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Raw material import limit forces Beximco Pharma to cut output

JASIM UDDIN KHAN

Beximco Pharmaceuticals, the country's second largest drug maker, has been forced to cut production and exports due to restrictions on the import of key raw materials.

The cutbacks in production are one of the reasons why the country has run short of medicines, such as oral saline solution used in the treatment of diarrhoea and the pain killer paracetamol, according to Nazmul Hassan, chief executive of Beximco Pharmaceuticals.

The company is also postponing its plans to raise fresh funds on the London Stock Exchange due to corruption allegations against Beximco Pharma's vice chairman Salman F Rahman.

"We have only been able to import one third of the raw materials we did last year as the government has instructed us to strictly comply with the limits imposed by our permits," said Nazmul Hassan who is also Secretary General of the Bangladesh Association of Pharmaceutical Industries.

He said that the current import limit had been set eight years ago but had not previously been enforced. The limit was expected to be increased in January, however this did not happen due to the political upheavals.

Instead, the caretaker government has enforced existing limits, fearing that weak controls could give rise to money laundering.

The lack of raw materials has meant production has been severely restricted.



PHOTO: BEXIMCO WEBSITE

Photo shows medicines manufactured by Beximco Pharmaceuticals. The leading drug maker says it has been forced to cut production and exports due to restrictions on the import of key raw materials.

"Beximco Pharmaceuticals' annual turnover was Tk 400 crore in the domestic market but so far sales by November have been only Tk 230 to Tk 240 crore," Nazmul Hassan said.

The production shortfall has created volatility in the local drug market, Nazmul Hassan said, pointing to the example of oral saline solution that at one stage this year shot up to Tk 105 a bottle against the usual price of Tk 35.

Nazmul Hassan admitted that

his company is facing cash flow difficulties, but said this was being managed by rationing production.

"To be frank we have to concentrate production on drugs that are more profitable," he said, pointing to medicines like Neocceptin-R, an anti-stomach ulcer treatment.

Beximco Pharma has been awarded the 'gold' national export trophy on three occasions, but the lack of raw materials has hit exports hard, with the company able to meet only 10 percent of

overseas orders, Nazmul Hassan said "Beximco has suspended export to some countries despite having orders," he said.

The company earlier estimated that it would export about Tk 200 crore drugs to 2008, but the company will not be able to fulfill the target if the situation remains unchanged.

It is not just import restrictions that have troubled Beximco Pharma this year. The company has been forced to suspend its second phase fund collection from the London Stock Exchange as the government arrested Beximco Pharma's vice chairman Salman F Rahman. His brother, another director of the company, Sohail F Rahman, has had his bank accounts frozen.

The company had planned to introduce a second phase fund collection from London Stock Exchange by December this year.

"It would be funny to try and raise funds from a European stock market while the management of the company is in prison and on the run," Nazmul admitted.

Beximco Pharma started its operation in 1980, manufacturing products under the licenses of Bayer AG of Germany and Upjohn Inc. of USA.

The company successfully floated its shares in Alternative Investment Market (AIM) of London Stock Exchange in 2005, raising Tk 142 crore.

Beximco employs more than 2,400 staff, including over 300 qualified professionals such as pharmacists, chemists, microbiologists, engineers, doctors etc.

Knitwear expo begins today

STAR BUSINESS REPORT

A three-day knitwear exhibition begins in Dhaka today in a bid to display strength and potential of the country's knit sector.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) in association with German Technical Cooperation (GTZ), Prime Bank and Bangla Cat is organising the 3rd version of the exhibition at Sheraton Hotel.

BKMEA President Fazlul Haque at a press conference in the capital yesterday said some 500 foreign buyers from USA, UK, Canada, France, Germany, Hong Kong, Pakistan, Spain and Nepal are expected to visit the show.

A total of 51 stalls have been set up to display basic knitwear, sweater and machinery at the fair titled 'Knitexpo-2007'.

The exhibition will remain open from 10am to 8pm for foreign buyers and businesspeople until Tuesday. A seminar on effluent treatment plant will also be held on the sidelines of the fair on Monday.

Chief Adviser Dr Fakhruddin Ahmed is expected to inaugurate the exposition, while Finance Adviser Mirza Azizul Islam and Energy Adviser Tapan Chowdhury will also be present.

Better govt, business contact sought to fight economic sluggishness

STAR BUSINESS REPORT

Experts suggested an improved communication between the government and the business community in order to help the economy recover from sluggishness.

"It appears that economy is facing a slowdown, whatever the reason is. We are in need of a better communication between the government and the businesspeople, which can remove the distance created between the two sides," said Syed Manzur Elahi, a business tycoon and a former adviser to the caretaker government.

He made the remarks at a function marking the inauguration of the newly established building of Bangladesh Economic Association (BEA).

BEA President Qazi Kholiqzaman Ahmad chaired the programme.

Former deputy chairman of the Planning Commission Professor Nurul Islam, Professor Musharraf Hossain, a former member of the Planning Commission, and Chairman of the Centre for Policy Dialogue Professor Rehman Sobhan also spoke on the occasion.

Elahi said export earnings and capital machinery imports have been on the downturn since July of the current fiscal year.

Import of capital machinery fell by 30 percent in the first quarter this fiscal due to a slow growth in both local and foreign investments, according to Bangladesh Bank data.

"All need to work collectively," said Prof Nurul Islam. Islam hoped that initiatives from the Bangladesh Better Business Forum might narrow down the distance and help put the economy on a right track.

He urged the BEA to publish a directory of professional economists enabling researchers and others to get their desired persons without any hassle.

"We also lack any bibliography of good quality. If anyone wants to work on Bangladesh's economic history, there will be no way," he lamented.

Islam also suggested that the BEA should set up an organisation like Dhaka School of Economics.

Prof Rehman Sobhan said establishment of a permanent building of BEA gave it an institutional shape and created an opportunity for institutionalisation of the economists' profession.

RUPALI BANK SELL-OFF

No response from Saudi buyer as deadline ends

STAR BUSINESS REPORT

The Privatisation Commission has not received any positive response from the Saudi prince to finalise the Rupali Bank sell-off deal as the November deadline ended, said commission chairman yesterday.

"If you ask me about the fate of the Rupali Bank handover deal, I will just say I have not received any positive response," said Abu Solaiman Chowdhury.

The government now will look to alternative ways for privatising the state-run bank, Chowdhury added.

Earlier in October, the commission chief announced it would cancel the sale of Rupali Bank to

the Saudi prince if he failed to complete final sales and purchase agreement (SPA) within November.

"We will wait until November. If the Saudi prince does not complete the final deal within the timeframe, the sale procedures to the prince will be cancelled," Chowdhury told reporters.

The commission has completed all formalities for handing over more than 93 percent shares in Rupali Bank at a price of US\$458 million to Prince Bandar Bin Mohammad Bin Abdulrahman Al Saud. The prince was the highest bidder in a tender last year.

When contacted, sources close to local representatives of the Saudi

prince said letters from the prince were sent to the chief adviser, finance adviser, Rupali Bank authorities and the Privatisation Commission chief a week ago. But details of the letters could not be known.

Previously, a high-level meeting of the finance ministry set July 15 deadline for the Saudi prince to respond in writing for taking over of the ownership of the Rupali Bank. The prince missed the deadline.

Earlier, the buyer missed May 31 deadline.

The trading of the Rupali Bank on the Dhaka Stock Exchange has been suspended since the first part of the last month.



PHOTO: GREEN PLANET COMMUNICATIONS

Crews of RAK Airways pose for photographs at the launch of the UAE-based airline's Bangladesh operations on Thursday.

RAK Airways debuts in Bangladesh

STAR BUSINESS REPORT

UAE-based RAK Airways started operations in Bangladesh on Thursday hoping to cash in on the increased flow of Bangladeshi workers to the Middle East.

"Traffic from Bangladesh has increased in recent days mainly due to increased flow of Bangladeshi workers to the Middle East," said SAK Ekramuzzaman, chief executive of Mohammed Aviation, the general sales agent of RAK Airways in Bangladesh.

The airline will operate on Dhaka-Ras Al Khaimah-Dhaka route three times a week, he said.

Ekramuzzaman said about 40,000 Bangladeshis now live in Ras Al Khaimah, the northern Emirate in the UAE.

"I believe it will not only carry overseas workers but also create scope for increased economic co-operations between the two countries," he said.

The RAK Airways is the last entrant in Bangladesh's aviation market. In September, the government

approved open sky policy for three airports of the country for the next three months to ease the air travel problems of Bangladeshi nationals, especially for those who have awarded jobs in Malaysia and the Middle East.

The ailing state of Bangladesh Biman, which suffers from aging fleets, poor service and delays in flights, also encouraged many airlines to enter Bangladesh market, industry experts said.

RAK Airways started operations in March 2007.

3-day textile machinery show from tomorrow

A three-day textile and garment machinery show begins at Bangladesh-China Friendship Conference Centre in Dhaka tomorrow.

CEMS (Conference & Exhibition Management Services Ltd) USA in association with CEMS Bangladesh is organising the TGTE 2007 Expo (Bangladesh Textile Garment Technology & Machinery Expo).

Companies from over 10 countries will participate in the show. Local agencies or distributors of foreign companies will also take part.

International media partners are Busyttrade.Com, Nippon Sewing Machine News Japan. Local media partners are The Daily Star, Daily Shomakal and ATN Bangla. The expo will remain open to trade visitors only from 10am to 8pm.

Pak budget deficit soars to Rs 159b

PTI, Islamabad

Pakistan's budget deficit has soared to nearly Rs 159 billion during the first quarter of this fiscal, as total expenditures stood at Rs 471.5 billion against the total revenue of Rs 312.6 billion.

The fiscal deficit reached Rs 158.9 billion against the projection of Rs 99.7 billion for the first quarter (July-September) of the current fiscal 2007-08. The deficit is almost 60 percent more than the target.

In terms of GDP, the budget deficit ballooned by 1.6 percent of GDP during the period under review, while total expenditures stood at 4.7 percent of GDP against the total revenue of 3.1 percent, The Nation newspaper reported.

Dhaka seeks free decision for LDCs' market access

STAR BUSINESS REPORT

Bangladesh's Permanent Representative to the World Trade Organisation in Geneva Dr Debapriya Bhattacharya has sought free decision for LDCs' market access along with simple and transparent rules of origin.

The Dhaka's envoy was addressing an informal meeting of the Trade Negotiation Committee (TNC) held in Geneva on Thursday.

In the meeting, WTO Director General Pascal Lamy gave a brief overview of the current status of negotiations and his perception of the future process, according to a message received in Dhaka from Bangladesh's Permanent Mission in Geneva.

23 delegates from Mexico,

Uganda, Brazil, Bangladesh, Chile, Benin, Hong Kong, China, Turkey, Paraguay, Bolivia, Chinese Taipei, EC, Japan, Norway, Indonesia, Costa Rica, USA, Jamaica, Cuba, Nigeria, India, Honduras and Argentina took part in the discussion.

Lamy presided over the discussion.

The Bangladesh representative expressed his delegation's readiness to give more time to the Chairs to finalise drafts in anticipation of better delivery, he mentioned that LDCs in general and Bangladesh in particular always stressed substance rather than being hostage to mythical deadlines.

Lamy said agriculture and non-agricultural market access (NAMA) are the gateway issues to the success of Doha Development Agenda

(DDA). The World Trade Organisation chief also gave a roadmap as to how the negotiations would progress throughout the early part of next year.

In order to produce a credible texts reflecting interests and concerns of all quarters in agriculture and NAMA, he suggested that the Chairs should come up with revised texts at the end of January 2008 so that modalities can be arrived in February 2008.

He reiterated his earlier stand that substance not the artificial deadline should lead the process of on-going DDA negotiations in order to make it more credible.

Dr Debapriya Bhattacharya appreciated Lamy for the objective assessment of the existing scenario and also for the way forward.

US, EU aim to free up trade in 'green' goods

AFP, Geneva

Solar panels, wind turbines and other "green" goods and services should face fewer tariffs and other trade barriers, the United States and European Union proposed at the World Trade Organisation on Friday.

Washington and Brussels jointly proposed that all 151 members of the WTO cut tariffs on at least 43 types of environmentally-friendly goods and services in order to boost their use worldwide.

"By eliminating tariff and non-tariff barriers to environmental

goods and services, particularly clean energy technologies, we can lower their costs and increase global access to and use of these important products," US trade representative Susan Schwab said in a statement.

"By making it cheaper and easier to trade in these goods and services the proposal would help to spread green technologies globally, especially to industrialising developing countries," the EU said in its own statement.

"Other products with a clear environmental benefit, for example goods related to waste water management and potable water

treatment, waste management, and air pollution control could be added to this list," the EU said.

The two trading powers also proposed a new WTO agreement to further open trade in green goods and services, on the basis of a complete list of environmental goods submitted by the EU and other WTO members earlier in the year.

The US said that global trade in the goods covered by the proposal amounted to around 613 billion dollars (417 billion euros) in 2006, with exports growing by an average of 15 percent per annum since 2000.



PHOTO: STAR

Shahid S Sarwar, director (International Operations) of CEMS Bangladesh, an event management company, speaks at a press conference in Dhaka yesterday to announce the schedule of a three-day textile and garment machinery show that will begin at Bangladesh-China Friendship Conference Centre in the capital tomorrow.

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