



Law graduate Intiha Samanta, centre, was recently adjudged the winner of cooking competition Meizan Malaysian Palm Olein Sherarondhoshilpi 2019 which was presented by The Bangladesh Monitor and ATN Bangla. Meizan Fortified Palm Olein was the title sponsor while Omera LPG the premium sponsor.

## Govt looks to ramp up API production for burgeoning pharma sector

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"There is a huge potential for investment in API manufacturing," he said.

If APIs are produced in sufficient quantities, local companies will be able to purchase those immediately, which will reduce the lead time of production as well, said Alam.

The BSCIC allotted 40 plots to investors. But work for establishing manufacturing facilities are currently ongoing for only five companies.

It remains to be known when all of the investors will be able to start setting up their facilities amidst the economic slowdown brought about by the pandemic.

This is because the Bangladesh Small and Cottage Industries Corporation (BSCIC) does not hand over no-objection certificates if payments against plots are due, said Shafuazzaman, the association secretary-general.

Without the certificates, banks will not provide the loans medium and small companies need to set up the facilities, he said.

As a result, only the big investors will be able to start manufacturing operations, Shafuazzaman said.

All the major pharmaceuticals companies, including Eskayef, Square, Incepta, Globe, Oposonin and Beximco, took plots at the API park.

"The plots are ready for API facilities to be set up as the BSCIC has put in place all utility services," said

Md Mostaq Hasan, chairman of the BSCIC. The corporation is hoping to create 25,000 jobs directly at the API Park once all the investors go into operation. At least Tk 2,000 crore will be invested in the park, he said.

The owners of the plots could have started the construction a long time back, but the emergence of Covid-19 delayed the infrastructure development, he said.

As per allotment conditions, the plot owners will have to start operations within a year.

Hasan acknowledged that investors might not be able to begin the production within the stipulated time because of the delay caused by the pandemic.

"We hope Bangladesh would be almost self-sufficient in API production within three years. This will cut our reliance on imports to a large extent," said Abdul Mukhtar, chairman and managing director of Incepta Pharmaceuticals.

Incepta is setting up an API factory in Dhamrai and another in the API Park in Munshiganj.

"We will be able to start the API production by two years," he told The Daily Star.

He said all the companies were competing in the same markets. So, if one company does not have its own API and instead buys it from other companies, it would fall behind on incurring higher production cost.

Five companies have already started

establishing manufacturing facilities.

Among them are Acme Laboratories, UniMed UniHealth Pharmaceuticals, Healthcare Pharmaceuticals and IBN Sina Pharmaceutical Industry, said Parvez Ataur Rahman, project director of the API Park.

He expects the companies to be able to start operations by next year.

Muhammad Halimuzzaman, deputy managing director and chief executive officer of Healthcare Pharmaceuticals, said their facility at the API Park was about to be ready and the company plans to go for trial operations soon.

Healthcare Pharmaceuticals will be the first company to start operations, he said.

Mizanur Rahman Sinha, managing director of Acme Laboratories, said the pandemic had delayed their development work.

"We will open letters of credit to import equipment early next year."

Md Ayub Hossain, deputy director of the Directorate General of Drug Administration, said the pharmaceuticals companies do not need separate licences to manufacture APIs as it is part of the drugs.

All necessary equipment to set up a central effluent treatment plant have reached the site.

The investors are paying around Tk 100 crore to set it up through the government, which awarded the work to Indian company Ramky Environment Services.

## ByteDance gets 15-day extension on US order to divest TikTok

REUTERS, Washington

The Trump administration granted ByteDance a 15-day extension of a divestiture order that had directed the Chinese company to sell its TikTok short video-sharing app by Thursday.

TikTok first disclosed the extension earlier in a court filing, saying it now has until Nov. 27 to reach an agreement. Under pressure from the US government, ByteDance has been in talks for a deal with Walmart Inc and Oracle Corp to shift TikTok's US assets into a new entity.

The Treasury Department said on Friday the Committee on Foreign Investment in the United States (CFIUS) granted the 15-day extension to "provide the parties and the committee additional time to resolve this case in a manner that complies with the Order."

ByteDance filed a petition on Tuesday with the US Court of Appeals for the District of Columbia challenging the Trump administration divestiture order.

ByteDance said on Tuesday CFIUS seeks "to compel the wholesale divestment of TikTok, a multibillion-dollar business built on technology developed by" ByteDance and based on the government's review of the Chinese company's 2017 acquisition of Musical.ly. President Donald Trump in an Aug. 14 order had directed ByteDance to divest the app within 90 days.

The Trump administration contends TikTok poses national security concerns, saying the personal data of US users could be obtained by China's government. TikTok, which has over 100 million US users, denies the allegations.

Trump has said the Walmart-Oracle deal had his "blessing."

## Bangladesh overlooks RCEP to protect import duty revenue

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Because Asian markets are major sources for Bangladesh's imports, not exports, she said.

Echoing Khan's views was Md Shafiqul Islam, who recently retired from the commerce ministry and was in charge of the FTA wing as an additional secretary.

He also reasoned Bangladesh's disinterest in signing the deal for the plausible drastic drop in revenue generation from import duty.

Islam also affirmed that Bangladesh was not invited to join the deal.

India withdrew itself from the list of signatories considering the fate of its domestic industries, because there is a possibility of the invasion of Chinese goods in Indian markets, he said. Moreover, Bangladesh does not have that much of an experience in FTAs with any country till date. "So, how will it handle such a big trade deal where the interests of the domestic industries are very much involved?" he asked.

"We are very much protectionists in international trade compared with other countries. So, it was not possible to place a proposal to join the platform."

"It is not like that we will get the benefit from other countries without giving benefit to them," Islam told The Daily Star over the phone.

Commerce Secretary Md Jafar Uddin also said the Asian region, especially China, was the largest area from where Bangladesh sourced its imports. For instance, Bangladesh earned nearly Tk 25,000 crore in a year as duty on imports solely from China.

So, the government's major earnings are generated from the duties on imports from Asian nations, he said.

Moreover, Bangladesh did not show interest

in joining the deal since it has already been enjoying duty benefits to Chinese markets as both a least developed country (LDC) and also under the Asia Pacific Trade Agreement (APTA).

Furthermore, midway through the current year, the Chinese government offered duty-free access to 97 per cent of goods originating in Bangladesh, for which there was no need to join such a trade group.

The Chinese trade benefits for Bangladesh will continue under the APTA even after the country graduates to become a developing nation in 2024.

"Still we have taken an initiative to conduct a study on the impacts on Bangladesh from the signing of the RCEP," Jafar Uddin told The Daily Star over the phone.

Md Hafizur Rahman, director general of the World Trade Organisation (WTO) cell under the commerce ministry, said Bangladesh did not even participate in the initial negotiations to join the RCEP.

The possibility of Bangladesh joining the RCEP is very thin now as the participating countries are ready to sign the final deal, he said.

He said Bangladesh has been negotiating with Asean-plus-one in mind, that is, to be included in the club of the Asean.

Ahsan H Mansur, executive director of the Policy Research Institute, said Bangladesh should join such regional trade deals and also sign FTAs with major trading partners soon to enjoy preferential trade benefits after the country graduates to the ranks of developing ones from the list of the LDCs.

Regarding the RCEP's impact on Bangladesh's export, Mansur said since Vietnam was also a member of this mega

deal, Bangladesh might face some more challenges in garment exports to global markets as Vietnam was a major competitor of Bangladeshi apparel items.

Vietnam has already signed FTAs with many countries such as China and trade blocs like the European Union, he said.

Moreover, Bangladesh's international trade policies showcase the highest level of protectionism among the South Asian nations.

He suggested easing the trade regime by slashing duties on imports so that more countries or trade blocs show interest in signing trade deals with Bangladesh.

Prof Mohammad Abdul Momen of the Institute of Business Administration of the University of Dhaka said a lower tariff for Vietnam under the RCEP would hurt Bangladesh's garment shipments.

He also suggested signing bilateral trade deals with major trading partners.

In 2017, prospective RCEP member states accounted for a population of 3.4 billion or 45 per cent of the world's population and about 40 per cent of world trade.

The total gross domestic product (GDP) amounted to \$49.5 trillion, more than half of it made up of that of China and India, surpassing the combined GDP of Trans-Pacific Partnership (TPP) members in 2007.

On January 23, 2017, US President Donald Trump signed a memorandum that stated withdrawal of the country from the TPP, a move which is seen to improve the chances of success for the RCEP.

According to estimates by the PwC, the GDP of the RCEP member states is likely to amount to nearly \$250 trillion by 2050.

## Boosting revenue collection key to economic recovery

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To that end, the National Board of Revenue (NBR) set this year's revenue target at Tk 3,30,000 crore, which is 9.82 per cent higher than the revised budget for fiscal 2019-20.

Mahmud also informed that like previous years, the DCCI Tax Guide 2020-21 has been published.

Masud Sadiq, member for VAT Policy of the NBR, said that a simplified VAT system would improve the ease of doing business in Bangladesh.

"It is true that for a country's development, a higher revenue target is key. But at the same time, we need a balance between the increased target, rationalised tax regime and VAT structure," he said.

While presenting a paper on the DCCI's proposals on the Budget 2020-21, M Shafiqul Alam, convener of the standing committee of the DCCI on customs and VAT, said that the VAT return submission process and advance VAT refund system should be made easier.

He also urged for the development of a comprehensive online VAT return submission system.

To achieve this year's target for revenue collection, a simplified, automated, sustainable and hassle-free tax and VAT

return submission system is needed, said Snehasish Barua, a tax consultant.

The NBR has taken a good number of pro-business initiatives in this regard but at times, statutory regulatory orders made halfway through the year hamper the country's business activities

Barua, also a partner at Snehasish Mahmud & Co., said that simplifying the rules would reduce tax evasion.

Md Alamgir Hossain, member for tax policy of the NBR, said in comparison with neighbouring countries, Bangladesh's tax rate is not too high. However, the way it is implemented could be more rationalised.

"Therefore, if the NBR feels that the reduction of a particular tax may increase business activities, it will definitely be done," he said, adding that he hopes an online VAT and tax return system will be fully implemented by next year.

The tax structure needs immediate reforms to expand the tax net.

There are 1,76,000 business houses registered under the Registrar of Joint Stock Companies and Firms (RJSC), of which 70,000-75,000 are TIN-holders. But only 36,000 of them submit returns, Hossain said.

DCCI Senior Vice President NKA Mobin also spoke.

## Dhaka seeks duty-waiver for 12 more years past LDC graduation

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However, Bangladesh demanded 10 years instead of three years as the country's economy has been severely damaged.

Other developed or developing countries did not assure for any extension of the tenure for Bangladesh's zero-duty benefits after the graduation.

Jafar Uddin also said as per the WTO's previous announcement, Bangladesh was supposed to be immune from the restrictions stemming from patent rights of medicine under its Trade Related Aspects of Intellectual Property Rights (TRIPs) up to January 1, 2033.

However, there is a possibility of the abolishment of such facilities once the country makes the graduation.

"We demanded that the UN continue with the patent rights for our country up to 2033 as per the previous announcement," the commerce secretary said.

In both cases, Bangladesh has been lobbying along with its other LDC peers for the trade benefits to be granted for 10 to 12 years. The LDC countries will hold discussions on the Bangladesh's proposal today, he said.

Bangladesh's export will decline 5.7 per cent annually if the EU's EBA initiative is not extended, as local exporters will then have to face an 8.7 per cent duty on exports to the bloc.

So, there is a possibility of losing more than \$2 billion worth of export business annually after the graduation, according to the United Nations Industrial Development Organisation.

Bangladesh will have to ratify 27 international conventions including four core conventions on good governance, labour rights, human rights and environmental protection if it wants to secure the much-required GSP Plus to enjoy the zero-duty benefit to the EU after the graduation.

## South Korea proposes several investments for infrastructure projects

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Ahmad Kaikaus, principal secretary to the Prime Minister's Office, urged for launching of at least one PPP project to mark the 100th birth anniversary of the Bangabandhu Sheikh Mujibur Rahman.

"Improving the communication infrastructure and especially widening the roads and highways is one of the priority projects of the government," he said.

"Korean investors are more than welcome to partner with the Bangladesh government as well as the country's private investors," Kaikaus added.

The webinar was attended by Kim Hyan-mee, South Korea's minister for land, Infrastructure and transport; Salman F Rahman, private industry and investment adviser to the prime minister; Lee Jang Keun, South Korean ambassador to Bangladesh; Abida Islam, Bangladesh's ambassador to South Korea and other government officials, private investors.

## Most NBFIs see rise in profits

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"When the deposit rate falls, banks and NBFIs get its benefits because their interest cost falls instantly. Their interest income drops slowly."

Many loans carry a fixed interest rate, and the loan contracts are made for three to four years. So, these loans bear higher earnings despite the fast fall of interest on deposit, he clarified.

The government set the ceiling on banks' lending rate at 9 per cent, and the deposit rate at 6 per cent for the sake of industrialisation and the rates came into effect on April 1 this year.

Many NBFIs reduced their operating costs during the pandemic, which gave a boost to their profits, Khan said. As the stock market was on an upward trend, many NBFIs booked profits this year whereas they needed to keep provision for the losses made in the previous year, Khan said.

The brokerage income of IDLC Finance also rose in the last quarter, he said.

The DSEX, the benchmark index of the Dhaka Stock Exchange, rose 28 per cent, or 1,130 points, in the July-September period. It dropped 8.1 per cent, or 436 points, in the same period last year.

The Bangladesh Bank allowed banks and NBFIs to restructure loans and keep classification unchanged until December

to help entrepreneurs stay afloat amid the pandemic, which ultimately helped the NBFIs see the rise in profits, Khan said.

"It was a timely decision taken by the banking watchdog because the pandemic year is not comparable to the normal time. It was necessary to give the chance of restructuring loans to help the economy revive."

The NBFIs whose business was in good shape and whose business was in bad shape would be evident next year, he said.

The NBFIs will fall into problem next year as they will be bound to classify bad loans, said Abdul Mannan, a stock investor.

Because this is not the real scenario of the sector and most of the entrepreneurs who failed to continue to pay their loans now will become defaulter next year, he said.

Moreover, the rising non-performing loans (NPLs) are also a big headache for the NBFIs.

The NPLs in 33 NBFIs in Bangladesh, including the listed ones, stood at Tk 8,905.62 crore as of June this year, which were 13.29 per cent of the outstanding loans, according to data from the Bangladesh Bank. It was Tk 6,399 crore, or 9.53 per cent of the total loans, in December last year.

Of the listed NBFIs, the stocks of nine traded below their face value on the DSE on November 12.

## StanChart-Channel i announce 6th edition of Agrow Award

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Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, said, "The tireless efforts of the heroes of our agriculture sector have helped our nation stand tall and secure, even in the face of a one-in-a-generation challenge."

"From women empowerment, rural development to food security and export diversification, the contributions of the agriculture sector and its protagonists will continue to be vital for our nation."

He said honouring these heroes for their courage, ingenuity and dedication has never been more important.

Faridur Reza Sagar, managing director of Channel i, said, "The coronavirus situation serves as a reminder about how vital the agriculture sector is to the world."

"Rethinking agriculture has become a question of survival. Recognising the

contributions of our agricultural heroes is more important than ever. We are proud to be a part of this initiative."

Shykh Seraj, director and head of news of Channel i, said, "Prizes or awards can't measure the contribution of our farmers towards the progress of our nation. Still, I believe the Standard Chartered-Channel i Awards will help provide further impetus to the sustained success of our agriculture sector."

He said young farmers had achieved significant success in recent times through technology-based agriculture. "They all deserve special recognition."

The Awards recognises the leaders and innovators that are taking the agriculture industry forward to promote technology and best practices at all levels of the industry. There have been 34 award winners since 2014.

## Inclement weather, not Covid, to cut rice production

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The USDA said rice import may increase to 5,00,000 tonnes in the MY 2020-21 as the government faces difficulty in procuring rice from the domestic markets.

The average retail price of coarse rice was Tk 45 per kilogramme in October this year, which was 32 per cent higher than that last year.

"Retail prices of milled rice are

increasing irrespective of the category. Analysts attribute the increase in domestic prices to market speculation as a result of the Covid-19 pandemic," said the USDA.

The report noted falling stocks of food grains in government warehouses, stating that replenishment of rice stocks through procurements was critical in stabilising the domestic market and ensure the availability of food.