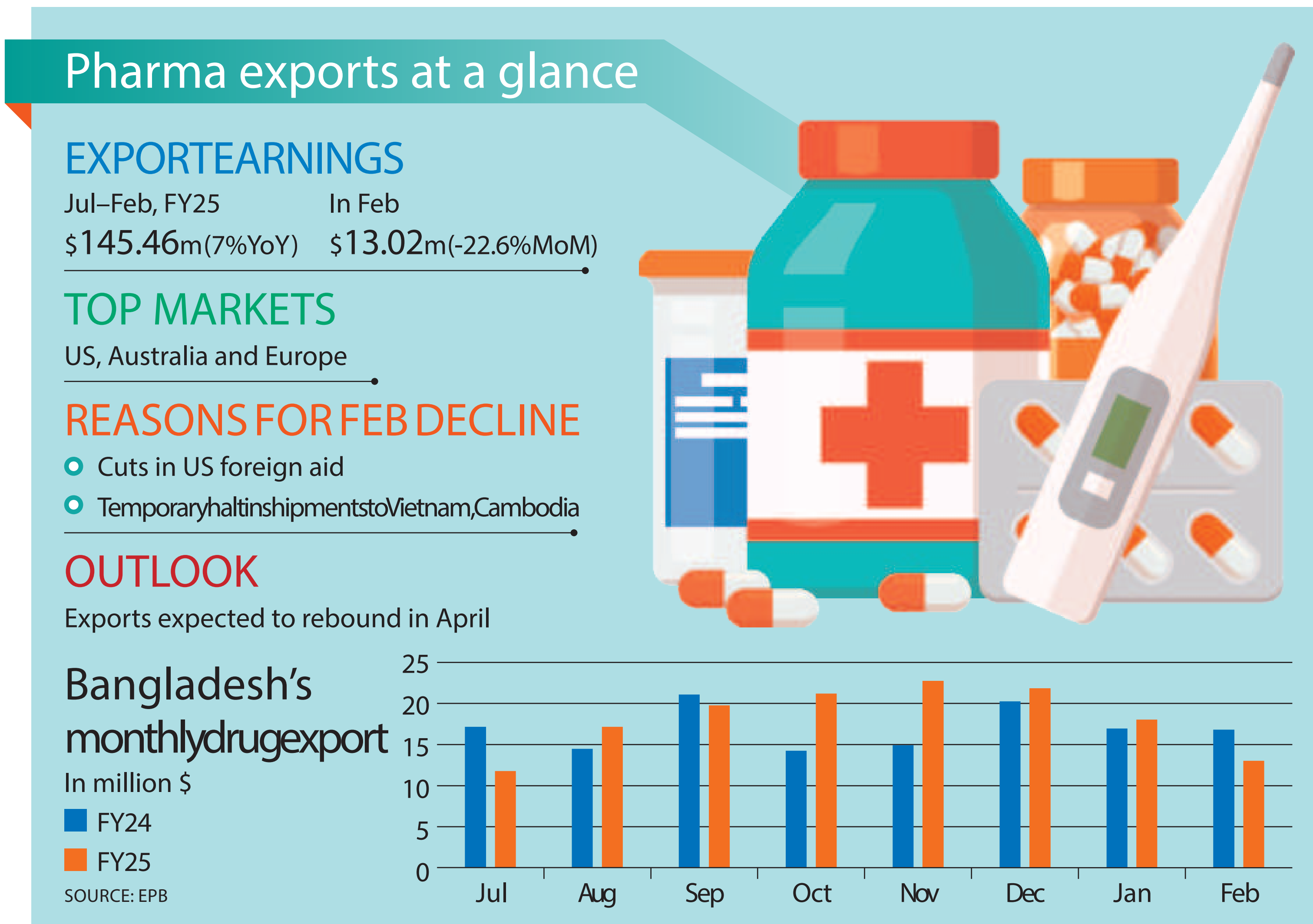
Pharma exports rise, but Feb slump raises eyebrows



JAGARAN CHAKMA

Bangladesh's pharmaceutical exports posted steady growth in the first eight months of the current fiscal year, buoyed by rising demand from developed markets, though a sharp decline in February raised concerns, industry experts said.

The sector earned $145.46 million from July to February of fiscal year (FY) 2024-25, a 7.1 percent increase from $135.81 million in the same period a year earlier, according to data from the Export Promotion Bureau (EPB).

Industry insiders attributed the growth to the increasing popularity of Bangladeshi pharmaceuticals in key Western markets, including the United States, Australia and Europe.

In February alone, the sector generated $13.02 million, lower than the $16.81 million recorded in the same month of the previous fiscal year, marking a 22.6 percent decline.

The drop was largely driven by recent cuts in US foreign aid and a temporary halt in medicine shipments to Vietnam and Cambodia, where business activities slowed during New Year celebrations, industry insiders said.

"Our exports have grown due mainly to increasing orders from the US, Unicef and the World Health Organization," said Muhammad Zahangir Alam, chief financial officer at Square Pharmaceuticals, one of Bangladesh's leading drug manufacturers and exporters.

Regarding the February decline, he said month-to-month fluctuations in shipments are common and depend on the timing of export orders.

"We have long-term agreements in place to supply products to our buyers, so such fluctuations do not largely impact our exports," he added.

Alam also said that Square Pharma does not accept export orders on credit from new buyers as part of its policy to ensure payment security.

Mohammad Ali Nawaz, chief financial officer at Beximco Pharmaceuticals Ltd, said export orders have remained steady, with continuous direct supply to the US government.

"During the first eight months of the current fiscal year, we have received strong export orders, including from developed markets such as the US, South Africa and Australia," he said.

Nawaz noted that the company's export orders have been growing consistently, reflecting a positive trend in international business.

"This steady growth in exports is a strong indication of the company's resilience and adaptability in a competitive global market," he said.

Monjurul Alam, chief executive officer of Beacon Medicare Ltd, a unit of Beacon Pharmaceuticals, said that although EPB data shows sluggish exports in recent months, pharmaceutical shipments are actually rising.

He explained that shipments usually slow in January and February, as exports to Vietnam and Cambodia, two key importers, pause during this period.

"This seasonal slowdown explains the slight drop in February export figures," he said.

EPB data shows pharmaceutical exports fell 22.6 percent in February from January.

Alam expects exports to rebound in April as shipments to Vietnam and Cambodia resume. "There is no reason to be concerned about negative figures for one or two months of shipments," he said.

While pharmaceutical export figures are not large, they are important for the country's image and the industry, he added.

Ananta Saha, international business manager at Renata Ltd., echoed Alam's sentiments, saying export orders have remained steady.

However, he noted that export growth has not been as fast as expected.

Despite the slower pace, Renata remains optimistic about its long-term international business prospects, he added.

The case for Incepta Pharmaceuticals Ltd. is different, as the impact of US aid cuts directly affected its exports.

Arefin Ahmed, executive director at Incepta Pharmaceuticals, said the company was significantly affected by the recent cancellation of US aid funding.

"We regularly supply a large quantity of medicine to several countries, including Bangladesh, under the US aid programme. However, the sudden cancellation of this funding forced us to cancel two major vaccine shipments," he said.

The canceled shipment comprised 2 million injection doses worth $2 million.

Ahmed said USAID has been a loyal customer of Incepta, which is Bangladesh's second-largest generic pharmaceutical producer after Pfizer, the U.S.-based pharmaceutical giant.

The unexpected cancellation disrupted operations, affecting both revenue and the company's commitment to supplying critical medicines, he said.

Apex Footwear's Manzur Elahi buys 50,000 shares

STAR BUSINESS REPORT

Syed Manzur Elahi, a sponsor director of Apex Footwear Ltd, has purchased 50,000 shares of the leading footwear maker, the company said yesterday.

Elahi expressed his intention to buy the shares on January 22 this year through the Dhaka Stock Exchange (DSE) at the prevailing market price.

After the purchase, Elahi, also the chairperson of the company, now holds a 7.34 percent stake in Apex Footwear, up from 7 percent earlier, according to Apex Footwear's annual report for the 2023-24 financial year.

The company's earnings per share rose 29.83 percent year-on-year to Tk 3.83 in the July-December quarter of 2024, according to its unaudited financial statements.

However, its net operating cash flow per share fell 14 percent year-on-year to Tk 71.34 in the same quarter.

Apex Footwear's share fell 0.97 percent to Tk 204.9 yesterday from the last trading session at the DSE.

Hami Industries to rent out factory space in Chattogram

STAR BUSINESS REPORT

Hami Industries PLC has signed an agreement with Lubricant Asia Limited to lease out 6,752 square feet of space from its factory in Fouzderhat Heavy Industrial Area of Chattogram for two years.

The company will charge a rent of Tk 20 per square foot, effective from March 1 this year, according to a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

Hami Industries, formerly known as Imam Button Industries Ltd, manufactures buttons for exporting apparel units.

Following the announcement, shares of the company fell 5.38 percent to Tk 93.3 at the close of trading on the DSE.

Hami's product range includes horn, pearl, polystar, chalk, engraved logo, and fancy buttons. The company rebranded as Hami Industries PLC in March 2024.

Founded in 1996, the company is headquartered in Dhaka.

Vessels face delays as feud over handling charges drags on

DWAIPAYAN BARUA

Container handling at six jetties under Chattogram port's general cargo berth (GCB) remains disrupted as berth operators continue slowing down operations amid an unresolved dispute with shipping agents over onboard container handling charges.

The standoff, ongoing for over two months, has forced vessels to stay longer at the terminal, delaying import discharge and export shipments.

After repeated meetings failed to resolve the issue, the Chittagong Port Authority (CPA) has sought intervention from the shipping ministry.

CPA Secretary Md Omar Faruk, in a letter to the ministry on March 6, urged immediate steps to ensure a logical increase in handling rates for smooth port operations.

The dispute began in early January when berth operators proposed raising the onboard handling charge, which shipping agents opposed.

Currently, shipping agents pay berth operators Tk 559.53 per container for onboard handling.

In January, berth operators demanded a $5 increase per container, citing rising operational costs, wages, and other expenses.

"We haven't raised rates since 2007, and it is no longer viable to continue at the old rate," said Fazle Ekram Chowdhury, president of the Berth Operators, Ship-Handling Operators, and Terminal Operators' Owners' Association.

However, Bangladesh Shipping Agent Association (BSAA) Chairman Syed Md Arif termed the demand illogical, noting that berth operators have been increasing charges by 10 percent annually on 40 percent of the total handling fee since 2016.

As their demand was unmet, berth operators reportedly adopted a go-slow tactic by deploying fewer workers and trailers than required.

Typically, two gangs of workers and at least 12 prime movers are needed to handle containers from a vessel with two onboard cranes.

But operators are currently providing only half, slowing operations. Last week, at least four vessels faced extended stays.

The vessel Express Lhotse, carrying 1,300 twenty-foot equivalent units (TEUs) of imports, berthed at Jetty No. 13 on March 4 and was scheduled to depart on March 7.

However, 100 TEUs of imports were still to be unloaded as of yesterday noon, said Md Saiful Islam, head of the Chattogram branch of the vessel's agent, Sea Consortium Ltd.

With around 1,000 TEUs of export cargo yet to be loaded, he feared the vessel would miss its connection with a mother vessel bound for the US and UK, scheduled to leave Colombo on March 13.

"Though it's a dispute between two parties, we sought the ministry's intervention for a quick resolution," said CPA Secretary Faruk.

Trump signs order for 'Strategic Bitcoin Reserve'

AFP, *New York*

US President Donald Trump signed an executive order Thursday establishing a "Strategic Bitcoin Reserve," forcefully endorsing a currency once shunned as a tool for money launderers.

The government stockpile, which backers liken to a "digital Fort Knox," will be composed of digital currency seized in US criminal proceedings, said David Sacks, the White House's crypto "czar," emphasizing in a social media post that Thursday's move made good on a Trump campaign promise.

The use of these assets "means it will not cost taxpayers a dime," Sacks said in a post on X.

"The purpose of the Stockpile is responsible stewardship of the government's digital assets under the Treasury Department."

Development aid's future is hiding in plain sight

REUTERS, *London*

Donald Trump's new administration has plunged international development assistance into an existential crisis. Within hours of taking office in January, the president had issued an executive order mandating a 90-day pause on most aid to poorer countries. Last week, the State Department confirmed it was cutting more than 90 percent of the US Agency for International Development's programmes.

The radical overhaul is upending other countries' development assistance too. Prime Minister Keir Starmer last month announced he was slashing Britain's aid budget from 0.5 percent to 0.3 percent of GDP to help meet US demands for increased defence spending. The previous government had already reduced aid from 0.7 percent of GDP. Britain's minister for international development promptly resigned. Yet the travails of the traditional model of development assistance started well before the latest assault. Four longer-term trends were already challenging its basic assumptions.

The first is the globalisation of international capital markets over the past several decades. In the 1960s and 1970s developing countries seeking external finance had to rely on governments or multilateral institutions. Over the last decade, however, more than 90 percent of capital flows to low and middle-income countries came from private investors.

That change was due in large part to a second long-term trend: the economic transformation of the countries known collectively as the "Global South." In 1990, developing nations accounted for barely more than a third of global GDP. Today, their share is about 60 percent. What is more, many of those countries are exporting capital, including the biggest of them all – China.

A third trend challenging the traditional model of international development aid was its ever more expansive objectives. Until the end of the 1980s, development essentially meant economic growth. In 1990, the United Nations introduced the Human Development Index, which emphasised health and education as well. Climate and gender equality were added to the mix in the 2000s. By the time UN member countries unanimously adopted the 2030 Agenda for Sustainable Development, in 2015, it included no fewer than 17 Sustainable Development Goals, measured by 169 separate targets.

More comprehensive notions of what development is led to less consensus on how to promote it – the fourth long-run trend. In the 1960s and 1970s, development economists saw the problem as plugging gaps in domestic savings or the supply of foreign exchange.

In the following two decades the focus shifted to making aid conditional on market-liberalising policy reforms. By the new millennium, confidence in that model of assistance also began to crumble.

A worker removes the US Agency for International Development sign from their headquarters, in Washington, DC.
PHOTO: AFP/FILE

The fact that China – and indeed much of East Asia – had eschewed the so-called "Washington Consensus" of free trade and financial liberalisation was simply too big to ignore.

All four of these long-term trends were driven by the geopolitical shifts. The early model of official capital flows aimed simply at turbo-charging growth rested on the geostrategic rivalry of the Cold War. The concept of aid unlocking private finance in pursuit of broad social and environmental objectives, meanwhile, relied on the rules-based, international order that flourished after 1989.

Trump's return to the White House means the geopolitical tectonic plates are shifting once again. The challenge for those who believe in the basic ethical principle of assisting poorer countries is to find a model of development assistance which also serves donors' strategic interests in a more contested and multipolar world.

One candidate is the model adopted by China over the past decade. Since 2013, the People's Republic has provided at least $1.3 trillion in development finance under its Belt and Road Initiative (BRI) – becoming by some distance the largest single bilateral donor in the world. The BRI's focus on borrowers sympathetic to China's broader geostrategic goals supports the policy's realist credentials. Yet economically, its success is questionable. The research organisation Aiddata.org estimates that 80 percent of lending by the People's Republic is now supporting borrowers in financial distress. It concludes that the lending spree has landed Beijing in "an unfamiliar and undesirable role – as the world's largest official debt collector." That is hardly a model most donors would wish to imitate even if they could.

Another possibility is that the United States reallocates its aid budget to the State Department rather than abolishing it altogether. Yet it is not obvious how international development assistance could coherently serve an explicitly isolationist US foreign policy: the intrinsic tensions would be just too great.

The most successful model of how to marry idealism with strategic utility in development assistance is hiding in plain sight. It is the process of accession to the European Union which in a single generation has enabled eleven economically underdeveloped and institutionally enfeebled countries in eastern Europe to join the ranks of the most prosperous nations on earth.

It is tempting to think the EU's circumstances are so specific that there can be nothing for other donors to learn. Yet the financial sums involved were not especially large. The real secret sauce was explicit political partnership, the coherence of aid and trade, and the resulting extreme openness of recipient countries to private capital inflows. These core elements of the recipe are transferable. Even better, they really work.