

Prospects of Bangladesh Pharmaceutical Industry: A Flourishing Sector with Global Potential

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The pharmaceutical industry is vital in improving healthcare outcomes and driving economic growth. Bangladesh's pharmaceutical sector has experienced remarkable growth over the past few decades, earning recognition at home and abroad. With a solid foundation in generic drug manufacturing, the country has become a significant player in the global pharmaceutical market. In this article, we will explore the prospects of the Bangladesh pharma industry and examine the factors contributing to its success.

Bangladesh Pharmaceutical Industry

The pharmaceutical industry in Bangladesh embarked on its journey in the 1950s with a mix of multinational corporations (MNCs) and local firms. Following the country's independence in 1971, Bangladesh, as a least-developed nation, obtained a patent exemption for the pharmaceutical industry under the British Patents and Designs Act of 1911. This exemption led to an increase in the production of generic medicines within the country. However, the industry's significant growth began in the 1980s.

By 1981, there were 166 licensed pharmaceutical factories in Bangladesh. At that time, the country's pharmaceutical production was dominated by eight multinational companies, such as Glaxo, Pfizer, and Hoechst, which supplied 75% of the country's medicine. Meanwhile, 25 medium-sized domestic pharmaceutical companies accounted for 15% of the production, with the remaining 10% manufactured by 133 companies. These companies relied on imported raw materials worth BDT 60 crore annually to produce medicines locally. Despite having 16 local pharmaceutical companies, the country still imports medicines worth BDT 30 crore from abroad every year.

The pharmaceutical value chain in Bangladesh is divided into two primary sectors: Active Pharmaceutical Ingredients (API) and Finished Formulation. API refers to medicines containing specific active ingredients for targeted diseases, while Finished Formulation involves the preparation of medications by blending various chemicals with active ingredients.

In March 1982, the government formed an expert committee to develop a drug policy encompassing the formulation and API sectors.

However, at that time, the government only implemented the Drugs (Control) Ordinance for the formulation sector, while two additional regulations were introduced in June. One rule aimed to ban the production, import, and sale of unnecessary and harmful drugs, while the other prohibited the products of MNCs that lacked manufacturing plants in the country. Despite pressure from the US government, Bangladesh did not repeal these regulations. As a result, approximately 1700 out of 4340 registered medicines were banned and removed from the market, allowing MNCs to reorganize their operations, albeit leading to the closure of specific organizations such as Squibb.

In 1995 Bangladesh signed the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement with the World Trade Organization. As one of the least developed countries, Bangladesh was granted the privilege of manufacturing and marketing medicines without patent restrictions. This facilitated the production of medicines at lower costs, significantly reducing prices at the consumer level—an essential aspect for the healthcare sector in an underdeveloped country like Bangladesh. Initially valid until 2005, the TRIPS agreement was extended to 2016 and subsequently prolonged until 2033, fostering the growth of the country's pharmaceutical industry.

Revenue Growth Drivers

The pharmaceutical industry in Bangladesh experiences revenue growth driven by various factors, including domestic sales and exports. The following reasons contribute to the current revenue growth of the pharmaceutical industry in Bangladesh:





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Economic Growth

With a population exceeding 166 million, Bangladesh is experiencing steady population growth at an average rate of 1.1 percent annually. Furthermore, according to The Business Standard, Bangladesh has over 37 million middle-class families, accounting for approximately 22 percent of the total population. This middle-class segment is continuously expanding. In the fiscal year 2020-21, Bangladesh's per capita income rose 8 percent compared to the previous year, reaching \$2,227. The growth in the number of middle and upper-class Bangladeshis, coupled with the overall increase in the country's consumption, has led to a rise in healthcare expenses for its citizens.

Health Awareness

As income levels increase, Bangladesh's urban and rural populations have become more health-conscious. With medical and pharmaceutical companies' adoption of modern technology, people in the country are paying closer attention to proper nutrition, protein intake, healthy eating habits, and the avoidance of pollutants. Additionally, the average life expectancy of Bangladeshis has increased significantly. According to the Bangladesh Bureau of Statistics, the average life expectancy in the country rose from 66.4 years in 2002 to 72.6 years in 2020. The growing awareness among the population and the advancements in the pharmaceutical sector has played a crucial role in this increase in life expectancy.

Exports

Bangladesh has witnessed a significant expansion in pharmaceutical exports. According to the Bangladesh Association of Pharmaceutical Industries (BAPI), more than 1,200 pharmaceutical products have been registered for export in the country over the past two years. In the fiscal year 2018-19, Bangladesh exported to 147 countries, including Myanmar, Sri Lanka, the Philippines, Vietnam, Afghanistan, Kenya, and Slovenia, accounting for 60.32 percent of the exports.

The remaining 39.6 percent was directed towards developed countries such as the US, Canada, Germany, and Australia. In FY 2018-19, the value of medicine exports reached \$130 million, which increased to \$136 million in FY 2019-20. From 2014-15 to 2019-20, Bangladesh's pharmaceutical exports doubled at an average annual growth rate of approximately 12 percent. Research and Markets state that Bangladesh's pharmaceutical exports are projected to reach \$450 million by 2025.

Growing Domestic Market

One of the key factors driving the prospects of the Bangladesh pharma industry is the country's growing domestic market. With a population exceeding 165 million, the demand for quality healthcare products and services is rising. As the middle class expands and access to healthcare improves, the demand for pharmaceuticals is expected to increase further. This presents a significant opportunity for local pharmaceutical companies to cater to the needs of the domestic market.

Low-cost Manufacturing and Competitive Advantage

Bangladesh has emerged as a cost-effective manufacturing hub for pharmaceutical products. The availability of skilled labor, low production costs, and a favorable regulatory environment have contributed to the country's competitive advantage in the global pharmaceutical market. Local manufacturers can produce high-quality generic drugs at significantly lower costs than their counterparts in other countries. This cost advantage enables Bangladesh to export pharmaceutical products to various markets worldwide, including developed countries.

Export Potential and International Recognition

The Bangladesh pharma industry has witnessed substantial growth in its export potential. Local pharmaceutical companies have been recognized for complying with international quality standards and regulations. Many Bangladeshi manufacturers have obtained certifications from prestigious regulatory authorities such as the US Food and Drug Administration (FDA), the European Medicines Agency (EMA), and the World Health Organization (WHO). These certifications have opened doors to export opportunities in markets across Asia, Africa, and Latin America, establishing Bangladesh as a reliable source of quality pharmaceutical products.

Investment in Research and Development

Bangladesh has been increasing its investment in research and development (R&D) to enhance the pharma industry's prospects further. Pharmaceutical companies are allocating resources to develop new drug formulations, improve manufacturing processes, and enhance product quality. Collaborations between local pharmaceutical companies and academic institutions foster innovation and knowledge-sharing. Such R&D investments contribute to developing new drugs, treatment protocols, and advanced healthcare technologies, enabling the industry to expand its offerings and cater to a broader range of medical needs.

Government Support and Policy Reforms

The Bangladesh government has recognized the importance of the pharmaceutical sector as a significant contributor to the national economy. The government has recently implemented several policy reforms to foster the industry's growth. These reforms include streamlining regulatory processes, strengthening intellectual property rights, and encouraging public-private partnerships. Moreover, the government has provided various incentives to attract foreign investment in the pharmaceutical sector, such as tax breaks, infrastructure development, and simplified business procedures. This supportive environment has created a conducive industry growth and development ecosystem.



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Conclusion

The revenue growth of the pharmaceutical industry in Bangladesh is driven by factors such as the country's economic growth, increasing health awareness among the population, and the expansion of pharmaceutical exports. The growing middle class, rising per capita income and increased consumption contribute to the higher demand for healthcare products and services. Moreover, the emphasis on health and well-being, along with the advancements in the pharmaceutical sector, has led to a longer life expectancy in the country. The pharmaceutical industry's focus on export markets further boosts revenue growth, with Bangladesh becoming a significant player in supplying medicines to various countries. With a positive trajectory and supportive market conditions, the pharmaceutical industry in Bangladesh is well-positioned for continued growth in the coming years.

The prospects of the Bangladesh pharma industry are bright and promising. With a growing domestic market, cost-effective manufacturing capabilities, international recognition, and increased investment in R&D, the industry is well-positioned to expand its global footprint. The government's support and policy reforms have played a significant role in creating an enabling environment for the sector to thrive. As the demand for pharmaceutical products continues to rise globally, Bangladesh's pharma industry is poised to become a key player in meeting the growing healthcare needs of people worldwide while contributing to the country's economic growth and development.

***Short Profile of the Author:**



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Dr. Sanjay Agrawal is a leading Independent Researcher, Pharmaceutical consultant, and patent holder of more than 42 formulations. He has actively worked in pharmaceutical and related industries for more than 35 years and started his firm Pharmaceutical Consultants and Inventor in 2005. Skilled in formulation development of Solid orals, liquids, multi-particulars, nutraceuticals, and food products. Developed and commercialized novel, adaptable, and patentable platform technologies for various dosage forms. Dr. Agrawal completed his post-graduation in Biochemistry, Post Graduate Diploma in Yoga and Naturopathy from Global Institute of Health & Management-Delhi, and MBA in marketing from IMT.

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