

DHAKA TUESDAY AUGUST 25, 2020, BHADRA 10, 1427 BS 🔵 starbusiness@thedailystar.net 🔳

### Remdesivir can rake in Tk 700cr

JAGARAN CHAKMA

Bangladesh's pharmaceutical sector could fetch up to Tk 700 crore by the end of fiscal 2020-21 from export of Remdesivir, broad-spectrum antiviral medication that has proven to be effective for the treatment of severe Covid-19 cases, according to industry insiders.

Eskayef (SK-F), Beacon, Incepta, Beximco, Healthcare and Square are producing a generic version of the drug, which was first developed by American biopharmaceutical company Gilead Sciences.

Remdesivir, initially a failed attempt to treat those afflicted with SARS or Ebola, resurfaced as a viable treatment for coronavirus infections after experiments carried out by Gilead indicated that the condition of patients who received the drug showed notable signs of improvement.

Eskayef, leading pharmaceutical company of Bangladesh, was the first drug manufacturer in the world to successfully produce generic Remdesivir, said Mohammad Mujahidul Islam, the company's director for marketing and sales.

Thanks to its classification as a least-developed country, Bangladesh was granted access to the patent to manufacture and export the drug.

As such, Eskayef already started shipping the product under its brand name 'Remivir', Islam said, adding that he sees good potential for export earnings as global demand is on an upward trend.

Eskayef is also in the process of exporting to regulated markets.

"This has certainly uplifted the image of our country in the global arena," he said, adding that Eskayef is exporting its pharmaceutical products to 45 countries across Europe, Australia, Africa and Asia.

Similarly, Beacon, another leading pharmaceutical company,

brand name 'Pandovir'. The company already shipped more than Tk 120 crore of the product to 21 destinations while 18 other countries, including some in Latin America, the Middle East and Africa, are currently negotiating for supply, said Monjurul Alam, Beacon's director for global business.

According to Alam, Bangladeshi companies should be able to export a combined total of at least Tk 700 crore of the product this

While the pandemic has had an adverse effect on other sectors, it has come as a blessing for the pharmaceutical industry as local drug makers used it to demonstrate their efficiency and quality to the international market.

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## Bangladesh still in second spot in global apparel trade

Refayet Ullah Mirdha

Officially, Bangladesh is still the second-largest garment exporter worldwide and it is expected that the country will be able to retain its second position globally because of the regular flow of work orders with the reopening of the stores in the western world.

Between January July, Vietnam, Bangladesh's main competitor in global apparel trade, exported textile and garment items worth \$16.2 billion. In that time, Bangladesh's apparel exports stood at \$15.2 billion.

This might give off the impression that Vietnam has usurped Bangladesh as the second-largest supplier of apparel in the world.

But there is a caveat: Vietnam's amount is counted for two items, textile and garments, while Bangladesh's amount is counted only on one item, garment.

So, Bangladesh is still far ahead of Vietnam in terms of garment export worldwide and still the second-largest exporter.

"You are not comparing apples with apples but apples with oranges," said Arshad Jamal Dipu, vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

According to the latest data from the World Trade Organisation, which is of 2019, Bangladesh retained its second position in garment export, grabbing 6.8 per cent of the market share while Vietnam took 6.1 per cent.

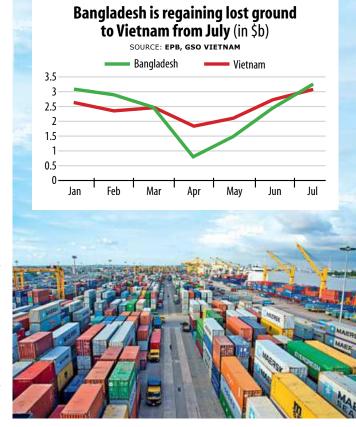
In 2019, Bangladesh exported garment items worth \$34 billion and Vietnam exported garment items worth \$31 billion, the WTO data also said.

It may be noted that Vietnam exported about \$9 billion worth 2020, so we have to wait until any other apparel exporting of textile in 2019 as per the July 2021 for the WTO data for country in the past decade. WTO report, Dipu said.

"So, if the textile export value can somehow be excluded from Vietnam's textile and clothing export, then Bangladesh would remain the second," he said.

Besides, there is no such authentic official data that proves that Vietnam has taken over Bangladesh to be the second-largest clothing exporting country.

"We are still in the middle of



#### **VIETNAM'S GARMENT AND TEXTILE INDUSTRY** Second-largest export earner >> Fetched \$39b in 2019, up 8.3% y-o-y Main export destinations are the US, the EU, >> Japan and South Korea >>> FTAs one of the major growth drivers for the country's exports >>> Has **5** FTAs at present; **3** more in negotiation

>> Low labour costs being another

However, the data that is being referred to in media reports these days to draw comparison between Bangladesh and Vietnam is a

misleading comparison.

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Even if Vietnam takes over Bangladesh in the near future, it should not be a matter of surprise, because Vietnam has been registering higher export growth than Bangladesh and

However, the question th may be asked is how Vietnam is being able to perform so well compared to Bangladesh.

And the answers would suggest where Bangladesh should put its focus in the coming days, Dipu said.

The BGMEA vice-president also said there was no debate on the fact that Vietnam has a better country competitive position than Bangladesh. At least the World Bank's doing business index reveals that fact.

Vietnam's industry dominated by foreign investors, which is not the case of Bangladesh, so they are ahead of in terms of technology, know-how, management efficiency and skills.

They do also need less lead time than Bangladesh since China being next door to them makes the import of raw materials easier.

Furthermore, Vietnam has gained significant progress concerning design input and the making of patterns, which is one of the key success factors for them.

to be honest, "And Bangladesh lags way behind Vietnam in this respect.

making Without considerable advancements in the areas of pattern making and design development, it would be difficult for Bangladesh to move to the next level of apparel manufacturing.

Not only that, but Vietnam's progress and maturity in the area of economic diplomacy are also commendable.

The country has already entered into free trade agreements (FTAs) and regional trade agreements (RTAs) with several trade partners including the Association of South-East Asian Nations (ASEAN) and the European Union (EU).

The recent EU and Vietnam FTA and EU Vietnam Investment Protection Agreements testify Vietnam's capability in dealing with a trade partner like the EU.

"Bangladesh has to go a long way, especially when the least-developed country (LDC) graduation is a matter of time for us and we are going to lose trade benefits.

This will put the country's exporters in a disproportionately affected situation.

"We have to improve the capacity of our industry. At the same time, we need better infrastructure to further increase country competitiveness, which can be achieved through the optimised cost of business and lead time. Those are long term steps, but we need to make progress faster."

Bangladesh diversification of markets and to draw more local and foreign investments in high-end backward linkage industries, especially textiles, and forward linkage activities like putting up design and innovation centres.

Most of all, FTAs with right trade partners will be crucial for Bangladesh to keep pace with competitors, he said.

Moreover, the rebound shows that garment exports will also fare well soon, as the work orders are coming back to Bangladesh with the reopening of the economies and stores in the Western world, Dipu added.

Between 1 and 22 August, Bangladesh exported garment items worth \$2.4 billion, which is 45.8 per cent higher than that of the same period last year, according to data from the

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# Only one insurer goes public since finance minister's warning last year

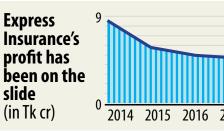
AHSAN HABIB

Only one out of the 28 non-listed insurance companies offloaded shares even though Finance Minister AHM Mustafa Kamal in September last year warned that their licences will be cancelled if they fail to go public within three months.

The Bangladesh Securities and Exchange Commission (BSEC) in February approved the initial public offering of Express Insurance, a non-life insurer that raised Tk 26.7 crore from the capital market.

"Some other companies are also trying to get listed. You may see them in the market soon," said Sheikh Kabir Hossain, president of the Bangladesh Insurance Association.





The process has been delayed as the coronavirus pandemic has thrown a spanner in the works, he added. On its debut on the Dhaka Stock Exchange yesterday,

Express Insurance's stock soared 50 per cent to Tk 15 and turnover hit Tk 13 lakh. However, questions surfaced over its intention of raising

funds as the company will utilise the IPO proceeds as deposits for bank fixed deposit receipts and investment in the stock market.

The insurer will invest Tk 20.6 crore in FDR and treasury bonds, Tk 4 crore in the capital market and spend the rest on IPO expenses.

"That means the company didn't need capital at all. It went public only to do the bidding of the minister. If they invest the IPO money in FDR and stock market, why should people go to them rather than asset management companies?" said a top official of a merchant bank asking not to be named.

This type of companies run the risk of turning into junk shares eventually, the official added.

The company's IPO subscription opening was initially scheduled for 13 April but the subscription was suspended temporarily due to the outbreak of coronavirus and market

The revised IPO subscription date was 14 June to 18 June and the IPO was oversubscribed by six times.

Express Insurance was incorporated in 2000 for carrying out all kinds of general insurance activities.

The company has 20 branches across the country. At present, its paid-up capital is Tk 65 crore. As per the financial statement for the year that ended on

31 December 2018, the company's net asset value (NAV) was Tk 18.72 per share and earnings per share Tk 1.12. Currently, 48 life and non-life insurance companies are

listed with the Dhaka bourse. In the last few days, general insurance companies listed with the bourses have been doing better.

The sector grew 41 per cent in July and was second on the top turnover list. The average daily turnover of the insurance companies was Tk 39.52 crore during the time.

Eastern Insurance topped the gainers' list last month when its price rose 154 per cent, followed by Paramount Insurance, Pioneer Insurance, Dhaka Insurance, Agrani Insurance, Provati Insurance, Asia Insurance and Pragati

## Higher jute prices make growers happy, millers concerned

Farmers are getting higher prices for raw jute after cyclone Amphan and prolonged floods damaged part of their cash crop, but millers are not happy with the price spiral, which they say will push up production costs and affect demand from buyers abroad.

In the face of speculation of huge crop losses and low yield this year, the prices of highquality raw jute soared to as high as Tk 2,600 each maund in the middle of this month.

Eventually, the Bangladesh Jute Spinners Association (BJSA) that represents jute yarn makers, who are the main export earner and consumer of jute, asked its members to buy the best grades of the natural fibre at prices not above Tk 2,300 each maund from their suppliers.

The development came at the end of last week and the prices declined.

Farmers are selling the highest quality of jute at Tk 2,300-Tk 2,350 each maund, said jute traders and industry

Jute spinners also demanded government an export duty of \$250 on each tonne of raw jute to curb shipment and meet the requirements of the local mills.

The Bangladesh Jute Mills Association (BJMA), a platform of private jute millers, also voiced concerns. On 19 August, BJMA urged

the Department of Jute (DoJ) for holding an urgent meeting with all stakeholders to take stock of production and internal requirements for the sake of keeping the jute mills up and

"The season has just begun but prices of raw jute are too high. We will not be able to sell the produce if prices go up to a very high level," said BJMA Chairman Mohammed Mahbubur Rahman Patwari.

There has been speculation of damage to a large amount of crop for floods in the northern districts. "There might not be any surplus this year," he said,



adding that mills and export of level, the cost of our products said. jute goods would not be affected if prices remain within Tk 2,300 a maund.

will increase as well. As a result, it will be difficult for us to sell our goods and this will impact "If the prices exceed that the industry in the long run," he

Farmers sowed jute on 7.26 lakh hectares this year, up 9 per cent year-on-year, according to data from the Department of

Agricultural Extension (DAE). DAE estimates that repeated floods damaged jute on more than 26,000 hectares causing

overall production situation is very bad as a huge amount of crop has been damaged," said Md Shahid

farmers a loss of about Tk 211

Hossain Dulal, a raw jute trader. Farmers produce nearly 80 lakh bales of jute annually as a cash crop to profit from bulk purchases by state-owned and private jute mills as well as raw

jute exporters. This year, the Bangladesh Jute Mills Corporation (BJMC) is not buying the natural fibre as the government has shuttered all the 25 state-owned jute mills to

get rid of continuous losses.

Private millers and raw jute exporters are the only buyers now: private mills consume nearly 50 lakh bales of raw jute to make yarn/twine, sacks and hessian products, mainly for the export market, while 14 lakh bales of raw jute are exported 2019-20.

BJMA Chairman Patwari said they are not in favour of banning the export of raw jute but the government should take measures to create a win-win situation for all.

"We want all in the value chain to make a profit," he said. BJSA Chairman Md Zahid

Miah echoed the same, saying that floods damaged 25-30 per cent of the crop and total production might be below the industrial and other domestic requirements.

Against this backdrop, excessive export would hurt local spinners and jute millers.

"We will earn some money if we sell our raw materials. But our foreign currency earnings will be higher if we export by adding value. We have no objection to exporting the surplus after meeting the domestic demand, he added.

Jute spinners use 35 lakh bales of raw jute to make exportable varn, which accounted for 64 per cent of the export receipts for the industry in fiscal year

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