

Plant for pharmaceutical raw materials on cards

Move to increase medicine export

STAR BUSINESS REPORT

The government plans to set up an API (active pharmaceutical ingredients) unit to produce raw materials of medicines cashing in on developing countries' exemption from WTO restrictions regarding patent rights.

Industry people say Bangladesh sees a window of opportunity to diversify export by adding pharmaceutical raw materials to the list and also boost medicine export that will reduce the dependence of ready made garments (RMG) in overall export earning.

Bangladesh and other developing nations will enjoy the exemption until 2016 while the other medicine exporting countries will be bound to have the patent rights from next year as per the rules of World Trade Organisation (WTO).

"As RMG market may shrink after the expiry of multi-fibre arrangement next year, we can retain our overall export earning through medicine export," said Khondker Tarique-ul-Islam, vice-

president of Bangladesh Association of Pharmaceutical Industries (Bapi).

Leading entrepreneurs in pharmaceuticals sector hope to earn huge amount of foreign currency through export of raw materials once the API is set up.

Currently Bangladesh imports 80 percent of total domestic requirement of medicine raw materials spending Tk 850 crore a year, according to Habibur Rahman, director (drug administration) of the Ministry of Health.

He said 70 percent of the imports comes from India while the rest from China, England, Switzerland, Germany and Malaysia.

Pharmaceutical exporters have long been demanding setting up of such a raw material production unit and seeking a place for establishing an international standard testing laboratory for pharmaceutical products.

Prime Minister Khaleda Zia on Sunday asked the Ministry of Commerce to find out a place for establishing the API unit and the testing laboratory, a com-

merce ministry high official told The Daily Star.

A meeting will be held shortly at the Ministry of Industries to discuss the issue of API and testing lab. Representatives from the ministries concerned, Bapi leaders, experts and academics are expected to be present at the meeting.

"We will propose for allocating a 15-acre land near Chittagong Port for the plant," Bapi President M Shafiuazzaman told The Daily Star.

Sources said the government is also planning to set up a business promotion council to promote pharmaceutical export.

Shafiuazzaman, also managing director of Hudson Pharmaceuticals Ltd, said Bangladesh can substantially increase pharmaceutical export after this year when WTO rules on pharmaceuticals patent rights come into effect.

Making products competitive in the international market by cutting production cost of medicines is the key chal-

lenge for the industry, he said. "If we can produce raw materials locally, production cost will decline."

The Bapi leaders expects pharmaceutical exports volume to cross Tk 10,000 crore a year after 2010 once the API and the promotion council are formed.

"In the changed scenario, prices of medicine ingredients will increase significantly...So raw material producing countries will certainly reap the benefits while the others will lose the market," the Bapi vice-president said.

At present, Bangladesh exports medicines to over 50 countries including Korea, Brazil, the Netherlands, Myanmar, Sri Lanka, Pakistan, Yemen, USA, India, South Africa, Ukraine, Vietnam, Kenya, Norway, Sweden, Indonesia and Hong Kong.

According to Export Promotion Bureau statistics, export earning from pharmaceuticals sector was Tk 74.83 crore in 2003-04 fiscal year, which is 30 percent higher than previous year's income amounted to Tk 52.37 crore.



PHOTO: STAR

Traders keep bunches of banana in order at a godown at Tejgaon's wholesale market in Dhaka. Bananas got piled up as wholesalers find limited number of buyers during the two-day hartal. Per 80 pieces of bananas were sold at Tk 140 to Tk 150 yesterday.

Southeast Bank to extend Tk 2cr to CDF microcredit programme

Southeast Bank Limited will finance upto Tk 2 crore through its Agargaon Branch, Dhaka to the CDF member NGO and MFIs (microfinance institutions) under the bank's microfinance programme.

An agreement to this effect was signed recently between the bank and Credit and Development Forum (CDF) in Dhaka.

Syed Imtiaz Hasib, deputy managing director of Southeast Bank, and M Abdul Mannan, executive director of CDF, signed the agreement on behalf of their organisations, says a press release.

Syed Abu Naser Bukhtear Ahmed, president and managing director of the bank, MA Muhiith, deputy managing director, and Md Mosharrar Hossain, vice-chairman of CDF, were present.

CDF will act as the corporate guarantor of the loans.

Malaysians dominate SE Asia's top 40 richest list

AFP, Singapore

Malaysians led by media, hotel and property tycoon Robert Kuok dominated a list of Southeast Asia's 40 wealthiest people released here Wednesday by US business magazine Forbes.

The Southeast Asian Top 40 had a combined net worth of 47 billion US dollars, and the poorest among them was worth a mere 210 million dollars, according to a report appearing in the publication's September 6 issue.

Malaysia accounted for 10 entries on the list, followed by Thailand with nine, Singapore, Indonesia and the Philippines each contributed seven names.

The roster included one prominent politician -- Thai Prime Minister Thaksin Shinawatra -- but not a single woman made it into the exclusive club.

Toyota may invest \$457m by '06 to up output capacity

REUTERS, Tokyo

Toyota Motor Corp, the world's second-largest auto maker, said Tuesday it was considering increasing its domestic production capacity to meet growing overseas demand.

The Nihon Keizai newspaper reported earlier that the auto maker would invest 50 billion yen (\$457.6 million) by 2006 to raise its output capacity in Japan by 10 percent to 3.8 million vehicles a year.

The investment would be used to build new production lines at Toyota's plants in Kyushu in southern Japan and in Tohoku in northern Japan to meet growing sales in Europe, the United States and Asia, the paper said.

India offers jt tourism show with Bangladesh

PALLAB BHATTACHARYA, New Delhi

India has proposed a joint tourism exhibition with Bangladesh to be held in New Delhi as the two countries agreed to promote greater flow of tourists between them.

Indian Tourism Minister Renuka Choudhury made the offer at a meeting with Bangladesh State Minister for Tourism Mir Mohammad Nasiruddin in New Delhi yesterday.

Nasiruddin responded positively to the Indian proposal and said modalities of hosting the event could be worked out later.

Choudhury said that the exhibition would include a fair of Bangladeshi food and culture in order to apprise potential Indian tourists of the tourism potential of Bangladesh.

The two ministers discussed ways and means to tap the potential of bilateral tourism and encourage more people of the two countries to visit each other's tourist destinations.

They recognised that there was considerable scope for increasing the

current volume of tourist traffic between India and Bangladesh.

Earlier, speaking at an international conference on ecotourism organised by the Federation of Indian Chambers of Commerce and Industry here, Nasiruddin called for appropriate strategies for development of ecotourism and its marketing.

The Bangladesh minister laid stress on sharing of information and expertise on ecotourism among the South Asian countries.

As travel and tourism continue to dominate the global economy faced with serious environmental pressures, he asked both visitors and ecotourism managers to accept the responsibility of environmental stewardship.

Since ecotourism marketing and conservation of bio-diversity are complementary to each other, the minister called for a synergy between the two sets of activities in order to make tourism and conservation activities sustainable.

Ecotourism, Nasiruddin pointed out, can stimulate the rural economy by

creating demand for agricultural produce and inject capital into villages through infrastructure development there.

This, in turn, can bring about higher income, revitalise local culture, especially traditional crafts and customs, he added.

Listing the measures taken by Bangladesh government to promote ecotourism, he said 11 eco-parks were set up across the country and Kuakata, Cox's Bazar and the Sundarbans were declared as special tourist zones.

Inaugurating the two-day conference, Indian Tourism Minister Renuka Choudhury said ecotourism embraces the local reality because the real ownership of eco-systems rests with local people and their rich rituals and festivals.

Underscoring the importance of tourism as an employment generator in rural areas, she stressed involving local people in tourism development.



PHOTO: SOUTHEAST BANK

Syed Imtiaz Hasib (left), deputy managing director of Southeast Bank, and M Abdul Mannan (right), executive director of Credit and Development Forum (CDF), exchange documents after signing an agreement recently in Dhaka. Syed Abu Naser Bukhtear Ahmed (2nd from left), president and managing director of the bank, is also seen in the picture along with Md Mosharrar Hossain, vice-chairman of CDF governing body.

Mergers raise bank profits in emerging markets: IMF

REUTERS, Washington

Bank mergers in emerging market economies increase profits and sharply reduce risks of bankruptcy, according to research by International Monetary Fund economists published Tuesday.

The economists said the international banking industry, particularly in emerging markets, had been dramatically changed through consolidation. This development had sparked interest in the consequences of mergers on the performances of banks, they said.

The economists said they studied more than 100 Argentine banks and looked at the effects of consolidation on bank performance between 1995 and 2000, a period of active bank mergers

and relative calm before the country's financial crisis in late 2001.

"Our findings suggest a beneficial effect of bank consolidation on performance," the economists said in their findings.

"Bank returns increase with consolidation and insolvency risk is reduced. Additionally, mergers and privatisation have a significant beneficial effect on bank returns," it added.

Using accounting data, the economists found that mergers increased a bank's return on equity and risk-adjusted return on equity by 4.35 percentage points and 0.30 point, respectively. Privatisation, meanwhile, increased return on equity by 23.1 percentage

points and risk-adjusted return by 2.3 points.

In comparison, the effects of a bank acquisition on return on equity was negative, reducing it by 2.62 percentage points, the economists said. Acquisitions appeared to have no major impact on risk-adjusted returns, they added.

"This might suggest that healthy banks were encouraged to absorb weak and underperforming banks," the economists said, adding that may require more research.

The study said a bank's insolvency risk was reduced through mergers and privatisation, while acquisitions appeared to have no impact on risks of bankruptcy.

Greenspan welcomes global recovery

AFP, Washington

US Federal Reserve Chairman Alan Greenspan welcomed, in remarks released Tuesday, a rebounding world economy last year, but expressed concern about high oil prices affecting countries like Japan.

"Over the past year, the global economic recovery has become both stronger and more sustainable," Greenspan said in a letter to senators in response to questions they submitted after his testimony on July 20.

"Growth has strengthened in every major region compared with the sluggish performance during the first half of 2003, and recent indicators suggest that the foreign economies continue to put in a favorable performance," he continued.

However, the Fed chairman expressed concern that high oil prices could put pressure on economies like Japan's.

"These positive developments suggest that Japan may finally be on its way to a self-sustaining recovery," Greenspan wrote. "However, there are several risks to the outlook. In particular, the recent run-up in oil prices, if sustained, may exert a significant drag on Japanese economic activity."

He was also concerned about what he called "a hard landing in China" would mean for Japan as well as other Asian economies.

EU extends probe into Microsoft-Timewarner rights deal

AFP, Brussels

The European Commission announced Wednesday an in-depth probe into a deal by Microsoft and Time Warner to buy a digital rights company, which it said risks extending Microsoft's dominance into that field.

The EU executive arm said a preliminary assessment of the proposed acquisition by the two US giants of US company ContentGuard had failed to allay its concerns.

"It appears to the Commission that the transaction might possibly create or strengthen a dominant position by Microsoft in the market for Digital Right Management (DRM) solutions," said a Commission statement.

The US software and media giants sought EU approval in July for their joint acquisition of ContentGuard, which is active in developing and licensing of intellectual property rights (IPRs) relating to DRM solutions.

"After a routine, phase I, review, the Commission has decided to investigate whether the deal might create or strengthen Microsoft's already leading position in the DRM solutions market," said Brussels.

In the new, in-depth probe "the Commission will also investigate further competition concerns related to the vertical integration of Microsoft in other markets," it said.

Ecneec okays 11 projects involving Tk 891cr

UNB, Dhaka

The Executive Committee of National Economic Council (Ecneec) at a meeting yesterday approved 11 development projects at a total cost of Tk 891 crore, including Tk 65 crore in foreign aid.

Prime Minister Khaleda Zia, also chairperson of the National Economic Council (NEC), presided over the meeting at the NEC office at Sher-e-Bangla Nagar.

The approved projects include upgrading Laxmipur-Char Alexander-Sonapur (Maijdee) road to regional highway, modernisation of signalling and inter-linking system of 12 railway

stations of Akhaura-Sylhet section, water supply in coastal areas (second phase), development of rural infrastructure (2nd phase) and construction of bridges in rural areas for movement of light vehicles in Sylhet division.

The other projects are construction of Shaheed Zia Memorial Complex at Kalurghat in Chittagong, construction of Swadhinata Stambha (2nd phase, amended) in Suhrawardy Udyan in Dhaka and Multi-sectoral project (1st phase) for preventing women repression.

Finance and Planning Minister M Saifur Rahman, also alternate chairman of the Ecneec, LGRD and Co-operatives Minister Abdul Mannan Bhuiyan, Health

Minister Khandokar Mosharrar Hossain, Industries Minister Matiur Rahman Nizami, Communications Minister Nazmul Huda, Agriculture Minister MK Anwar, Shipping Minister Akbar Hossain, Women and Children Affairs Minister Khurshid Jahan Huq, Post and Telecommunications Minister Aminul Huq, Education Minister Osman Farruk, State Minister for Finance and Planning Mohammad Anwarul Kabir and State Minister for Liberation War Affairs Mohammad Rezaul Karim, among others, attended the meeting.

Indian income funds hit as bond yields rise

REUTERS, New Delhi

India's income mutual funds have suffered a steady erosion in net asset value (NAV) and a plunge in assets under management this year as bond prices fell and rising inflation sparked worries of higher interest rates.

Data from fund tracking firm Value Research showed Wednesday the average NAV of 69 income funds, who invest in medium-term debt instruments, was 0.74 percent lower in the first eight months of 2004 compared with an average return over the same year-earlier period of 5.22 percent.

The funds returned 7.53 percent in 2003, but average NAVs have fallen in six of the first eight months this year.

Income funds' assets under management plunged 57 percent to 142.38

billion rupees (\$3 billion) between Jan 31 and July 31, Value Research data shows, as investors took shelter in relatively safer instruments, such as floating-rate funds, short-term debts funds and cash funds.

Income funds invest in debt, providing steady but modest returns compared with equity funds, which provide less predictable returns.

Income funds tend to be popular with retired people, but have attracted increasing investment from younger people seeking to diversify their portfolios.

Financial markets have been unnerved by worries the central bank might raise interest rates from a three-decade low of 6 percent to fight inflation, although analysts said authorities might be reluctant to tighten monetary

policy in case it jeopardises economic growth.

Annual wholesale price inflation in Asia's fourth-largest economy surged to 7.96 percent in the year to August 7, due to higher fuel and commodity prices, tracking global trends.

At the start of the year, income funds made up more than a fifth of India's growing mutual fund industry, which has about \$32 billion under management.

For about two years to November 2003, India's central bank cut interest rates by two percentage points to boost demand and support a nascent economic recovery. This prompted a bond market rally at a time when equities were slumping globally.

US may banish foreign banks suspected of laundering

AFP, Washington

The United States moved Tuesday to banish from the country two foreign banks suspected of helping the Iraqi regime of Saddam Hussein, before its ouster last year, launder money siphoned from the UN oil-for-food program.

The Treasury Department formally designated Infobank of Belarus and First Merchant Bank, operating in the Turkish-controlled northern part of Cyprus, as institutions of "primary money laundering concern," which effectively shuts them out of the US financial system.

The designation means the targeted banks cannot maintain any correspondent accounts in the United States, a key tool for conducting business in the country.

In addition, US banks have been instructed to keep an eye out for

attempts by the two targeted banks to get access to the American market through intermediaries.

"Today's designation alerts the global financial community of the threat posed by these entities," Treasury Undersecretary Stuart Levey said in a brief statement. "It also serves notice to others that there will be significant consequences for institutions that launder tainted money or engage in similar corruption: we will cut you off from the US financial system."

The action against Infobank is seen as a implicit warning to Belarus President Alexander Lukashenko, who is reported to have close ties to people running the privately-owned bank his government licensed to engage in foreign exchange transactions.

US officials believe Infobank was at the heart of a scheme run by Saddam Hussein and his closest associates to use the oil-for-food program to extract

bribes from foreign contractors, impose illegal surcharges on them, and plainly smuggle out oil in violation of UN sanctions.

The former Baghdad regime was able to pocket that way 10.1 billion dollars between 1997 and 2002, according to US congressional estimates.

Infobank helped the government of Saddam launder these profits through several other foreign banks and shell corporations, treasury officials said, and then return them to the Iraqi government which used the proceeds to purchase weapons or finance military training.

First Merchant Bank has been used as a conduit for the laundering of fraudulently obtained funds, the officials said.