Bangladesh: next pharma hub

Incepta MD Abdul Muktadir speaks at D-8 meeting

STAR BUSINESS REPORT

Members of the Developing 8 (D-8) alliance could take advantage of Bangladesh's fast-rising, low-cost pharmaceutical industry, a sector leader said yesterday.

"Bangladesh is capable of producing high-quality products as the industry employs state-of-the-art manufacturing facilities, sophisticated quality control equipment and highly-skilled human resources," said Abdul Muktadir, secretary general of Bangladesh Association of Pharmaceutical Industries.

The country will soon become a major global source of low-cost generic medicines and vaccines, he said.

"We are capable of meeting part of the global demand as we have excess capacity thanks to heavy investment by local companies in the last few years."

Over the last three years $250 million was invested in the sector, with $1 billion expected in the next few years, according to Muktadir.

The D-8 grouping, which includes Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, Turkey and Bangladesh, will also benefit as Bangladesh will import machinery and raw materials from them, he said.

Muktadir, also the managing director of Incepta Pharmaceuticals, a leading drug-maker, said a number of pharmaceutical companies have obtained certifications from the UK, the European Union, Australia, the Gulf countries and other regulatory authorities.

By 2013, around 20 companies will receive certification from these regulatory authorities, he added.

Around 80 percent of the world's population consume generic products, with India and China being the major suppliers.

"But all countries are looking for an English-speaking alternative source, which Bangladesh can provide."

Muktadir aims to capture 10 percent of the global generic medicine market which currently stands at $180 billion.

At present 15 Bangladeshi companies are producing active pharmaceutical ingredients (API), and an API Park in Munshiganj, about 40 kilometres from the capital, is on the way, to help the sector produce at an economy rate.

About 40 API industries will be established in the plant, which will include a central effluent treatment plant and incinerator among many other facilities.

Muktadir spoke at a seminar on the pharmaceutical industry of Bangladesh, organised at the capital's Ruposhi Bangla Hotel as part of the D-8 7th Meeting of the Working Group on Industrial Co-operation.

Representatives from D-8 countries were present at the seminar.

Bangladesh is almost self-sufficient in medicine production as local companies meet about 97 percent of the national consumption.

The country spends Tk 8,048 crore annually on pharmaceutical products, with the sector's annual growth being 24.63 percent.

Bangladesh's pharmaceutical exports last year -- to 83 countries in Europe, Asia, Africa and Latin America -- stood at $52.65 million.

BANK ASIA

Md Mehmood Husain, president and managing director of Bank Asia, poses with the management trainee officers of the bank at a training course on credit at the bank's corporate office in the capital recently.

ICB

Ashique Un Nabi, executive director for marketing of BTI, a realtor, and Rahat Masood, head of consumer products in ICB Islamic Bank, sign a deal in Dhaka recently. Employees and clients of the two companies will enjoy special services.

Sept exports rise 32pc, but quarter data dismal

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Export receipts from frozen foods, the third biggest contributor in the export basket after clothing and jute, slumped 74 percent to $129 million in July-September driven by shrimps, which are shipped mainly to Europe and the USA.

"Market diversification and product diversification within the RMG (readymade garments) have become vital to achieve the export target for the current fiscal year," Rahman said.

He suggested exploring ways to boost exports to regional markets such as India, Japan and Turkey to increase exports and withstand the fallout.

Citing knitwear, he said the competitive edge of the sub-sector of the clothing industry has eroded because of problems in gas supply to the factories.

It has become important to ensure regular gas and electricity supply so that knitwear factories can cut the cost of production, Rahman said.

"Otherwise given the global financial crisis, it will be highly challenging to achieve the export growth target this fiscal year if we tend to do business as usual."

IMF cuts global growth forecasts

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At a separate press conference, Carlo Cottarelli, head of the IMF's Fiscal Affairs department, said in many advanced economies efforts to reduce debts and deficits will need to persist for many years for debt ratios to return to their pre-crisis levels.

"Efforts at controlling debt stocks are taking longer to yield results," said Cottarelli after he produced the latest edition of the Fiscal Monitor report of the IMF.

"Debt reduction is taking longer than after previous recessions, mostly due to the magnitude of the recession and the sluggishness of the recovery afterward."

In the report, the IMF observes that deficits are set to narrow in nearly all advanced economies in 2012 and 2013 even in the face of weak economic growth.

In about half of the advanced economies, cyclically adjusted fiscal deficits will be smaller next year

Bangladesh's GDP to slow to 6.1pc: IMF

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Over 70 percent of the country's exports go to the USA and the European Union, most hard-hit by the economic crisis.

Last week, Asian Development Bank also said Bangladesh's economic growth may come down to 6 percent in the current fiscal year due to sluggish exports and a decline in domestic demand.

The IMF, however, said Bangladesh's inflation would ease down to 6.9 percent this year and to 6.4 percent next year from 10.6 percent in 2011.

The prediction came from the Washington-based lender in its latest World Economic Outlook unveiled in Tokyo yesterday ahead of the IMF-World Bank 2012 Annual Meetings.

"Low growth and uncertainty in advanced economies are affecting emerging markets and developing economies through both trade and financial channels, adding to home-grown weaknesses," said IMF Chief Economist Olivier Blanchard at a press briefing.

Blanchard presented a gloomier picture for the global economy than predicted a few months ago, saying prospects have deteriorated further and risks increased.

Overall, the IMF's forecast for global growth was marked down to 3.3 percent this year and 3.6 percent for 2013.

The economist urged countries to continue with accommodating monetary policy which he said was a very powerful force for growth on its own.

"Continue with fiscal consolidation and here, our advice still holds: Don't do it too slow, don't do it too fast."

Over 10,000 central bankers, ministers of finance and development, private sector executives, academicians, and journalists have gathered at the Japanese capital to discuss global economic issues.

Pranab stresses sub-regional cooperation

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During the dialogue, the Bangladesh delegation exchanged views on issues such as demarcation of India-Bangladesh border and ratification of treaty on enclaves and the progress of the constitutional amendment on the issue.

The delegation also shared its concern on the pending Teesta Accord, which has fallen through due to the opposition from the Pashchimbanga government.

The team highlighted the importance of expeditious signing of the treaty.

Discussants also put emphasis on putting in place modalities for joint river basin management with regard to the common rivers.

The dialogue discussed the progress on various provisions of the two communiqués the two neighbours have signed since 2010.

The Indian side told their Bangladeshi counterparts that progress was being made on constitutional amendments to ratify the related treaties on the enclaves and demarcation of the unsettled segment of the borders between the two countries.

With bipartisan support the Indian side was hopeful that the proposals will be placed in the Indian parliament during the December session, according to the statement.

The delegates put forward suggestions to take advantage of the potential opportunities through operationalisation of the duty-free offer of India to Bangladesh.

The dialogue also felt there was a need to accelerate the process of implementation of the various projects that have been identified towards greater transport cooperation through rail, road and waterways between the two countries and the region.

The delegation members included Gowher Rizvi, adviser to the prime minister; Barrister Anisul Islam Mahmud, a lawmaker; Reza Ali, a member of parliamentary standing committee on planning ministry; Nazrul Islam Khan, member of BNP's standing committee; Farooq Sobhan, a former foreign secretary; AK Azad, FBCCI president; Matiur Rahman, editor of the Prothom Alo; Mahfuz Anam, editor and publisher of The Daily Star; Ainun Nishat, vice chancellor of BRAC University, M Rahmatullah, a former director of UN-ESCAP; Debapriya Bhattacharya, distinguished fellow of CPD; and Mustafizur Rahman of executive director of CPD.

The CPD and the Asian Institute of Transport Development jointly organised the dialogue.

Bangladesh seeks more cooperation in RMG trade

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BTMA President Jahangir Alamin said D-8 countries represent a sixth of the world's population.

"So we have to give focus on intra-regional trade."

Although intra-trade among the D-8 countries is not satisfactory, it has tremendous potential, said Alamin.

He said since Bangladesh is not a cotton producing country, it can procure raw cotton from the D-8 countries.

"Pakistan, Turkey and Egypt produce raw cotton," said A Matin Chowdhury, a former president of BTMA.

Bangladesh meets its total annual raw cotton demand of 3.7 million bales solely through imports.

"So we can work as a complement for each other as," he said.

Chowdhury, who is also the managing director of Malek Spinning Mills, said distance and communication barrier are proving to be the main hindrance for intra-regional trade.

"Bangladeshi businessmen are facing problems communicating with businessmen from Turkey due to language barrier."

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Shafiul Islam Mohiuddin said Bangladesh needs to focus on regional trade to make up for the global recession.

"The trade among the D-8 member countries will offset the shortfall."

Mohiuddin also called for strengthening the D-8 secretariat for the purpose of expanding trade among the member countries.

Industries Minister Dilip Barua said Bangladesh is the second largest RMG exporter of the world after China.

"The world is now facing a business cold war."

Barua said effective functioning of the D-8 secretariat can solve trade barriers among the members.

Murad Karka, secretary general of the Turkey-Bangladesh Chamber of Commerce and Industry, said the bottlenecks that are hurting the bilateral trade between Bangladesh and Turkey would be solved once the two countries ink the free trade agreement deal.

The seminar was jointly organised by BGMEA, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and BTMA, where BKMEA acting president Mohammad Hatem also spoke.

The Developing-8 comprises of Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

Bangladesh exported $821.05 million worth goods to other D-8 member countries in fiscal 2011-12, down by 20.6 percent from previous fiscal year's $1,034.54 million, according to data from Export Promotion Bureau.

Southeast Bank gets new DMDs

STAR BUSINESS DESK

Southeast Bank has recently promoted three of its executives to deputy managing directors, the bank said in a statement yesterday.

They are: SM Mainuddin Chowdhury, erstwhile senior executive vice president; Muhammad Shahjahan, erstwhile company secretary; and Giash Uddin Ahmed, erstwhile senior executive vice president of the bank.

Chowdhury joined the bank in 2008. He started his banking career as a senior officer at Bangladesh Development Bank (Shilpa Bank) in 1985 and also worked in Prime Bank.

He has an MBA in management of technology from Asian Institute of Technology, Bangkok, Thailand and completed his BSc in naval architecture and marine engineering from Bangladesh University of Engineering and Technology.

Shahjahan is an MA in political science and an LLB from Dhaka University. He also did his banking diploma from the Institute of Bankers, Bangladesh. He joined Rupali Bank as an officer in 1979, and worked in National Bank, EXIM Bank and Jamuna Bank.

JS panel finds money laundering via betel nut trade

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A section of corrupt officials of the commerce ministry are colluding with the betel nut traders over this, he added.

"Traders just change cartons after importing the betel nuts from Indonesia, Malaysia and Thailand, and export them to India, Saudi Arabia, Britain and Vietnam with Bangladeshi labels," said another member of the committee.

He said some corrupt businesspersons from India have a part to play in this irregularity, as the betel nuts are mainly exported to India where their prices are high.

The committee has asked the ministry's top officials to investigate the matter.

When asked about the names of corrupt traders, Latif, also an Awami League lawmaker, said: "We have asked the ministry to investigate and to identify the businesspersons."

Garment shipments to India soar 52pc

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"Our exports to China are growing at a faster rate compared to India because chain stores are very structured there," he said.

The BGMEA president said various controversies and a financial crisis in Lilliput Kidswear, a leading Indian buyer of Bangladeshi garments, affected Bangladeshi exporters.

With more than 210 exclusive brand outlets and six modern manufacturing units, Lilliput has an extensive network across the country. Also, it has presence in the Middle East.

Islam also said para-tariff and non-tariff barriers have eased much in recent times, especially for the apparel products.

SEC gets bigger clout to regulate market

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Thanks to these laws, the capital market will be more sustainable, accountable and transparent, she said.

The tenure of the SEC chairman and members has been increased to four years from the existing three years as per the proposed Securities and Exchange Commission (Amendment) Act-2012.

The law will also empower the stockmarket regulator to collect information from banks, insurance companies and other financial institutions on bank accounts and other records to carry out transaction-related inquiries.

Bhuiyan said any person or institution fined by the SEC can appeal to the court after paying 15 percent of the amount of fine.

The commission will be able to exchange information and cooperate with similar institutions of other countries and appoint consultants and advisers.

The Exchanges (Demutualisation) Act 2012 was approved in principle to ensure transparency, efficiency and accountability in the market. The draft law will get the final approval after vetting by the law ministry.

Once passed, the law will separate the management of the stock exchanges from their ownership.

Under the proposed law, the majority directors of a bourse, including the chairman, would be elected from independent directors.

The members of a stock exchange will not be allowed to retain more than 40 percent of the issued shares.

The bourses will also be able to raise funds from the market through initial public offering and sell shares to strategic investors.

The cabinet secretary said a similar law is in practice in around 50 countries, including neighbouring India, Pakistan and Sri Lanka.

He said the law, which is likely to be framed by December this year, would be implemented gradually in five years.

The cabinet also gave the final approval to the draft Speedy Supply of Power and Energy (Special Provision) (Amendment) Act-2012.

The cabinet extended the effectiveness of the law by two years till October 2014 to ensure uninterrupted power and energy supply in the country.

This law will be promulgated as an ordinance as parliament is not in session now, Bhuiyan said.

The cabinet also approved in principle the draft Road Fund Board Act-2012 to finance the maintenance costs of around 2.80 lakh kilometres of roads of the Local Government Engineering Division and 22,000 kilometres of the Roads and Highways Department.

According to the draft law, the fund will be raised from 21 sources, including road tax, driving licence