UK business downturn eases in Sep

REUTERS, *London*

British services companies suffered a less severe downturn in September than first feared, reflecting a surprise fall in inflation and the Bank of England's decision to leave interest rates on hold, a business survey showed on Wednesday.

The final reading of S&P Global UK Services Purchasing Managers' Index (PMI) fell in September to 49.3 from 49.5 in August, falling further below the 50 threshold for growth.

While marking an eight-month low, it was much better than a preliminary "flash" reading of 47.2 that shocked investors and may have swayed Bank of England officials, a slim majority of whom voted to leave interest rates on hold last month.

The final PMI included responses from companies surveyed from September 20 to September 27 -- days after data showed British inflation fell unexpectedly in August, as well as the BoE's surprise rate decision on September 21.

New drug act to take pharma sector to greater heights

Hope manufacturers

JAGARAN CHAKMA

The new Drugs and Cosmetics Act 2023 will help the pharmaceuticals sector of Bangladesh get rid of adulterated and substandard medicines and climb to the next heights, manufacturers say.

The inclusion of rigorous punishment for offences will also be beneficial, they say. In the Drugs (Control) Ordinance 1982, there was no clause for punishment for adulteration of medicines.

On September 6, the parliament passed the Drugs and Cosmetics Bill 2023, replacing the ordinance, a development that manufacturers think will brighten the image of the pharmaceuticals sector tipped to be a major global hub for high quality, low-cost generic medicines.

The Act has provisions for life imprisonment for those found guilty of manufacturing, stockpiling and selling contaminated drugs.

It covers cosmetics whose production and distribution will be regulated and contains provisions to control the use of antibiotics, whose misuse is believed to be rife in the country.

New clauses have been included about the use of medical devices.

A fine of Tk 20,000 will be slapped for selling medicines without a doctor's prescription. If a drug store sells medicines without a licence, sells government medicines, and imported ones without approval, a 10-year imprisonment or Tk 10 lakh in fine or both could be handed.

The Ordinance had handed a maximum fine of Tk 50,000 and a three-year rigorous imprisonment for the import of drugs or pharmaceutical raw materials without regulatory consent.

Bangladesh now has a vast pharmaceuticals sector with 284 registered companies catering to 98 percent of local demand. The photo was taken in Khulna city on Tuesday. PHOTO: HABIBUR RAHMAN

Up to a two-year imprisonment, a maximum fine of Tk 10,000, or both could be given if anyone is found to be selling medicines or pharmaceutical raw materials at prices higher than the maximum rates fixed by the government.

The new law contains 30 types of offences compared to six that were included in the Ordinance.

Offenders can be sentenced to life for the crimes such as the manufacturing of counterfeit and adulterated drugs as well as creating artificial shortages.

"Proper implementation of the new Act will help vanish the adulterated medicines from the market and boost the country's image," said Abdul Muktadir, managing director of Incepta Pharmaceuticals.

"Now, there will be no scope for manufacturing substandard medicines. This is the key feature of the law as the pharmaceuticals sector deals with public health." The noted entrepreneur said the new act was badly needed for the further development of the pharmaceuticals sector as it has emerged as an important industry and is winning the global market after meeting the domestic demand.

Currently, Bangladesh has a vast pharmaceuticals sector with 284 registered companies catering to the 98 percent demand of the $3.2 billion local market.

SM Shafiuzzaman, secretary general of the Bangladesh Association of Pharmaceutical Industries (Bapi), says the ordinance was a milestone in developing the pharmaceuticals sector.

"Now, if the Act is implemented properly, the pharmaceuticals sector will move to a greater height."

He suggested regulatory agencies such as the Directorate General of Drug Administration and the Directorate General of Health Services play their due roles.

Muhammad Halimuzzaman, deputy managing director of Healthcare Pharmaceuticals Ltd, says the sector's recommendations and expectations have been reflected in the new law.

"It was required for the further progress of the industry."

Local manufacturers ship medicines to 150 countries in Asia, Africa, North America, South America and Europe, according to the Bapi. But the shipment is insignificant compared to the vast manufacturing prowess.

Exports fetched $175.42 million in the financial year that ended on June 30, down 7 percent year-on-year, data from the Export Promotion Bureau showed.

Manufacturers say Bangladesh is increasingly becoming a global hub for producing quality and low-cost generic medicines since many countries don't have the facilities needed to make such drugs. Only two nations -- China and India -- along with the developed world have vast pharmaceutical manufacturing capabilities.

Forex crisis and the survival of SMEs

SALEKEEN IBRAHIM

Over the past few years, the global economy and the international trade system have experienced a number of extensive shocks, which have had a critical impact on our SMEs. Despite speedy and remarkable support from the government for the SMEs at the time of the coronavirus pandemic, the invasion of Russia in Ukraine has brought about new threats.

The rising interest rates and the current forex instability will make debt repayments more expensive for SMEs and entrepreneurs, with many of them being heavily indebted already.

In the past nine months, Bangladesh's foreign reserves dropped significantly owing to a spike in oil and commodity prices globally.

In order to safeguard the reserves, the government had to stop all non-essential and luxury imports and reduce the supply of dollars to commercial banks. This forced banks to refuse new letters of credit (LCs), making the guaranteed payments to foreign suppliers for previous imports uncertain.

SMEs associated with import-based manufacturing and trading businesses need to open to buy foreign goods and services. So, they are facing severe financial constraints due to the forex crisis. These constraints are hampering their ability to import raw materials and technologies, affecting their production and competitiveness.

Access to finance has always been a problem for SMEs in our country. Currently, SME enterprises are facing limited access to working capital as banks tightened lending. This severely impacted their ability to fund day-to-day operations, pay salaries, and invest in growth opportunities.

If an SME suffers a continuous downward trend in revenue, it may face even closer. But does Bangladesh have the privilege to experience SMEs closing their operations at this point of economic graduation? We have to keep in mind that SMEs contribute 25 percent to the GDP and account for almost 80 percent of jobs.

Entrepreneurs will have to think contextually and according to the demands of the situation. Manufacturers that faced a sharp decline in export orders due to the forex crisis should implement cost-cutting measures, diversify their product range, and explore opportunities in the local markets to overcome the challenges and remain sustainable.

A service sector SME that experienced a decrease in customer spending should revise the business model by offering new services, targeting domestic customers, and optimising operational efficiencies to mitigate the adverse effects. It is always a call from the respective entrepreneurs at the time of survival.

In order to tackle the current crisis, the government has implemented some actions to ensure a steady supply of foreign currencies and enhance exchange rate stability. Financial support programmes targeting SMEs affected by the forex crisis have been introduced. These programmes offered subsidised loans, grants, and other forms of assistance.

To enhance export competitiveness, trade promotion initiatives, including market development programmes, export subsidies, and trade missions were initiated. These initiatives aimed to boost SME exports and diversify markets.

The government also focused on capacity-building programmes to enhance the skills and capabilities of SMEs so that they can adapt to market conditions and overcome challenges.

In order to survive, SME entrepreneurs should consider diversifying their export markets and reducing dependency on a single market. Exploring new geographic regions and adapting products to meet diverse customer needs can minimise the impact of the forex shortage.

Diversification of markets and forming strategic alliances and partnerships can provide SMEs with access to new markets, resources, and expertise to overcome the situation.

The author is a banker

World's biggest bond markets hit by relentless selling

REUTERS, *London*

An unrelenting selloff in world government bond markets pushed US 30-year Treasury yields to 5 percent for the first time since 2007 and Germany's 10-year borrowing costs to 3 percent on Wednesday, moves that could hasten a global economic slowdown.

A growing sense that interest rates in major economies will stay higher for longer to contain inflation, ever resilient US economic data and a sharp unwinding of traders' positions for a bond rally have hit hard.

In the US Treasury market -- considered the bedrock of the global financial system -- 10-year yields have soared almost 30 basis points (bps) to 4.8 percent this week alone, and are up almost 100 bps this year, having jumped over 200 bps in 2022.

Thirty-year US yields on Wednesday touched the 5 percent psychological level for the first time since the global financial crisis, and Germany's 10-year Bund yield hit 3 percent, a fresh milestone in a market where yields were negative in early 2022.

With the rout spreading, Australian and Canadian 10-year bond yields have surged over 50 bps each so far this week, and British 30-year government bond yields hit a fresh 25-year high above 5 percent on Wednesday.

"If the rapid rise continues it will hit risk appetite more clearly, you will see bigger drops in equity markets, bigger rises in spreads, and that should then stop the move as you will have safety flows coming back," said Nordea chief markets strategist Jan von Gerich.

Saudi Arabia, Russia to continue voluntary oil output cuts

REUTERS, *Dubai*

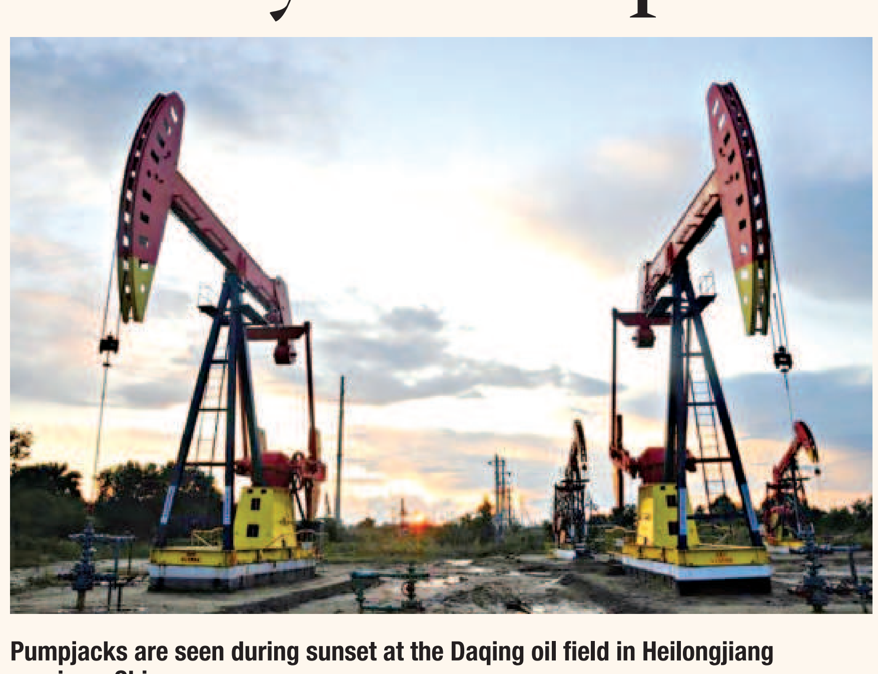
Saudi Arabia and Russia on Wednesday said they were continuing voluntary oil cuts to year end as tightening supply and rising demand support oil prices.

The Saudi and Russian statements come hours before a ministerial monitoring panel of the Opec+ group of leading oil producers convenes online later on Wednesday.

The panel, called the Joint Ministerial Monitoring Committee, can call for a full Opec+ meeting if warranted but sources have told Reuters it is unlikely to tweak current oil output policy.

Oil prices continued a downward trend directly following the news with Brent futures falling $1 to $89.92 a barrel but they were trading at $90.40 a barrel by 0854 GMT.

Opec+, which comprises the countries of the Organization of the Petroleum Exporting Countries (Opec) and leading allies including Russia, has been cutting output since last year in what it says is



Pumpjacks are seen during sunset at the Daqing oil field in Heilongjiang province, China. PHOTO: REUTERS/FILE

preemptive action to maintain market stability.

The US and Western allies have argued that the world needs lower prices to support economic growth and the global economy.

Saudi Arabia, the Opec de facto leader, said it would continue with its voluntary oil output cut of one million barrels per day (bpd) for the month of November and until the end of the year and that it would review the decisoin again next month.

The kingdom's production for November and December will be approximately 9 million bpd, the energy ministry said in a statement.

"This voluntary cut decision will be reviewed next month to consider deepening the cut or increasing production," the statement said.

Saudi Arabia first implemented the additional voluntary cut in July and has been renewing it monthly.

It said in September the cut would last until year end but would be reviewed on a monthly basis.

Russia in August said it would reduce exports by 300,000 bpd until the end of this year.

The Saudi and Russian additional voluntary cuts come on top of April cuts agreed by them and several Opec+ producers, which extend to the end of 2024.