yesterday.

Bangladesh has been lobbying with international communities, like the LDC group of the World Trade Organisation (WTO), for the waiver, said Commerce Secretary Md Jafar Uddin.

This is because the country's economy, exports, supply chains and employment have been severely

damaged from the fallouts of the Covid-19, he said.

Bangladesh will graduate to a developing country in 2024 as the country proved its eligibility in all three prerequisites set by the UN Committee for Development Policy (UN CDP).

The three prerequisites are on gross national income, human assets index and economic vulnerability index. Next year the UN CDP will assess the country's graduation requirements again.

Last month, the commerce ministry sent a letter to the European Union (EU) for the continuation of the Generalised System of Preferences

(GSP) under its Everything but Arms (EBA) initiative for 10 more years following the graduation.

Bangladesh has been enjoying the zero-duty benefit to the EU under the EBA since it gained independence in 1971.

The EU is the country's single largest export trade bloc where 58 per cent of its exportable goods are destined for and 64 per cent of its garment exports are bound for in a year.

Only the EU has already announced that the trade bloc will continue the zero-duty benefit for Bangladesh after the graduation for three more years as a grace period for preparations.

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