

Pharmaceuticals export to surge on locally produced raw materials

Producers seek govt help to attain competitive edge in international market

ZAHIDUL HAQUE

Bangladesh can substantially increase pharmaceuticals export if the government extends support to local producers after this year when WTO rules on pharmaceuticals for developed and developing nations comes into effect.

From the next year, the developing countries will lose their patent rights to sell products.

The main challenge for local producers is now to bring down production cost to offer medicines in the international market at a competitive price. For this, raw materials must be produced locally, industry insiders said.

They expect the export volume to hit Tk 10,000 crore a year after 2010 provided the government sets

up an API (Active Pharmaceutical Ingredients) production unit which will also enable the country to export raw materials.

According to Export Promotion Bureau (EPB), export earnings from pharmaceuticals sector stood at Tk 50.22 crore in the first 10 months (July-April) of the current fiscal year. The export volume was 52.37 crore in FY2002-03.

Khondker Tarique-ul-Islam, vice-president of Bangladesh Association of Pharmaceutical Industries (Bapi), said producing countries will lose their rights to sell pharmaceutical ingredients at current prices after 2004 due to the WTO rules.

However, the least developed countries do not have to provide any patent protection for pharmaceuticals until 2016 as the

WTO has extended the deadline only for them through Trips (Trade-Related Aspects of Intellectual Property Rights).

"In the changed scenario, prices of ingredients will increase significantly...so countries will certainly lose their export markets," Islam said.

At present Bangladesh imports 80 percent of total raw materials required for the industry. Of the requirement, 70 percent comes from India while the rest comes from China, England, Switzerland, Germany and Malaysia.

The Bapi leader urged the government to set up an API production unit with necessary facilities where local companies could produce raw materials for the industry. Bangladesh could also export those ingredients using

WTO facilities, he hoped.

"We discussed the matter with former commerce minister Amir Khosru Mahmud Chowdhury last February and he gave assurance to help us," Islam told The Daily Star.

On the negative sides of the WTO rule, Islam said people may have to pay several times higher to consume drugs if the government fails to take necessary measures.

Islam, also managing director of Medimet Pharmaceuticals Ltd, demanded setting up of a research laboratory and testing institute for export promotion of the sector.

He said a 13-member Bapi team led by its President SM Shafiuazzaman is currently visiting four African countries, Kenya, Tanzania, Malawi and Uganda, where they have found a huge

pharmaceuticals market for Bangladesh.

At present, Bangladesh is exporting pharmaceutical products to over 50 countries of the world. The major markets for Bangladesh's pharmaceutical exports include Korea, Brazil, the Netherlands, Myanmar, Sri Lanka, Pakistan, Yemen, USA, India, South Africa, Ukraine, Vietnam, Kenya, Norway, Sweden, Indonesia and Hong Kong.

In recent years, Bangladesh Pharmaceutical Industries has made a significant progress towards development of infrastructural facilities and production of quality product of international standard, EPB sources said.



Asian Development Bank (ADB) President Tadao Chino and Finance and Planning Minister M Saifur Rahman jointly inaugurate the new office of Bangladesh Resident Mission of the bank at Sher-e-Bangla Nagar in Dhaka yesterday.

New office of ADB resident mission opens in Dhaka

Bank's chief vows commitment to work together for Bangladesh's growth, poverty reduction goal

STAR BUSINESS REPORT

Asian Development Bank (ADB) President Tadao Chino has reaffirmed the bank's commitment to work together with Bangladesh to achieve its shared goal of economic growth and poverty reduction.

ADB's support to Bangladesh has amounted to about \$7 billion in concessional loans and \$150 million in technical assistance grant over the last three decades, he said while inaugurating the bank's new Bangladesh Resident Mission (BRM) office jointly with Finance Minister M Saifur Rahman at Agargaon in Dhaka yesterday.

The chief of Manila-based ADB said the bank has approved a record lending level of \$532 million for Bangladesh in 2003 to finance projects in power, primary education,

livestock development and transport sector.

The BRM, established in July, 1982, was the bank's first resident mission office, he said adding that the decision to build a permanent building for BRM was taken in November 2001 to further enhance the effectiveness of its operations in Bangladesh.

Earlier, the BRM office was located at the annex building of Dhaka Sheraton Hotel.

Speaking at the function Finance Minister M Saifur Rahman thanked ADB for its continuous assistance both in physical and socio-economic infrastructural projects while the overarching objectives of the country's development strategy is poverty reduction.

He hoped that ADB would sustain

its lending programme in Bangladesh at an appropriate level keeping in view the needs to implement PRSP-based programmes.

Appreciating ADB's initiatives to introduce a comprehensive results-based management system to support development effectiveness, Saifur said the government has also initiated some positive steps for improving aid governance in Bangladesh.

A joint working group has been constituted with active involvement of ADB on streamlining project documentation system and approval process, and its recommendations would help further improve aid utilisation, he hoped.

ADB Resident Representative Toru Shibuichi also spoke at the function.

Exclusive industrial zone for women demanded

STAR BUSINESS REPORT

Speakers at a discussion yesterday urged the government to allocate fund in the FY 2004-05 budget for setting up a separate industrial estate for women entrepreneurs.

They also demanded holding pre and post-budget discussions with women groups to take their concerns into consideration in formulating and revising the national budget.

Kaniz Siddique, a professor of North South University, presented the keynote paper at the 'Post-budget discussion on Engendering National Budget -- Expectations and Realities' at the conference hall of Bangladesh Institute of International and Strategic Studies.

The discussion was organised by Policy Leadership and Advocacy for Gender Equality (Plage), a project of the Ministry of Women and Children Affairs.

In her presentation, Kaniz Siddique demanded increasing of the ADP (Annual Development Programme) expenditure for reducing gender discriminations from 3.1 percent to 7 percent of the total budget.

About the proposed budget she said it lacks transparency as it does not specify the percentage of budgetary allocations devoted exclusively to reduce the existing gender disparities in the country.

"It is not clear from finance minister's budget speech what are the government plans for the women garment workers who may lose their jobs after quota phaseout," she added.

Participating in open discussion, Finance Secretary Zakir Ahmed Khan urged the Ministry of Women and Children Affairs to utilise the allocated money involving women related non-government organisations.

"We have already taken a plan for implementing a project titled 'one district one product' where women will get job opportunities," said Ferdous Ara Begum, joint secretary (development) of the Ministry of Women and Children Affairs.

The Asian Development Bank (ADB) will provide financial assistance to establish an office of the project in Dhaka, she added.

Form Price Commission to protect consumer rights

Economist suggests govt

STAR BUSINESS REPORT

A 'Price Commission' should be formed involving government and public sector representatives for adopting a market policy and monitoring the market with a view to protect the consumers' interest, economist Dr Atiur Rahman has suggested.

"The commission will analyse the price hike of essential items and recommend the government for taking initiatives to control the market," he said speaking at a discussion on 'Proposed Budget 2004-05, Poverty Reduction and Buyer-Consumer Rights.'

Consumers Association of Bangladesh (CAB) organised the discussion at the National Press Club in Dhaka yesterday.

Atiur proposed that the commission should be formed with

government officials, analysts and CAB representatives to achieve its goal.

He however identified extortion as a major factor for price hike. "The cost of an agricultural product increases up to 236 percent by the time it reaches Dhaka from North Bengal because of extortion on the highways," he said.

Atiur said the government should strengthen the Bangladesh Standards and Testing Institution's (BSTI) infrastructure to protect the consumers' right to choose the best product from the market.

He termed the proposed national budget 'industry unfriendly' and 'favourable to import business' saying that the budget protects foreign interests as it was proposed to reduce import duty of finished items and increase duty on raw materials.

Atiur criticised the proposal to double subsidy in agriculture.

Presenting introductory note at the discussion, journalist Asjadul Kibria recommended taking employment and consumer rights into consideration to reduce income disparity.

To ensure the consumer rights, he suggested forming a market regulator like Securities and Exchange Commission or the central bank. He urged the government to reactivate the Trading Corporation of Bangladesh (TCB) to control price hike in the open market.

Dr Zafrullah Chowdhury, president of CAB, Mujahidul Islam Selim, general secretary of Communist Party of Bangladesh and Shirin Akhter, director of Karmojibi Nari, also spoke at the function.



Economist Dr Atiur Rahman (right) speaks at a discussion on 'Proposed Budget 2004-05, Poverty Reduction and Buyer-Consumer Rights' organised by Consumers Association of Bangladesh (CAB) at the National Press Club in Dhaka yesterday. Dr Zafrullah Chowdhury (2nd from right), president of CAB, Mujahidul Islam Selim (2nd from left), general secretary of Communist Party of Bangladesh, and Shirin Akhter (left), director of Karmojibi Nari, are also

PM stresses forming JEC with Canada

UNB, Dhaka

Prime Minister Khaleda Zia yesterday emphasised forming joint economic commission (JEC) between Bangladesh and Canada to facilitate interaction on trade issues and to give meaningful direction to the excellent bilateral relations.

She expressed the view when outgoing Canadian High Commissioner Gerry Campbell made a farewell call on her at the Prime Minister's Office (PMO).

The high commissioner welcomed the proposal for formation of the JEC between the two friendly countries.

Khaleda thanked the Canadian government through the envoy for allowing quota-free access of Bangladeshi products to Canadian market, which has already enhanced two-way trade, particularly export and import.

"Joint-venture investment of Canada in Feni gas field is the single-largest foreign investment in the country," according to an official. It is also helping Bangladesh in developing small and medium enterprises.

The envoy expressed gratitude for the cooperation he got from the government during his two-year tenure in Bangladesh.

ACI declares 40pc dividend

Advanced Chemical Industries Limited (ACI Limited) has declared a 40 percent dividend for its shareholders for the year 2003.

The dividend was approved at the 31st annual general meeting of the company held in Dhaka yesterday, says a press release.

Anis Ud Dowla, chairman and managing director of the company, presided over the meeting. Among others, Rafiqul Islam Khan, Md Ziaul Haque Khondker, Syed Manzur Elahi and Najma Dowla, directors of the company, and Arif Dowla, deputy managing director, were present.

The company's business operations, as enumerated in the annual report, showed an overall increase in sales turnover by nine percent over the previous year.

Team of Malaysia Airlines makes trip to Miri

Malaysia Airlines & Tourism Malaysia arranged a familiarisation trip to Miri, the East Malaysia, marking the 'Open House Gawai Dayak 2004' festival recently.

A five-member group headed by Tahseen Ahmed, media consultant of the organisation, visited Miri to join the festival organised to uphold the culture and traditions of Dayak community, says a press release.

The King and Queen of Malaysia, and the prime minister attended the day-long festival that marks the end of the rice harvest and is an extended thanksgiving celebration before the new farming season begins.

Sprint-SUNET team makes world record in high-speed data transfer

ABU SAEED KHAN

US telecoms carrier Sprint and the Swedish National Research and Education Network (SUNET) have made new world record of high-speed data transfer over the internet at 4.23 gigabits per second.

Last April the Sprint/SUNET team sent nearly 840 gigabytes of data from one personal computer in San Jose, California, to almost halfway around the globe (10,157 miles), at another PC of Lulea University in northern Sweden.

Such a massive volume of data transfer, which corresponds to simultaneously sending 600 full-length movies from one location to another using the internet, took less than 27 minutes.

"This result is almost three

times better than the current record listed in the 2004 edition of the Guinness Book of World Records," Sprint claims. The Internet2 consortium, which sponsors data-transmission speed contests, confirmed this achievement last week.

Application of this remarkable trial will help organisations exchanging voluminous data through internet for disaster recovery. It will also quickly, efficiently and economically store massive data at distant locations. Off-the-shelf equipment and commercial submarine cable transmission link were used in this record breaking intercontinental high-speed data transfer.

PC at the Swedish end was connected to a SUNET core router at the Lulea University while the

American PC was linked with an access router of Sprint in San Jose.

Borje Josefsson, SUNET's chief technology officer, said, "As both we and Sprint are using the Cisco CSR 12000 series of routers, we were confident that the routers could handle this type of traffic without disturbing normal network usage."

There are major challenges in transporting high-speed data over long-haul networks. "We had to understand how the distance between the hosts would affect the operating system at those speeds," remarked Anders Magnusson, SUNET test manager.

Sprint and SUNET are expected to receive formal recognition of their outstanding achievement by this year end.

Allow FDI in RMG outside EPZs

WB country director urges govt

STAR BUSINESS REPORT

World Bank Country Director Christine I Wallich has called upon the government to allow foreign investment in readymade garment sector outside the export processing zones (EPZs) to help the industry sustain in the quota-free regime.

She made the call at a meeting with the leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in Dhaka yesterday.

"The World Bank believes that the country will be benefited if the government allows foreign investment outside EPZs as such a move will create employment opportunities and bring new technologies," observed the WB country director.

She apprehended that small

RMG units in Bangladesh would face difficulties and some units might face closure after this year due to the quota phaseout.

The World Bank country director however agreed with BGMEA's demand for setting up central bonded warehouses and simplified rules of origins to the EU market, according to a BGMEA press release.

BGMEA President Annisul Huq informed the country director about the possible problems the sector may face and also the possible solutions to those problems.

BGMEA First Vice-president Md

Abdus Salam, Second Vice-president Alamgir Rahman, Vice-president M Golam Faruq and World Bank Senior PSD Specialist Khurshid Alam were also present at the meeting.

New composite textile factory to be set up in CEPZ

UNB, Dhaka

A fully Bangladeshi owned company -- Sea Blue Textile Limited -- will establish a composite knit textile and garment industry in Chittagong Export Processing Zone.

The company will invest US\$ 1.653 million and will produce annually 1.38 million kg of textile and 375,000 dozens of garment products.

The company will also manufacture knit fabrics like single jersey, polo, rib and knit ware like T-shirt, polo shirt, v-neck and under garments, creating jobs for 574 Bangladeshi nationals.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and the Sea Blue Textile Limited here yesterday.

AZM Azizur Rahman, GM (investment promotion) of Bepza and Javed Kaiser Ally, managing director of Sea Blue Textile Limited signed the lease agreement on behalf of their respective sides.

What is new in FY 2005 budget?

MD MATIUL ISLAM

In many respects, Finance Minister's 10th Budget is an improvement on his previous nine. For one, a new format in conformity with 'International Best Practice' gives it transparency and clarity. It also firmly establishes that GOB budget is in deficit and has always been so. The Tk 16,000 crore of projected deficit is within the tolerance limit of 4.2 percent of the GDP. There is excess liquidity in the market to accommodate government borrowings, substantial part of the deficit financing is for creation of new assets.

Bank borrowing has been projected at Tk 2,600 crore as against Tk 1,500 crore in FY 2004 --an increase of Tk 1,100 crore over the current year. The annual borrowing programme should be broken down into quarterly figures and strictly monitored by Bangladesh Bank to avoid credit overcrowding between the private and the public sector.

The budget lays down macro-economic framework for achieving pro-poor economic growth. To what extent extraneous non-budgetary and non-economic factors would adversely influence the framework is anybody's guess. However, with 14.7 percent growth in exports, 11.4 percent rise in remittances from NRBs, current account surplus of US\$350 million and a healthy foreign exchange reserve of US\$ 2.6 billion, FM's optimism does not appear to be entirely misplaced.

Following the recent election debacle in India, transfer of resources to the rural sector, the vote bank, had been one of the main themes of the budget. Funds totalling about Tk 750 crore has been allocated for rural based micro enterprises, refinancing of credit to SMEs at a subsidised interest rate and fresh capital injection to PKSF and the two Krishi banks. FM's claim that this will double the flow of credit to the rural areas next year is optimistic. Remissions of overdue interests, writing off of past loans

are some of the measures available to GOB to achieve this objective. The two NGOs, BRAC and Grameen Bank, together disburse Tk 5,000 crore of rural credit annually. Nevertheless, steps initiated in the budget are in the right direction and would have long term impact. With a proper implementation plan and administrative machinery in place, FM will have something positive to show in his FY 2006 budget.

Many a time, however, there has been no follow-up of the measures initiated and approved in the previous budgets. Those are simply forgotten. For instance, no mention has been made in the 10th budget of the result of the special dispensation granted in the 8th and 9th budget for converting black money into white.

Raising of income tax threshold to Tk 100,000 and making 25 percent slab applicable for those above the income level of Tk 900,000 would result in lowering the average tax rates for the middle and high-income groups. For the marginal tax

payers the minimum of Tk 1,500 proposed would be 'regressive' although Bangladesh has consistently been following a 'progressive' tax regime where tax rate rises with increase in spending power. Last year, FM proposed a minimum of Tk 2,400 but scaled it down to Tk 1,200. The minimum should be brought down to Tk 500, if not lower.

In his 8th budget, FM announced with fanfare his decision to reduce property transfer tax rates from 30 percent to 13.5 percent, removed VAT and reduced gains tax, all for the benefit of general public. In his 10th, FM re-introduced VAT and restored 10 percent gains tax, forgot all about the general public and put his credibility into jeopardy. This deserves serious re-consideration. Revenue income projection in the budget is optimistic but as long as mechanism is in place to cut back on ADP if such a contingency arises due to resource constraint, I would rather be optimistic than pessimistic.

The writer is a former finance secretary.

BUDGET QUIPS

"Is there any real difference between free trade and smuggling?"

"In WTO Zero Duty regime, there is none except that Bangladesh Bank has to develop expertise to regulate a vibrant hundi market."