Star
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Pharma companies invest big on export prospects

STAR BUSINESS REPORT

New and old pharmaceutical companies are making investments in a big way in the sector, seeing immense export prospects of their products.

New investors are also making ventures in the thrust sector. The Department of Drug Administration sources said now 25 new companies are seeking nod from the regulator to start business.

Newcomers -- Silva, Mystic, Apex, Rangs, Popular, Marksman and Healthcare pharmaceuticals -- have already invested around Tk 40-Tk 50 crore each. An Indian company -- Sun Pharmaceuticals -- also made its debut in Bangladesh early this year.

Square Pharmaceuticals has invested Tk 240 crore in a plant at Kaliakoir, Gazipur. Opsonin will invest more than Tk 100 crore to build up a new plant in Barisal. Orion also has a plan to set up a Tk 100 crore plant at Bhaluka, Mymensingh.

Acme has spent Tk 70 crore to refurbish its plant and has invested another Tk 20 crore for a separate plant. Other big players also have plans for further investment, industry sources said.

Not only the bigshots but also mid-ranking and new houses have also come up with big investments. Renata bought 55 acres of land in Gazipur to set up a new plant at a cost of Tk 70 crore.

Incepta has built up a new plant at Ashulia, Dhaka with an investment of around Tk 70 crore. Aristopharma has bought several plots in Narayanganj BSCIC estate to set up its new plant. At present, over 300 companies have licenses for producing drugs in the country but only about 100 are in operation and 30-40 are active, industry sources said.

A high official of Bangladesh Association of Pharmaceutical Industries said local pharmaceutical sector has been witnessing an investment boom for the last couple of years, thanks to a growing consumer market and a WTO rule coming effect next year. The WTO rule allows companies of least developed countries to produce and export essential drugs without maintaining patent.

At present, Bangladesh has to depend largely on imported raw materials with about 80 percent of total raw materials coming from foreign countries.

Manufacturers said the high dependence on raw materials will bar the local companies from taking advantage of WTO rule.

However, the government has promised a Tk 2000 crore investment for setting up an active pharmaceutical ingredients (API) park in Chittagong to produce raw materials locally. The investment promise is yet to see reality. Meanwhile, the leading manufacturers have invested Tk 500 crore in last two years in the segment.

Industry people forecast the country's exports can hit Tk 10,000 crore a year by 2010 if the government sets up an API production unit.

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

PHOTO: JAMUNA BANK

Jegan Durairatnam, country manager of Commercial Bank of Ceylon Limited, and Kazi Fariduddin, company secretary and EVP of Jamuna Bank Limited, exchange documents after signing a master repurchase agreement recently in Dhaka. SA Chowdhury, managing director of Jamuna Bank, M Nazrul Islam, AMD, and Karar Zubariar, treasurer of Commercial Bank, were also present.

Shahjalal Islami Bank extends Tk 3cr loan to Vanik Bangladesh

Shahjalal Islami Bank Limited has extended Tk 3 crore investment facility to Vanik Bangladesh Limited against financing lease assets.

An agreement to this effect was signed between the two organisations on Thursday in Dhaka, says a press release.

M Kamaluddin Chowdhury, managing director of Shahjalal Islami Bank, and Sayyed Husain Jamal, managing director of Vanik Bangladesh, signed the agreement on behalf of their organisations.

Md Ghulam Wahab, head of Investment Division and senior vice-president of Shahjalal Islami Bank, Kazi Nasim Ahmed, vice-president, Md Shafiul Azam, manager of Gulshan branch of the bank, and AKM Anwarul Kabir, company secretary of Vanik Bangladesh, were also present.

Commercial Bank, Jamuna Bank sign repurchase deal

Commercial Bank of Ceylon Limited and Jamuna Bank Limited signed a master repurchase agreement recently in Dhaka.

Jegan Durairatnam, country manager of Commercial Bank of Ceylon, and Kazi Fariduddin, company secretary and EVP of Jamuna Bank, signed the deal on behalf of their organisations, says a press release.

Riyadh plans new efforts to reduce high unemployment

REUTERS, Riyadh

Saudi Arabia plans to increase efforts to replace foreign workers with Saudi nationals to reduce high unemployment which analysts say is fuelling a wave of violence by al-Qaeda militants.

Labour Minister Ghazi Algosaibi said in an interview published in the Arabic-language al-Watan newspaper yesterday that he was determined to end unemployment. "I had clarified after I was appointed minister that the ministry will adopt a 13-point programme to combat the problem of unemployment. These include curbing foreign labour and raising the standards of Saudi labour," Gosaibi said.

The minister said department of statistics figures show that some 300,000 Saudis or 10 percent of the country's workforce are unemployed. The kingdom is home to 24 million people, some six million of whom are foreigners, mainly Asians.

Siemens plans to boost brand acceptance in Bangladesh

Top company official talks to Bangladeshi journalists

M ABDUR RAHIM *back from Singapore*

Inspired by growth in geometric proportion in cellular telecommunications sector, Siemens plans to adopt an aggressive marketing strategy in Bangladesh soon, taking advantage of its unique handsets launched recently, a top official of the German electronic giant said.

Siemens aims to increase its brand acceptance in Bangladesh focusing on the specific needs of customers, said Executive Vice-president of Siemens Mobile Phones for Asean, India and Pacific Joe Weller.

He was talking to a group of Bangladeshi journalists after the launch of two new handsets at a gala function last month at the Grand Hyatt Hotel in Singapore on the sidelines of CommunicAsia, Asia's largest IT exhibition.

At the function, Siemens launched two 'intelligent' mobile handsets-- SL65 and CFX65-- which the German electronic giant bills as a complete solution to users' communication, business and entertainment needs.

He said local customisation will help increase share in the fast-growing Bangladesh mobile market currently having 2.3 million subscribers. Citing an example, he said, Siemens has handsets especially designed for noisy places or cities with escalating tones, which cuts through the background noise, fit for Bangladeshi noisy cities.

Joe Weller

"We have a long history in Bangladesh since 1956. Apart from mobile, we have business in power, medical equipment, lighting, home appliance and others. We are a proven brand in Bangladesh and have a rich heritage to build on further," Weller said.

Asked if Siemens mobile phone sets produced outside Germany are inferior or less acceptable to the consumers than the German versions, Weller argued, "Siemens is a global company, the product quality and the technology are same wherever the sets are produced."

"Even most German and European customers use Siemens handsets produced in China which shows that all the products are of same quality. The country of origin is not a factor in the globalisation era. It is the brand and technology that matters," the telecommunications veteran with 15 years experience in the field said.

Reacting to whether Siemens has plans to launch low-tech, affordable handsets for lower-income people in Bangladesh, he said, "We are not willing to compromise quality for catering to markets that demand low-cost products in return for low-quality technology. Instead, our aim is to provide superior technology at affordable prices."

Commenting on a budgetary decision of introducing a flat duty of Tk 1,500 for mobile handset import, he said it would help improve teledensity in Bangladesh.

Asked if the company has plan to set up any assembling plant in Bangladesh, he said, "We follow the market. When it comes to plant setting-up decision, we take account of the market and economic viability. Frankly speaking, at the moment, we have no plan to set up a plant in Bangladesh. But that does not mean it is a permanent no."

Even a decade ago, Siemens did not think of setting up plants in China. So, everything is within the realms of possibility, said Weller on a positive note.

India sees economy growing near 7pc in 2004-05

REUTERS, *New Delhi*

India's finance minister said Friday he expected the economy to grow close to 7 percent, at the low end of official forecasts, as analysts questioned his first budget's revenue forecasts and commitment to cutting the deficit.

India's economy expanded 8.2 percent in the year to March, 2004, its strongest growth in almost 15 years -- making it one of the world's fastest growing economies.

"Well, agriculture can't grow the same way as last year. We expect agriculture to grow at a reasonable rate," Palaniappan Chidambaram said a day after his first budget, seen as cautiously expansionary. Monsoon rains fed bumper crops last year.

And then if industry and services maintain their rate of growth we should get between 6.0 and 7.4 percent. I would like it to be close to seven."

Chidambaram's budget on Thursday set billions of dollars in spending for the poor but gave little clue about where the money would come from despite forecasting a 24 percent revenue jump on the basis of strong economic growth.

The budget was generally well received but some analysts question how the government will pay for its promises without worsening the deficit, forecast at 4.4 percent of gross domestic product for the year to March, 2005.

Paul Rawkins, senior director at Fitch sovereign ratings in London, said India needed to widen its tax base to boost collections and remove tax breaks to rein in the deficit.

"It's a pity that the government did not widen the net by including more services given the robust economic growth," he said.

But Chidambaram, a Harvard-educated lawyer-turned-politician, told reporters on Friday the budget had made enough money available to take care of the new spending.

"Why is there so much doubt about the revenues? Some figures were disclosed in the interim budget," he said, referring to the previous government's financial statement in February.

"He has budgeted 24 percent increase in tax revenues. Such a massive increase in tax revenue has never been witnessed before," said economist Ila Patnaik.

The Business Standard warned in its editorial: "If the revenue and growth projection assumptions don't materialise, the deficit numbers in relation to GDP are going to look very different from now."

The budget has also sparked a furor in India's financial markets, angry and confused at a plan to tax all purchases of securities on stock exchanges.

Bond traders stopped dealing on Friday, awaiting further details of the new levy and how it would work.

But Chidambaram said he would not roll back the tax.

A favourite of pro-reformers, Chidambaram said the Congress-led coalition government's reliance on communist parties to rule was not a constraint on economic reform.

"They are not a problem. They are my conscience. They tell me when I am likely to forget the constituency of the poor," he said.

Congress swept to power in one of India's biggest election shocks in May after millions of poor in rural India and the cities threw out the ruling Hindu nationalists for failing to spread the benefits of the economic boom.

And how would he like his budget to be remembered?

"As a budget which cared about the poor people and as a budget which dared to continue the reform process."

For sale: An 800-page textbook for $0.00

ABU SAEED KHAN

Matt Basham is a professor of Information Technology and IT Security at St. Petersburg College in Florida, USA. He has been suggesting improvising the official training manuals of Cisco Systems for many years. But who cares what a "Nutty Professor" says.

Basham did not give up. He wrote an 800-page Cisco networking textbook, posted it in the Internet last week and made it available for download at free of charge. More than 2,000 copies were downloaded around the world in the first few days according to Lulu.com, an alternative textbook publisher that distributes Bashham's work.

Before publishing the book on his own, Basham said he had contacted Cisco Press about publishing it, but it was not interested. But the company wasted no time after his free book appeared online last week. It contacted him via e-mail requesting a meeting to discuss the programme at St. Petersburg College.

Basham's cheaper but highly effective alternative move has helped the cash-strapped students and rocked the traditional publishing empires. A newly enrolled college student annually spends $900 on textbooks in America.

"The biggest complaint of most kids in college today is that their books cost too much," said Lulu.com CEO Bob Young. "Self-publishing is revolutionising the way books are distributed, especially in an academic setting. Not only will it reduce the cost of content, but will also improve the quality of the content that's available."

Young was also one of the co-founders of Red Hat that commercialised Linux, a free, open-source operating system, which competes with Microsoft's Windows. Lulu.com's mission is to empower authors and consumers, Young said. It has given a voice to educators and authors who otherwise are ignored by large publishing houses.

Basham originally wrote his manual three years ago to supplement books published by Cisco as part of the Cisco Networking Academy, a training program that teaches students how to use the company's networking products.

In 1997 Cisco had developed the programme, which is being taught in high schools, technical schools, colleges, universities and community-based organisations. It prepares people for the Cisco Certified Network Associate and Cisco Certified Network Professional certification examinations.

This programme is now being taught in 145 countries and all 50 US states. So far more than 260,000 students have enrolled at more than 9,800 Cisco academies. Cost of this programme varies, depending on where it is being taken.

At St. Petersburg College, the battery of Cisco Academy classes can cost around $2,200. They can go as high as $7,000 at other private institutions. Books and technical journals recommended for each class can total $200 per student.

Cisco does not make money from the programme or from the sale of any related materials for the coursework. Instead, it reinvests the money that is generated back into the programme, according to Heather Goodwin, a spokeswoman for the company.

Still, by using Lulu.com, Basham is able to help his students defer some of the financial burden of the course. Downloading the book from the Web site is completely free, and each print version costs $25 only.

It is a huge bargain compared to what Cisco's similar books are sold at around $100 in bookstores. Basham and his co-authors get a $5 royalty on every printed book. The rest of the money goes to Lulu.com for publishing costs.

This story has a great deal of relevance for Bangladesh. Our students of Cisco Certified Courses can download Professor Matt Basham's book at free of cost. We can also post all the trashy "Note Books" and "Guides" in the Internet as free downloads. This is how we can effectively eliminate the fraudulent academicians' continuous robbery.

The government may also reduce the cost of printing and distributing the textbooks by posting the softcopies in the Internet. Concerned education officials can download, print and distribute the textbooks at a cheaper cost in much faster time within respective district.

It will relieve the nation from its annual nightmare of timely availability of the textbooks. The government will be able to invest the cost savings into infrastructural development of our education sector. It could be our first step to build a knowledge-based society. Shall we?

PASSWORD

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The writer is a telecoms analyst

National Bank launches ETM service

National Bank Limited has introduced E-cash maintenance software 'ETM' for its ATM cardholders to do transactions in E-cash shared-ATM network.

Mustaque Ahmed, managing director (current charge) of National Bank, inaugurated the new service at Dhanmondi branch of the bank on Wednesday, says a press release.

Among others, Mustafa Kamal, senior vice-president of National Bank, Rahat Ahmed Chaudhuri, vice-president, Mahbubuzzaman, vice-president, and Zahir Ahmed, managing director of Electronic Transactions Network Limited, were present.

Oil prices ease back as Opec reassures markets

AFP, *London*

Oil prices fell back slightly on Friday as two Opec ministers reaffirmed the cartel's commitment to raise output next month, though terrorism fears saw prices hold above 40 dollars a barrel in New York.

In London the price of benchmark Brent North Sea crude oil for delivery in August fell 19 cents per barrel to 37.58 dollars in early deals.

New York's light sweet crude for delivery in August dipped 23 cents to 40.10 dollars a barrel in pre-opening electronic deals.

The reference US contract had soared 1.25 dollars on Thursday to close above 40 dollars for the first time since June 1, as traders took fright at a White House warning that al-Qaeda may be planning a major US attack.

QUOTA-FREE REGIME

Indian budget unveils measures for textiles

PALLAB BHATTACHARYA, *New Delhi*

The Indian budget for 2004-05 has unveiled a number of measures for the textile sector to help it prepare for the quota free regime from next year and the growing competition from falling prices of Chinese products.

The measures announced by Finance Minister P Chidambaram on Thursday are expected to make fabrics and garments cheaper by four to five percent, giving reasons to cheer for the 36 billion dollar textile-to-clothing industry. Acknowledging textile sector faces a complex tax regime the finance minister announced a simpler tax system for garments makers and yarn sector.

He abolished the mandatory central valued added tax (CENTVAT) chain and instead proposed an option under the new tax regime for composite mills, handlooms and power looms to stay either with CENTVAT and avail credit on excise duty paid at earlier stages or pay no excise duty except on man-made fibre and filament yarn.

In the new budget, duties on specified textile and garments-manufacturing machinery have been reduced to five percent from 20 percent.

Customs duty on specified machinery for silk industry has also been decreased to five percent while it was 10 percent previously. Besides, these goods would not incur countervailing duty. In the new budget, the finance minister has proposed a uniform rate of four percent for pure cotton yarn, fabrics, garments and made-ups and eight percent for blended textile and pure non-cotton sectors.

The budget, however, retained 16 percent duty on man-made staple fibres and 24 percent duty on polyester filament yarn and polyester textured yarn. Duties on other synthetic and artificial filament yarns have been hiked to 16 percent. "The new tax regime will prepare the industry for the quota regime phase-out beginning next year when players themselves will decide who will sell how much to whom and where," Chidambaram said. According to textile industry sources the budget will help it face effectively the competition from China which has set a target of capturing 45 percent of international textile market in post-multi-fibre arrangement (MFA) era.

Pakistan's forex reserves drop

REUTERS, *Karachi*

Pakistan's forex reserves dropped to $12.218 billion in the week ended July 3, down $137 million from the previous week, the State Bank of Pakistan said.

The reserves held by the central bank dropped to $10.444 billion, compared with $10.544 billion a week earlier, it said in a statement.

The bank did not give any reason for the drop in reserves.

During the week, the reserves held by commercial banks fell to $1.744 billion, compared with $1.811 billion a week earlier, it said.

Zimbabwe gets extra 6 months to pay IMF dues

AFP, *Washington*

The International Monetary Fund on Thursday gave Zimbabwe an extra six months to pay its IMF dues before being expelled.

Noting the resumption of some payments from Zimbabwe and "limited improvements" in economic policy, the IMF executive board said it had postponed a recommendation for "compulsory withdrawal."

"The executive Board will consider again the managing director's complaint regarding Zimbabwe's compulsory withdrawal from the Fund within six months," it said.

Zimbabwe has been in arrears to the IMF since February 2001.

As of the end of June 2004, the arrears amounted to almost 295 million dollars.

Expulsion is the last step in a series of escalating measures that the IMF applies to members behind on payments.

Despite the reprieve, IMF executive directors expressed "grave concern" over a sharp decline in Zimbabwe's economic and social conditions.

Gross domestic product (GDP) -- total economic output -- fell by 30 percent over the last five years and another four-five percent decline was expected this year, it said.

Year-on-year inflation reached 600 percent at the end of 2003, but decreased to around 450 percent in the year through May 2004 following a tightening of monetary policy and rise in the average exchange rate since late 2003.

"Unemployment is very high and increasing, social indicators, which were once among the best in Africa, have worsened, and the widespread HIV/AIDS pandemic remains largely unchecked," the IMF said.