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Healthy Animals, Thriving Nation

Key Note Paper on

Unlocking Animal Health & Nutrition Ecosystems to Power National Growth

by

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AHCAB
ANIMAL HEALTH COMPANIES ASSOCIATION OF BANGLADESH

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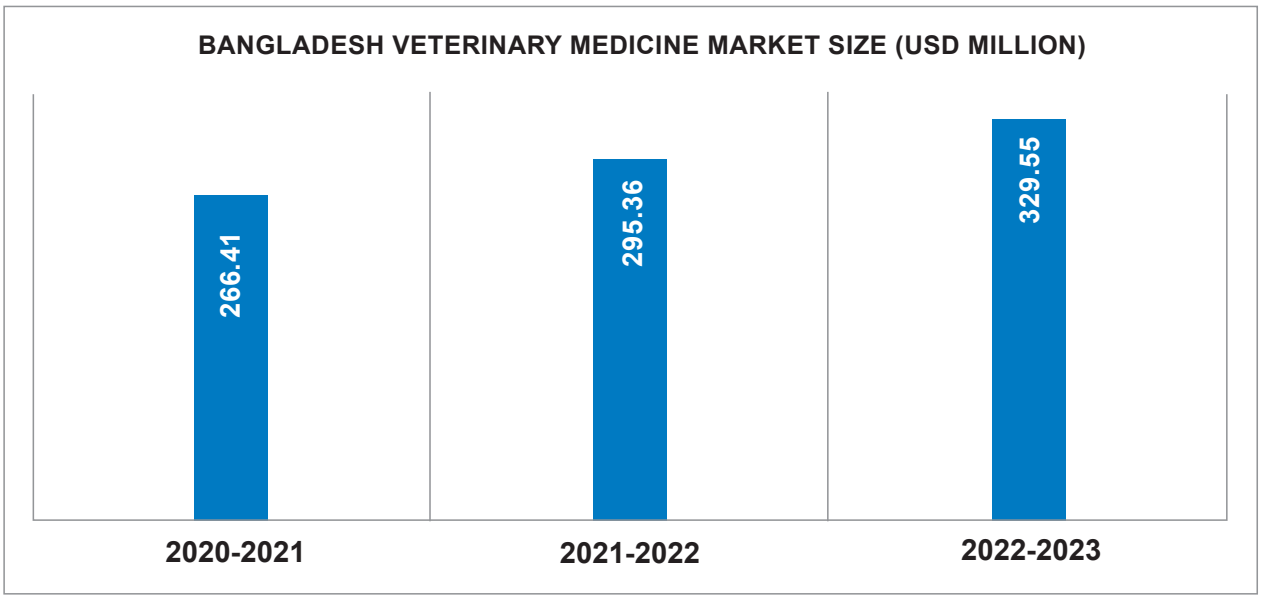
Sectoral Overview: Bangladesh's Animal Health & Nutrition Industry

Livestock, poultry, and fisheries form the backbone of Bangladesh's food system and rural economy, supplying affordable protein to millions of households while sustaining extensive upstream and downstream value chains. Livestock contributes an estimated 1.8% and aquaculture contributes about 2.53% of national GDP and plays a particularly important role in urban and peri-urban nutrition, where demand for eggs, chicken, beef, milk, and fish continues to grow steadily. Current production levels, approximately 7.6 million metric tons of meat (cattle, goat & poultry), 5.02 million metric tons of fish, and over 23 billion eggs annually, highlight the scale of the sector and its heavy dependence on uninterrupted access to animal health and nutrition inputs.Within this broader ecosystem, the animal health and nutrition industry has emerged as one of the fastest-growing segments of Bangladesh's agri-input and veterinary pharmaceutical landscape. According to industry estimates and recent market analysis, the veterinary medicine market alone now records annual sales of approximately BDT 40 billion, with growth consistently exceeding 10% per year. Between 2020 and 2023, the market expanded from USD 266 million to nearly USD 330 million, reflecting rising commercial poultry, dairy intensification, beef cattle, and expanding aquaculture activity.

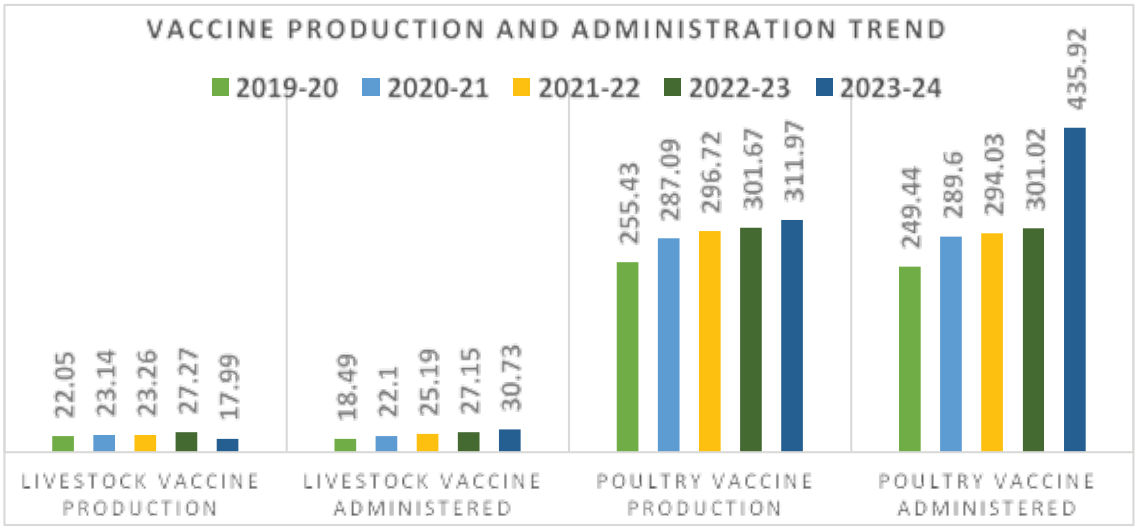
Despite growing domestic manufacturing capacity, now meeting roughly 70% of veterinary medicine demand, the sector remains structurally linked to imports. Around 30% of critical inputs, including vaccines, biologicals, active pharmaceutical ingredients (APIs), enzymes, amino acids, and specialty nutrition products, continue to be sourced internationally. In 2023 alone, Bangladesh imported over USD 40 million worth of veterinary vaccines and related biological products, highlighting the sector's reliance on time-sensitive, high-value imports that require predictable regulatory and border processes.



Source : BDRAL Business Review, September 2024

The sector supplies the full range of products essential for farm productivity and animal health, from veterinary medicines, farm biosecurity products, vaccines, feed additives, and nutritional inputs such as vitamins, minerals, enzymes, probiotics, and premixes tailored to different species and growth stages. Although these inputs account for only 5-10% of the total cost of production of food-producing animals, their impact is far greater: even short supply disruptions can reduce feed efficiency, slow growth, increase mortality, and raise significant production costs at the farm level.

Demand for animal health inputs is driven by the expanding scale of livestock, poultry, and aquaculture production. In 2023, combined animal and fish feed production reached around 8 million metric tons, with fish feed capacity alone exceeding 5 million metric tons per year. At the same time, nearly 60% of feed raw materials are imported, making the value chain highly sensitive to clearance delays, regulatory uncertainty, and external shocks.



Source: Annual Review, MoFL, 2024

Ministry of Fisheries and Livestock data further illustrate the scale of disease prevention efforts. Poultry vaccine production remained relatively stable over the past five years at around 20–30 million doses annually, while poultry vaccine administration increased steadily, reaching over 300 million doses per year by FY2023–24. Livestock vaccine administration rose sharply over the same period, from approximately 280 million doses in FY2019–20 to over 450 million doses in FY2023–24. This sustained expansion highlights the critical importance of uninterrupted access to time-sensitive veterinary vaccines and biologicals, supported by an efficient regulatory and procedural environment.

Globally, the animal health market is expanding rapidly, with current estimates placing its value at over USD 65 billion and projections suggesting it could more than double by 2030. This growth is driven by more intensive farming, rising biosecurity risks, and higher consumer expectations for safe and reliable food. Bangladesh is following a similar path, but sustaining this momentum will depend on whether regulatory, fiscal, and trade systems keep pace with the sector's growing scale and complexity.

Animal Health: A National Priority

Animal health is a foundational element of Bangladesh's food system and has direct implications for food security, price stability, rural livelihoods, and public health. Livestock, poultry, and fisheries products constitute a major share of dietary protein intake for the population, particularly for low- and middle-income households. As a result, the performance and resilience of this sector have immediate consequences for both producers and consumers. Disruptions in the supply of veterinary medicines, vaccines, or feed additives, whether due to regulatory delays, procedural bottlenecks, or supply constraints, can quickly translate into reduced farm productivity, increased disease incidence, and higher mortality. These production-level impacts are reflected downstream through higher prices of chicken, eggs, beef, milk, and fish, contributing to food price volatility and inflationary pressure.

The economic significance of the sector itself further reinforces its national importance. The animal health and nutrition industry represents approximately 10% of the pharmaceutical market, with an estimated market size of around BDT 5,000 crore and an average annual growth rate of about 10%. This growth reflects increasing demand for safe food, improved farm management practices, and more systematic disease prevention.

Animal health, hence, is not a narrowly defined technical concern. It is integrally linked with the intersection of agricultural productivity, environmental health, consumer welfare, and economic stability. Ensuring timely, affordable, and predictable access to animal health and nutrition inputs is therefore essential, not only for supporting farmers and safeguarding public health, but also for maintaining food affordability and national food security.

Institutional Landscape and Regulatory Framework

The animal health and nutrition sector in Bangladesh operates within a complex institutional and legal environment, involving multiple authorities with distinct but sometimes overlapping responsibilities. Key institutions include the Department of Livestock Services (DLS), Department of Fisheries (DoF), Directorate General of Drug Administration (DGDA), National Board of Revenue (NBR), and the Ministry of Commerce (MoC). These agencies are involved across the regulatory and trade lifecycle, from product quality approval and technical regulations to customs clearance, taxation, and trade policy framework. Their collective role is to ensure the safe, timely, and compliant supply of animal health and nutrition products, in line with national priorities related to food security, public health, and economic stability. While each institution plays a legitimate and necessary role, effective coordination among them is essential to avoid duplication and to support smooth supply chains for this nationally important sector.

The agencies involved are mandated and governed by a set of sector-specific laws, rules, and trade instruments, each designed to regulate different aspects of product quality, safety, trade, and market access.

The Fish Feed and Animal Feed Act, 2010, and the accompanying Animal Feed Rules, 2013, form the core legal framework for regulating the quality, production, import, and distribution of animal and fish feed. These instruments empower the Department of Livestock Services (DLS) and the Department of Fisheries (DoF) to oversee feed standards, prevent adulteration, and ensure that feed ingredients and supplements meet prescribed safety and quality requirements.

Veterinary medicines fall under the broader scope of the Drugs (Control) Ordinance, 1982, the primary law, which was significantly amended by the Drugs (Control) (Amendment) Act, 2006, and the Drugs and Cosmetics Act, 2023, as administered by the Directorate General of Drug Administration (DGDA). While these Acts primarily govern human medicines, their application to veterinary products provides the legal basis for licensing, quality assurance, and control of veterinary drugs, vaccines, and related inputs, in the absence of a dedicated veterinary drug law.

Trade-related aspects of the sector are mostly governed by the Import Policy Order (IPO) issued by the Ministry of Commerce. The IPO sets out import conditions, documentation requirements, and country-of-origin certifications for animal health, feed, and nutrition products. It plays a critical role in determining how products enter the country and how regulatory responsibilities are applied at the border.

Fiscal measures affecting the sector are implemented through Customs laws, budgetary provisions, and Statutory Regulatory Orders (SROs) issued by the National Board of Revenue (NBR). These instruments determine tariff rates, VAT, tax exemptions, and product classification under the HS code (Harmonized System Code) system, directly influencing the cost and affordability of animal health and nutrition inputs. While these legislations collectively regulate a strategically important sector, overlaps and delays in updating key provisions have increased the complexity of compliance. Improved alignment across laws is critical to ensure predictability and overall sustainability of the sector.

Structural Constraints and Reform Priorities in Bangladesh's Animal Health and Nutrition Sector

Despite its strategic importance to food security, price stability, and public health, Bangladesh's animal health and nutrition sector continues to face systemic constraints that limit its efficiency, competitiveness, and ability to respond to market challenges. These challenges arise from interlinked weaknesses across legislation, fiscal policy, trade procedures, and institutional coordination.

• Legislative and Regulatory Gaps

The legal framework governing animal health inputs has not fully kept pace with the sector's rapid evolution. Many of the Acts and Rules i.e., the Fish Feed and Animal Feed Act, 2010, were drafted at a time when product diversity was limited, import dependence was lower, and international compliance requirements were less demanding. As a result, overlapping mandates across multiple laws and rules have created ambiguity in regulatory authority, particularly for products positioned between veterinary drugs, feed additives, and nutritional supplements.

In addition, outdated definitions and narrow legal scopes do not adequately accommodate newer product categories such as premixes, probiotics, enzymes, and specialty nutrition inputs. Although amendments and draft legislation have been technically prepared, prolonged review and approval processes have delayed regulatory clarity. The overlapping and somewhat confusing Drugs and Cosmetics Act, 2023, has enhanced the challenges of the sector as the Act judges both human and veterinary medicines from the same ground. The current mixed framework, where veterinary medicines are regulated under human-medicine laws, creates ambiguity, delays approvals, and disrupts timely access to essential inputs. This is not aligned with international best practice, which uses separate, specific legislation for veterinary products. To address this, an Act has been drafted, which is also pending approval.

• Fiscal and Tariff Barriers

The Government of Bangladesh has commendably shown priority in designing fiscal policies that intend to support livestock and poultry production by lowering input costs. However, its impact is often diluted at the implementation stage. Ambiguous HS code descriptions and inconsistent product classification frequently lead to disputes, clearance delays, and uneven application of customs duties and taxes. As a result, existing fiscal incentives are not always fully translated to the sectoral growth, particularly where the incentives lack clarity.

The lack of clear differentiation between essential productivity-enhancing inputs and non-essential products further weakens the alignment between fiscal measures and food security objectives. As a result, fiscal policy does not consistently support cost stability or productivity gains in the sector.

• Procedural and Border Management Constraints

Trade and border procedures remain largely control-oriented, with limited application of modern risk management principles. The practice of mandatory testing and inspection of every consignment of selected items, regardless of product risk or importer compliance history, contributes to prolonged clearance times and higher transaction costs. These challenges are compounded by the limited capacity and uneven testing capability of public laboratories, which further increases time and uncertainty.

In some cases, procedural requirements extend beyond product risk considerations. For example, radioactivity-related certification requirements from the exporting country for each consignment have been applied to certain animal health and feed products, despite the absence of any plausible radiological exposure or risk. Such requirements do not reflect safety concerns but rather illustrate gaps in risk differentiation. Moreover, the absence of any such measure in any comparable country makes the provision completely outdated, unscientific and unnecessary, putting an extra cost burden on the traders. In addition, duplication of regulatory checks, particularly between technical regulators, results in repeated verification of products that have already received approval. The absence of pre-arrival processing, automated licensing at all stages restricts opportunities for early risk assessment and faster release of consignments.

• Institutional Coordination and Capacity

The animal health and nutrition sector interacts with multiple public institutions, including DLS, DoF, DGDA, NBR, and the Ministry of Commerce, each responsible for specific aspects of regulation, trade, and oversight. While mandates are clearly defined, limited inter-agency coordination often requires businesses to navigate multiple processes for the same product.

In practice, this fragmentation leads to inconsistent interpretation of rules, repeated verification, and delays that add little safety value. Regulatory decisions also make limited use of data and risk profiling, constraining opportunities for trade facilitation. On the private-sector side, capacity gaps in areas such as HS classification, advance rulings, and regulatory documentation increase the risk of unintentional non-compliance.

Impact of Inefficiencies on Farmers and Consumers

Regulatory and procedural delays in the animal health and nutrition sector have direct and immediate consequences. For farmers, delayed access to veterinary medicines and feed additives increases costs, disrupts disease prevention, and raises mortality risks, especially in time-sensitive poultry and aquaculture production. Uncertainty in supply also discourages investment in nutrition and biosecurity.

These pressures are passed on to consumers through higher prices of meat, eggs, milk, and fish, with a greater impact on low- and middle-income households. At the macro level, rising protein prices add to food inflation and weaken food security and market stability. Addressing these delays is therefore essential to protect farmers' livelihoods, stabilize food prices, and ensure affordable access to animal protein.

Supporting Growth of Animal Health and Nutrition Sector: Global Experience and Lessons

Countries facing similar regulatory and supply-chain challenges have responded by modernizing regulation and trade procedures rather than tightening controls, offering practical lessons for Bangladesh. In Malaysia and Indonesia, veterinary drugs and feed inputs are regulated under clearly separated frameworks, with risk-based border clearance through the Customs Risk Management System. Vietnam and Thailand have aligned feed and animal health regulations with international standards, applying selective inspection, post-market surveillance, and intelligence-led testing instead of routine consignment-level checks. China operates a positive-list system for approved veterinary and feed inputs, combining streamlined customs clearance with strong post-market enforcement. Pakistan simplified registration and import procedures for premixes and nutritional inputs, introduced risk-based sampling, reduced tariffs on essential inputs, and promoted local poultry vaccine production, while Nepal adopted simplified import procedures and reduced duties to ensure uninterrupted supply for farmers.

Across these countries, regulatory effectiveness is achieved through clear legal definitions, proportionate oversight, and trust-based, risk-managed trade procedures, fully aligned with the WTO Trade Facilitation Agreement (TFA) and WTO SPS and TBT Agreements. These reforms have shortened clearance times, reduced costs, improved compliance, and ensured a stable supply of animal health inputs, without compromising safety or public health objectives.

The Way Forward for Bangladesh

As demand for safe and affordable animal protein continues to rise, the resilience of the animal health and nutrition sector becomes increasingly important for farmers, consumers, and the wider economy. Global experience shows that progress requires modernizing regulations to be clearer, smarter, and more risk-based. Building on the priorities outlined in this keynote, the following actions are critical for a practical and credible way forward.

• **Update and harmonize the legal and policy framework:** Priority should be given to finalizing amendments to the Fish Feed and Animal Feed Act, 2010, and the Animal Feed Rules, 2013, clarifying definitions and scope to reflect today's product diversity. At the same time, trade-related provisions under the Import Policy Order (IPO) should be updated to remove ambiguity and ensure consistent application at the border. Consideration of a dedicated veterinary drug legislation, distinct from human medicines, would further enable proportionate, sector-specific regulation.

• **Finalize and Implement the Veterinary Drugs Act:** A dedicated Veterinary Drugs Act is needed to clearly define, approve, and regulate products specific to animals, reducing dual oversight, eliminating ambiguity, and ensuring faster access to essential inputs. Such a legislative framework would also align with the One Health approach of WHO, FAO, and WOAH by strengthening disease control, AMR oversight, and food-safety compliance.

•**Address procedural and border management bottlenecks:** Immediate gains can be achieved by reforming trade procedures that currently delay supply without adding commensurate safety value. This includes introducing pre-arrival document processing, automating Category-1 import licensing, and reducing sequential approvals across agencies.

• **Shift from blanket controls to risk-based clearance:** Adopting risk-based inspection and selective testing, particularly for repeat, compliant importers and low-risk products, would significantly reduce clearance time without compromising safety. Piloting trusted trader or authorized operator mechanisms, supported by importer compliance history and product risk profiles, can allow regulators to allocate resources where risk is the highest, while facilitating uninterrupted supply of essential inputs.

• **Rationalize fiscal measures to lower production costs:** Clearer HS classifications, simplified tariff descriptions, and targeted use of budgetary measures and SROs can ensure that existing fiscal incentives reach the sector as intended. Rationalizing customs duties, VAT, and TDS on essential animal health and nutrition inputs would directly reduce costs, supporting farm-level productivity and help stabilize prices of meat, eggs, milk, and fish.

• **Strengthen institutional and sectoral capacity:** Investing in laboratory capacity, automation of licensing, pre-arrival processing, and data-driven risk profiling will improve regulatory effectiveness. At the same time, building private-sector capacity in areas such as HS classification, advance rulings, and compliance documentation will reduce inadvertent non-compliance and disputes.

• **Institutionalize structured public–private coordination:** A regular, formal engagement between regulators and industry, where associations such as AHCAB act as technical partners, can support better policy design, smoother implementation, and continuous improvement. Such collaboration can also help pilot reforms, share data, and build trust in risk-based approaches.

Table: Action Matrix: Recommendations for Sectoral Growth

Reform Area	Specific Action	Responsible Agency	Expected Outcome
Legal & Policy Framework	Finalize amendments to the Fish Feed and Animal Feed Act, 2010 to update definitions and scope	DLS / DoF	Legal clarity for modern products
	Amend the Animal Feed Rules, 2013, to align standards and remove unnecessary additional requirements	DLS	Alignment with international best practices
	Review and update relevant provisions of the Import Policy Order (IPO)	MoC	Consistent application of trade rules at the border
	Enact and implement a dedicated Veterinary Drug Act, separate from human medicines	MoFL/DLS	Clear sector-specific regulation with efficient regulatory oversight for veterinary products
	Eliminate the Radiation Certificate requirement in IPO	MoC	Reduced procedural hurdles
Procedural & Border Management	Introduce Pre-arrival Notification system for animal health and feed imports	DLS	Reduced clearance time and port congestion
	Automate Category-1 License	DLS	Faster and transparent procedure
	Replace blanket inspection with risk-based sampling and testing	Customs / DLS	Faster clearance without compromising safety
	Address regulatory jurisdiction complexities between DLS and DGDA	Customs	Faster clearance and reduced non-compliance
	Strengthen post-market surveillance to complement reduced border controls	DLS / DGDA	Safety assurance through monitoring

Reform Area	Specific Action	Responsible Agency	Expected Outcome
Risk-Based Facilitation	Introduce a Trusted Trader / Authorized Operator mechanism for compliant importers	DLS	Faster clearance for low-risk, repeated imports
	Use importer compliance history and product risk profiles in clearance decisions	Customs / DLS	Improved allocation of regulatory resources
Fiscal & Tariff Measures	Clarify HS code descriptions for animal health and nutrition products	NBR	Reduced disputes and misclassification
	Rationalize customs duty, VAT, and TDS on essential animal health inputs	NBR	Lower cost and improved affordability
	Ensure effective transmission of fiscal incentives through clear SROs	NBR	Alignment of fiscal policy with food security goals
Institutional Capacity & Coordination	Strengthen public and private laboratory capacity and testing consistency	DLS	Reduced delays and reliable testing outcomes
	Institutionalize formal public–private consultation with AHCAB	MoC / NBR / DGDA / DLS / DOF	Better policy design and smoother implementation
	Build importer capacity on HS classification and advance rulings	AHCAB / NBR / DLS / DOF	Reduced inadvertent non-compliance

Institutional Contribution of AHCAB to Sector Governance

The role of the Animal Health Companies Association of Bangladesh (AHCAB) extends beyond representation and advocacy. As the apex industry body in the animal health and nutrition sector, AHCAB is positioned to act as a constructive partner in supporting the design, implementation, and effective operationalization of regulatory and trade reforms.

Drawing on sector-wide expertise and consolidated industry experience, AHCAB can provide technical and evidence-based inputs during the formulation and revision of relevant laws, rules, and trade instruments. Such inputs can assist regulatory authorities in ensuring that policy objectives are reflected in clear, practical, and enforceable provisions. In addition, AHCAB may support the development of risk-based and compliance-oriented facilitation frameworks by contributing sector knowledge related to product characteristics, supply chains, and market practices.

AHCAB can also play a role in capacity development, particularly by enhancing member understanding of customs procedures, HS classification, advance ruling mechanisms, and regulatory documentation requirements. Strengthening such capacity can reduce inadvertent non-compliance and improve overall regulatory adherence across the sector. Furthermore, the Association may assist in the piloting of reform initiatives, including trusted trader arrangements, pre-arrival processing, and selective testing approaches, enabling authorities to assess effectiveness prior to broader implementation.

An important dimension of AHCAB's engagement lies in promoting self-regulation and accountability within the industry. The development and enforcement of a Code of Conduct can reinforce compliance culture, enhance transparency, and build confidence among regulators in the application of risk-based oversight.

International experience demonstrates that regulatory reform is most effective when public authorities and industry stakeholders engage in structured and constructive collaboration. In this context, AHCAB stands ready to support government institutions in translating policy intent into practical, measurable, and sustainable outcomes that strengthen compliance, improve efficiency, and ensure the uninterrupted supply of essential animal health and nutrition inputs.

Concluding Remarks:

Animal health and nutrition are foundational to Bangladesh's food security, price stability, and public health. By aligning laws, procedures, and institutions with risk-based international practice, and by strengthening collaboration between regulators and industry, Bangladesh can transform animal health regulation from a constraint into a catalyst for productivity, resilience, and inclusive growth.

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Biography of
Mr. Fuad M Khalid Hossen

Fuad M. Khalid Hossen is the Chief Executive Officer (CEO) of TRACE Consulting and a leading expert in international trade policy, trade facilitation, and regulatory reform in Bangladesh. With over 12 years of professional experience, he specializes in WTO Trade Facilitation Agreement (TFA) implementation, SPS and technical regulations, risk-based customs modernization, and the digitalization of cross-border trade processes.

He has led large-scale trade facilitation and regulatory modernization initiatives funded and implemented by the IFC–World Bank Group, USDA, UK Foreign, Commonwealth & Development Office (FCDO), and other international development partners. In these roles, he has worked closely with key government regulatory agencies involved in cross-border trade, as well as private-sector stakeholders, to design and implement policy, legal, and institutional reforms that enhance compliance, efficiency, and market access.

Mr. Hossen is widely recognized for translating complex trade and regulatory frameworks into practical, technology-enabled solutions that reduce trade costs and strengthen competitiveness, particularly in agriculture, animal health, and food-related sectors.

Born and raised in Bhola, southern Bangladesh, he holds a bachelor's degree in Public Administration and a master's degree in Public Policy from Jahangirnagar University. He is a regular commentator on trade, investment, and regulatory reform through leading television channels and national newspapers.