

Raw material dearth holds back drug export potential

Industry cries for active pharmaceutical ingredient park

JASIM UDDIN KHAN

Dearth of basic raw materials holds back the annual \$500 million export potential of Bangladeshi medicines, industry people said.

An active pharmaceutical ingredient (API) park for manufacturing basic raw materials along with an effluent treatment plant (ETP) and a drug testing laboratory (DTL) can tap the potential stemming from the World Trade Organisation (WTO) deal on medicines, they added.

Under the deal, least developed countries (LDCs) will be able to

produce drugs without patents until 2016. But at the same time, no developing and developed countries can supply raw materials of patented drugs from January 2005 to other countries.

Among the 32 LDCs, Bangladesh has the strongest base to manufacture pharmaceutical products, although the country has to import around 70 percent of the basic raw materials. India, China, Italy and Germany are the major sources of Bangladesh's pharmaceutical raw materials.

"So, it's high time the government took steps to establish an API park to

produce basic raw materials locally," President of Bangladesh Association of Pharmaceutical Industries (Bapi) SM Shafiuzzaman said.

He said initiatives to establish the API park are facing bureaucratic tangles despite the fact that Prime Minister Khaleda Zia has asked the authorities concerned to establish it immediately.

The Board of Investment (BoI) has initiated a step to establish an API park at a place adjacent to the Leather Industry Park in Savar. But the progress is not significant, said Shafiuzzaman.

The local manufacturers exported pharmaceutical products worth US\$21.26 million in the fiscal 2004-05 with a whopping 67 percent growth over the previous fiscal year.

The pharmaceutical products were exported to 62 countries including Germany, Malaysia, South Korea, Hong Kong, Iran, Taiwan and Thailand.

Sources said the local industry is growing fast as currently a total of 164 pharmaceutical companies are in operation while 68 companies have registered with the BoI to start business.



New MD of Continental Ins

Md Hashmat Ali recently took over as the new managing director (MD) of Continental Insurance Ltd.

Prior to this new assignment, he was the MD of Prime Insurance Company Ltd, says a press release.

A fellow of the Chartered Insurance Institute of London, UK and the Federation of Insurance Institutes of Mumbai, India, Ali started his insurance career with the then Pakistan Insurance Corporation in 1970.

Pakistan's FDI to double this year, says PM

REUTERS, Hong Kong

Pakistan attracted a record \$1.5 billion of foreign direct investment in the fiscal year to June 2005 and is aiming for double that amount this year, Prime Minister Shaukat Aziz said Friday.

"Next year's target is over \$3 billion. It is doable and privatisation will help," Aziz told reporters during a visit to Hong Kong to meet investors.

A total of 11 potential bidders have been allowed to participate in the privatisation of two state-run oil companies following the successful sale of a stake and transfer of management control in Pakistan Telecommunication Co. Ltd.

Aziz did not give a timeframe for the oil firm sale.

The 26 percent stake in Pakistan Telecommunication Co bought by Emirates Telecommunications Corp for \$2.59 billion in June represented Pakistan's biggest privatisation to date.

US trade deficit up

AP, Washington

America's trade deficit increased sharply in June as surging oil prices pushed petroleum imports to an all-time high. The politically sensitive deficit with China also set a record.

The Commerce Department reported that the imbalance between what America sells abroad and what it imports rose to \$58.8 billion in June, an increase of 6.1 percent from the May deficit of \$55.4 billion.

So far this year, the trade deficit is running at an annual rate of \$686 billion, 11 percent higher than last year's all-time record of \$617.6 billion. The trade performance has presented President Bush with a political headache as critics have charged that the soaring imbalance represents the failure of the administration's free trade policies.

The June deficit came as U.S. exports of goods and services rose by \$52 million to a record of \$106.8 billion, reflecting higher sales of telecommunications equipment, aircraft engines and chemical fertilizers.

Imports, however, rose a much larger \$3.44 billion to also set a record at \$165.7 billion, reflecting an increase in both the price and volume of petroleum shipments and higher imports of toys, clothing and other consumer goods.

Pakistan to boost export of dates to Bangladesh

2-day dates show kicks off in Dhaka

BDNEWS, Dhaka

Pakistan has taken up a massive step to boost its date exports to Bangladesh, eyeing the ensuing Ramadan.

As part of its efforts, Pakistan High Commission here in collaboration with its Export Promotion Bureau has organised a two-day exhibition titled "Third Pakistan Dates Show 2005" at Hotel Sheraton in Dhaka.

Commerce Minister Altaf Hossain Chowdhury yesterday inaugurated the show participated by eight major date exporters of Pakistan.

On the sidelines of the exhibition, the exporters will sit with the major local importers, including the local chain stores.

Usually demand for fresh dates and dates, locally known as khejur

and khorma, shoot up significantly in the month of Ramadan.

The items are mainly imported from Dubai. Pakistan has a small share in the local date market until now.

Qadir Bux Khan Mari, proprietor of Qadir Dates Fruit Farms of Pakistan, said, "Bangladesh is a very good market for us. Every year our export of dates is doubling."

However, local importers are not enthusiastic about Pakistani dates.

"Price of Pakistani date is higher than that of other countries due to freight fare structure and tariff rate of our government," said Muhammad Yasin, proprietor of YRS International at Sutrapur, Dhaka.

"We have requested the Pakistan International Airlines (PIA) for reducing the freight charge, which is 40 cent per kg at present," he said.

"Due to higher dollar exchange rate, it will be difficult for us to import dates from Pakistan this year if the government does not change the import duty structure," Yasin feared.

Date importers presently have to pay over 90 percent duties for importing dates according to Yasin, a major importer of dates in the country.

Marketing Manager of Agora Super Stores Shams said Pakistan's date export to Bangladesh is marking a steady growth from last year. Pakistan supplies quality dry dates (khorma), he added.

According to official figure, dry date exports from Pakistan are experiencing a hundred percent growth. In FY2003-04, it exported dry dates worth \$9,915 that shot up to \$21,799 in FY2004-05.

Asia's forex reserves up

REUTERS, Singapore

Asian holdings of foreign exchange reserves, excluding China's rose \$1.7 billion in July to total \$1.87 trillion, central bank figures showed.

China releases reserves data at the end of each quarter, so its figures for July are unknown.

China's reserves grew \$101 billion in the first six months of 2005 to \$711 billion, taking Asia's total to \$2.58 trillion at the end of June.

Analysts said foreign money flows into Asia had slowed in the past three to four weeks, even after China and Malaysia scrapped their dollar pegs and floated their currencies last month and raised market expectations of further appreciation in the yuan and ringgit.

The yuan has gained a mere 0.1 percent since being revalued by 2.1 percent to 8.11 per dollar on July 21.

Excluding China, total reserves in the rest of Asia have fallen in four of the past seven months. Many of the regional central banks had intervened to sell dollars in the first half of the year as a strengthening US economy pushed up the dollar.

Japan and Indonesia suffered falls in reserves in dollar terms in July.

India and Malaysia, the latter's market being a major target for speculators betting on ringgit appreciation, saw the biggest rise in reserves.

In April 2005, China used \$15 billion of foreign exchange reserves to inject capital into Industrial and Commercial Bank of China. In December 2003, China used \$45 billion of reserves -- about 10 percent of its holdings at that time -- to bail out Bank of China and China Construction Bank. Those funds are not included in this figure.

| LATEST FOREX RESERVE HOLDINGS | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|
| Country | Reserves \$bn | As at | End-2004 \$bn | Pct change |
| Japan | 839.38 | Jul 31 | 844.54 | -0.61 |
| China | 711.00 | Jun 30 | 609.90 | +16.58 |
| Taiwan | 253.56 | Jul 31 | 241.70 | +4.91 |
| South Korea | 205.70 | Jul 31 | 199.07 | +3.33 |
| India | 140.60 | Jul 29 | 131.18 | +7.18 |
| Hong Kong | 121.90 | Jul 31 | 123.60 | -1.38 |
| Singapore | 116.29 | Jul 31 | 112.80 | +3.09 |
| Malaysia | 78.70 | Jul 29 | 66.70 | +17.99 |
| Thailand | 48.40 | Jul 29 | 49.80 | -2.81 |
| Indonesia | 32.11 | Jul 22 | 36.32 | -11.59 |
| Philippines | 17.67 | Jul 31 | 16.03 | +10.23 |
| Pakistan | 12.61 | Jul 30 | 11.96 | +5.43 |
| Bangladesh | 2.83 | Jul 31 | 3.22 | -12.11 |
| Total | 2,580.71 | | 2,446.82 | +5.40 |

STAR GRAPHICS

US panel seeks scrutiny of fundraising by China firms

REUTERS, Washington

US regulators must tighten scrutiny of Chinese state-owned firms that plan to raise funds in American markets to protect investors, members of key Congressional advisory panel said Thursday.

Richard D'Amato, chairman of the US-China Economic and Security Review Commission, said an expected new wave of Chinese listings posed a threat of a "China bubble" that would burn investors like the earlier technology share meltdown.

Chinese state-owned enterprises had a reputation for poor transparency and accountability, including big state banks expected to seek listings in Hong Kong and New York, he said.

"I am concerned that US investors may not have sufficient information to make informed decisions about the risk of these investments," said D'Amato, whose commission

advises Congress on economic and security aspects of US-China relations.

"Are we going to ratify the system as it exists? Are we going to help reform it?" he said. One proposal floated by the commission was to have the Securities Exchange Commission scrutinise Chinese corporate governance and associated risks.

The commission hearing on China's activities in global capital markets came a week after Chinese oil producer CNOOC Ltd abandoned a \$18.5 billion bid to buy the US energy firm Unocal Corp in the face of bitter congressional opposition.

The CNOOC bid, which critics argued represented a Chinese government subsidised effort to capture scarce oil reserves that threatened US security, added heat to a summer of friction with China over textile trade and exchange rates.

The commission, which came out

strongly against the CNOOC transaction, was relatively reserved on Thursday in examining China's banking system.

"As these banks list publicly, (non-market) behaviour needs to be monitored, and at the very least, investors deserve complete disclosure of the non-market forces at work," said Commissioner Michael Wessel.

Key witnesses said China was moving in the right direction in reforming its weak, debt-laden banks by pressing them to meet international capital market standards.

China has been racing to overhaul state banks, including the Industrial and Commercial Bank of China, Bank of China and China Construction Bank, through planned listings and foreign tie-ups to prepare for the partial opening of the domestic banking market in late 2006 under China's World Trade Organisation pledges.



PHOTO: STAR

A section of visitors crowds a stall at Abasan Mela (BD-Red Fair)-2005 at Chittagong Engineers Institution yesterday, the second day of the fair. The three-day show ends today.

Huge crowd throngs housing fair in Ctg

BDNEWS, Ctg

A large number of people thronged the housing fair at Chittagong Engineers Institute yesterday, the second day of the three-day fair.

The organisers were very happy to get huge response from the prospective buyers. Most of the buyers were interested in buying plots than flats.

The Bangladesh Real Estate Directory (BD-Red) has organised the fair in the port city for the fourth time.

Yasin Khan, executive director of BD-Red, told the news agency that more than 150 plots and 20 flats were booked at the fair until yesterday afternoon.

Abdullah Al Harun, director of Darus Salam Development Project Limited, a Chittagong-based housing company, which took part in the fair, said 40 plots of the company were booked so far.

Amin Mohammad Group of Dhaka has so far got booking of 22 plots, an official of the company said.

Amin Mohammad Group, IDLC of Bangladesh, Ideal Home Builders, HSBC, Berger Paints, Asian Paints and RK Ceramics are the co-organisers of the fair.

Top real estate companies and construction material producing firms are participating in the fair in 58 stalls. The fair will remain open from 10am to 8pm today.

Minister for Fisheries and Livestock Abdullah Al Noman is expected to attend the concluding ceremony today.

Bankruptcies in Japan fall

REUTERS, Tokyo

The number of Japanese corporate bankruptcies fell 8.8 percent in July from a year earlier to 1,024 cases, helped by healthy corporate earnings and strength in the economy, a research firm said Friday.

Bankruptcies had shown a year-on-year rise for the first time in 34 months in the previous month, Tokyo Shoko Research said.

"Past data show that once a continuous decline in the number of corporate bankruptcies snaps, a cycle of continuous rise likely begins," Tokyo Shoko said in a statement.

"We feared this would be the case in July too, but overall strength in the economy helped limit bankruptcies," it said.

Governmental assistance has also helped curb bankruptcy cases among small-and mid-sized companies, it said.

The total debt of firms that failed in July fell 16.9 percent from a year earlier to 478.94 billion yen (\$4.37 billion).

Economists say healthy capital spending and consumption, along with a brighter picture for exports, suggest a sustained recovery is finally under way.

Japan's economy grew by a less-than-expected 1.1 percent on an annualised basis in the April-June quarter, figures showed on Friday. It was however the third straight quarter of growth in gross domestic product.

SkodaAuto India to export cars to Bangladesh

BDNEWS, Kolkata

In the wake of a capacity expansion at its plant, SkodaAuto India is planning to send cars from its Indian manufacturing plant to Bangladesh next month.

Imran Hassen, managing director of Skoda India, said the company plans to put in place dealerships in Bangladesh and Nepal.

Hassen, who was in Chennai in connection with the opening of a new dealership, declined to disclose more about the investment. He described investments as an "ongoing decision."

Skoda's Indian plant will serve as the manufacturing hub for South Asia interests of SkodaAuto India, a fully-owned subsidiary of SkodaAuto as Czech Republic (Volkswagen

Group), one of the premium automobile manufacturers in Europe.

The expansion will be supported by doubling capacity of the plant in Shendra, near Aurangabad, to 30,000 units a year.

The enhanced capacity will be designed to meet the needs of the technology used in the company's forthcoming car launches.

Hassen said the new capacity would not be used for Skoda's existing Octavia range of vehicles.

SkodaAuto has been operating in India since 2001.

Skoda has lined up three vehicles to launch this year. One of them will be a "very new product," said Hassen adding that it would use different platform and technology for the car.

India's car sales down

PTI, New Delhi

Car sales dropped for the second month in a row in the Indian market this financial year and third time in 2005, going down 10.65 percent in July at 63,084 units against 70,606 units in the same month last year.

According to figures released by the Society of Indian Automobile Manufacturers (SIAM), as many as eight of the eleven carmakers, including heavyweights Maruti Udyog, Tata Motors and Hyundai India, saw numbers going down due to a variety of negative factors.

"One needs to understand whether this trend will continue or this is a temporary phenomenon, because of the twin factor working in this market since April 2005, namely introduction of VAT and implementation of new emission norms," SIAM said.

Notably, Tata Motors had said that its sales in July were hit hard due to the heavy rains and subsequent floods in Maharashtra and Gujarat, which are among the major markets for all carmakers.