

Contract manufacturing brings new hope for pharma companies

SOHEL PARVEZ

Pharmaceutical companies are increasingly engaging in toll or contract manufacturing, a development that allows them to utilise unused capacities and reduce the need for fresh investment.

Toll manufacturing, ushered in by the government in the National Drug Policy 2005, is an arrangement in which a company with specialised equipment processes raw materials or semi-finished goods for another company.

Around 30 drug makers including Renata, Beximco and Popular are currently engaged in toll manufacturing for their local counterparts or even multinational companies, a sum which was less than 10 a couple of years ago.

Salim Barami, director of the Directorate General of Drug Administration, said contract manufacturing is gaining popularity as it creates a win-win situation for both parties.

Currently, some foreign companies make a certain portion of their drugs for the domestic market through contract manufacturing, which lowers their operating costs.

Contract manufacturing is mainly



BY THE NUMBERS

30 drug makers engaged in contract manufacturing

There are **257** pharma companies in Bangladesh

They meet **98%** of the local demand

Local companies enjoy **80-85%** of the domestic market of nearly **\$1.5b**

used for specialised or high-tech products, the facilities for which require considerable capital investment.

Shawkat Haider, Beximco Pharma's head of business development, said it is unfeasible for a firm

to develop facilities to make a single product.

"It is now very popular -- it provides us the opportunity to know the technology and increase our skills and capabilities."

Insiders said the scope for toll manufacturing has enabled firms, especially the newly-established ones, to better utilise their capacities as they are yet to create a strong presence in the market.

The system also becomes beneficial to those firms that do not have enough manufacturing capacity but register increased demand for drugs. "It is good for the overall industry," Haider said.

To engage in contract manufacturing, pharmaceutical firms have to take approval from the Drug Administration. Its director Barami said the permission is given only when the facilities of the interested contract manufacturers are satisfactory.

"It is better for companies to engage in toll manufacturing than to become sick," he added.

The global market for pharmaceutical toll manufacturing is worth around \$50-\$60 billion, with India being a prime destination for multinationals, according to Haider.

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Cost of govt projects rises 42pc

STAR BUSINESS REPORT

The average cost of implementing government projects has gone up 42 percent in the last five years, with the tenure for implementation going up by three years on average.

The rate of implementation of projects under the Annual Development Programme in the period was 73 percent, according to the Implementation Monitoring and Evaluation Division (IMED) and the Finance Division.

The statistics came from a keynote paper presented at the inauguration of the "Strengthening public investment management system" project, at Bangabandhu International Conference Centre in the capital. The IMED and Japan International Cooperation Agency organised the event.

AHM Mustafa Kamal, planning minister, said it was true that the cost and tenure for implementing government projects have been on the rise, which is not desirable.

Good management, a selection of projects that can play an important role in the economy, and work in a self-motivated way are necessary, he said.

An eye should be kept out on getting quick returns on the investment made, Kamal said.

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Power, infrastructure key to foreign investment

Analysts speak at seminar

STAR BUSINESS REPORT

Businesses yesterday urged the government to urgently address the gas, power and infrastructure issues to attract more local and foreign direct investment.

The call came at a daylong seminar on investment opportunities at the capital's Sonargaon Hotel, organised by the Board of Investment and inaugurated by Prime Minister Sheikh Hasina.

The seminar was attended by investors from home and abroad.

Asif Ibrahim, chairman of BUILD, a public-private initiative for policy formation, said the private sector is the country's engine for growth. "We have to encourage the private sector for more investment."

Regarding the overseas trade benefit, Shubhashish Bose, vice-chairman of the Export Promotion Bureau, said the country enjoys zero-duty benefits to 38 countries under the Generalised System of Preferences (GSP) scheme.

"So the foreign companies can come here to invest and to take the benefit of international trade."

Besides the zero-duty benefit, Bangladesh also enjoys trade advantages for some specific products to India, China, Korea, Malaysia and other countries, he said.

Atiur Rahman, governor of Bangladesh Bank, said major opportunities for foreign investors in Bangladesh exist in infrastructure, including gas and electricity generation, roads, highways and bridges, hotels and other tourism facilities.

Opportunities also exist in sectors such

as tertiary health care, light engineering, pharmaceuticals, ceramics, garment and textile, leather and leather goods and tourism.

Software and IT-enabled services are yet another promising area for foreign investors in Bangladesh, he said, while emphasising the large domestic market with a sizeable middle-class population segment.

Rokia Afzal Rahman, president of the Metropolitan Chamber of Commerce and Industry, said developing economic zones are very important for attracting local and foreign investment.

"Bangladesh has a very good investment prospect," she said, while asking the BoI for introducing a true one-stop service for investors.

Bol Executive Chairman SA Samad said the agency tried to introduce the service but failed to deliver due to non-cooperation from other agencies and departments.

Rajiv Kumar Jain, managing director of Ceat Bangladesh Ltd, a Bangladesh-India joint venture on tyre manufacturer, said: "Gas and power crises as well as political troubles should be addressed. Regarding business in Bangladesh, I can say if documents are properly submitted, registration is not a problem."

Ceat completed acquisition of 28 acres of land in Bhaluka in Mymensingh and construction of the plant will start in October.

Ceat tied up with the local AK Khan & Company to produce tyres for Bangladeshi vehicles at the \$52 million Bhaluka plant.

Govt to launch website on foreign aid

STAR BUSINESS REPORT

The government is set to roll out a database in October that gives everyone access to information pertaining to the inflow and disbursement of foreign aid, one of the few countries in the world to offer such transparency.

Dubbed the Aid Information Management System (AIMS), the database will increase aid transparency, strengthen accountability, improve aid coordination and enable more efficient aid management, said Md Mejbahuddin, secretary of the Economic Relations Division.

The disclosure came at yesterday's plenary meeting of the Local Consultative Group held at the NEC Conference Room in the capital. AIMS will also help in coordination between the government and the development partners, as they will have a single source for all data related to aid in Bangladesh, he said.

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YUNUS CENTRE

Iti Begum, 31, presents her business plan for setting up a dairy farm with Tk 307,000 during the 30th Social Business Design Lab held at Grameen Bank Auditorium in Dhaka yesterday. Iti is the daughter of a Grameen Bank borrower. Over 120 participants and observers attended the programme.

Tax fair pulls in large crowd on second day

STAR BUSINESS REPORT

The income tax fair drew a large number of taxpayers yesterday, reflecting rising popularity for such a showcase that gives people one-stop service for taxpayers.

Some 92,016 taxpayers visited the weeklong countrywide fair that logged Tk 475.39 crore in tax receipts, the National Board of Revenue said in a statement.

"I am surprised and impressed by the service here. It was beyond my expectation," Sabrina Noor, a doctor at a private hospital in Dhaka.

This was her first time visiting the income tax fair which the NBR has been organising since 2010 to motivate people to pay taxes by extending tax-related assistance to existing and potential taxpayers.

The event, which will continue in seven divisional cities and 57 districts until September 22, offers taxpayers scope to get taxpayer identification numbers online and submit tax returns on the spot without having to visit the tax offices.

Sabrina said she was visiting the fair to learn to do her taxes herself. "I want to file taxes alone, without the assistance from a tax lawyer," she said. Before that she completed online re-registration for TIN.

The NBR said 2,383 people signed up for fresh TINs yesterday, up from 1,831 the previous day. A larger number of existing taxpayers also re-registered for online TINs.

Some 16,593 tax returns were submitted yesterday, up from 13,451 the previous day, it said.

"I completed all the formalities in half an hour," said Liakat Hossain Chowdhury, a former public servant and a resident of Mirpur.

"It is good that one does not require moving from one table to another. All procedures can be completed at one place," said Mohammad Anwar Hossain, a small businessman.

The NBR logged Tk 612.34 crore in the first two days of the fair. In 2013, it raked in Tk 1,117 crore.

The fair remains open from 10am to 5pm.

Race intensifies in bike market

Honda plans to set up an \$18.48m motorcycle plant

STAR BUSINESS REPORT

Japanese auto giant Honda plans to set up a motorcycle manufacturing plant in Bangladesh to meet the growing demand in the local market.

Honda has started looking for a site for the plant, which will have an annual capacity between one lakh and two lakh units, according to a report of Nikkei Asian Review, a Japan-based business publication.

The company, which currently assembles bikes using imported parts and accessories at a plant in Gazipur, may invest about 2 billion yen or \$18.48 million in the new factory.

Honda considers setting up the plant amid prospects of accelerated infrastructure development in the country and demand growth fuelled by rising incomes, the report said.

Japanese Prime Minister Shinzo Abe visited Bangladesh this month and indicated that his government will help the country develop industrial infrastructure such as power plants, it said.

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Bangladesh to join Asian Infrastructure Investment Bank

STAR BUSINESS REPORT

Bangladesh is going to join the proposed Asian Infrastructure Investment Bank spearheaded by China, officials said yesterday.

"We want to become a member of the bank, and as part of it, a memorandum of understanding is likely to be signed with China next month," Economic Relations Division Secretary Md Mejbahuddin said.

He was talking to reporters after a meeting chaired by Finance Minister AMA Muhith at the finance ministry.

Twenty-three countries, including the USA, Japan, Kuwait, Qatar, Nepal, India and South Korea, have expressed their interest to join the bank. Its approved capital has been estimated at \$100 billion.

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Canadian activists urge their govt to support Rana Plaza victims

REFAYET ULLAH MIRDHA

More than 50 Canadian organisations yesterday requested their government to put pressure on Canadian retailers, who buy garments from Bangladesh, to donate to the Rana Plaza trust fund soon.

In an open letter, the organisations also called upon the Canadian government to match all corporate and other contributions to the trust fund, and encourage the Bangladesh government and industry associations to increase their contributions.

More than 16 months into the Rana Plaza building collapse, the trust fund has received less than half of the \$40 million needed.

"Canada must step forward, starting with a call from the federal government to Canadian retailers sourcing from Bangladesh, to contribute generously to the trust fund," said Hassan Yussuff, president of Canadian Labour Congress, in a statement.

Lynda Yanz, executive director of Maquila Solidarity Network, said: "If we fail to fill this funding gap today, many of the survivors that can no longer work and families of those killed at Rana Plaza could face a future of abject poverty, and the surviving children could be denied an education and forced to work under hazardous conditions."

So far, only one Canadian company -- Loblaw (Joe Fresh) -- of more than 130 that have apparel products made in Bangladesh has contributed to the fund, which is managed by the International Labour Organisation.

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