



A floating rice market on the bank of the Sandhya river in Banaripara upazila of Barishal is abuzz with buyers and sellers. The market sits twice a week on Saturday and Tuesday, with farmers bringing their rice for sale at about Tk 2,100 to Tk 2,200 per maund after processing it at local mills. The picture was taken recently. PHOTO: TITU DAS

US to raise tariffs on Chinese EVs

AFP, Washington

The United States is planning to increase tariffs on Chinese clean energy goods, news reports said Friday, with levies on electric vehicles expected to roughly quadruple.

The move, reported by the Wall Street Journal, comes at the end of a long-awaited review of tariffs that were imposed during a trade war between Washington and Beijing.

Then-president Donald Trump imposed tariffs on some \$300 billion in goods from China.

Officials have since initiated a review of the actions, with the US Trade Representative required to look into the impact of the levies – first introduced in 2018 – after four years. A decision, expected on the coming Tuesday according to news reports, would come as President Joe Biden gears up for a rematch with Trump in November's presidential election.

Last month, he urged for a tripling on tariffs for Chinese steel and aluminum as he courted blue-collar voters in the battleground state of Pennsylvania.

In particular, higher tariffs are set to impact critical minerals and solar goods as well as batteries from China, said the Wall Street Journal.

The tariff rate on EVs is also due to rise from 25 percent to around 100 percent, the report added.

This is unlikely to deal an immediate blow to Chinese EV companies, which do not have a large presence in the United States due to existing levies.

Brick-makers threaten to halt production if new taxes imposed

STAR BUSINESS REPORT

Brick makers yesterday threatened to halt production and sales if the government imposes additional value-added tax (VAT) and income taxes in the upcoming budget.

Firoz Haider Khan, president of the Bangladesh Brick Manufacturing Owners Association (BBMOA), made the remarks after an emergency meeting regarding additional VAT and tax imposition in the upcoming budget, at the conference room of Dhaka Reporters Unity.

"Our business is dull. At the same time, we, the manufacturers, are harassed by the administration and Department of Environment without any valid reason," Khan

added.

Manufacturers are paying Tk 4.5 lakh to Tk 6 lakh as VAT for each brickfield every year alongside renewal fees for environment clearance certificates. Still, the government is planning to impose additional taxes and VAT, Khan said.

According to Khan, there are around 8,000 licensed brickfields across the country, producing around 800 crore bricks annually and contributing to economic and infrastructural development.

He said brick-makers changed their procedures as per the law, such as by adopting zigzag kilns in 2019, thereby reducing air pollution from around 20 percent to 7 percent.

According to him, as per the rules, brickfields may be established at least 500 meters away from educational institutions and one kilometre away from forests.

Khan alleged that despite following all the rules and regulations and paying regular VAT and taxes, the brick-makers were being harassed by government officials.

The BBMOA president claimed that brick-makers provide employment for at least 3,000,000 people.

Despite there being no credible data, the BBMOA believes brick-makers have invested at least Tk 25,000 crore in brick manufacturing.

Russell reelected as BASIS president

Rashidul becomes senior vice-president



Russell T Ahmed

M Rashidul Hasan

STAR BUSINESS REPORT

Russell T Ahmed has been reelected as the president of the Bangladesh Association of Software and Information Services (BASIS) for a two-year term.

M Rashidul Hasan was elected as senior vice president of the apex trade body of Bangladesh's ICT industry.

It elected two other vice presidents: Syed Mohammad Kamal for admin and Iqbal Ahmed Fakhru Hasan for finance.

The seven elected directors of the BASIS are Md Mostafizur Rahaman Sohel, Didarul Alam, M Asif Rahman, Syed Abdullah Jayed, Mir Shahrul Islam, Muhammad Risalat Siddique and Biplob Ghosh Rahul.

The election of the executive council of BASIS took place on May 8 with 33 candidates vying for the 11 positions.

Among them, eight were elected from the general category and one each from the associate, affiliate and international categories.

Out of 1,464 voters, 1,157 voted in this year's BASIS election.

TIM Nurul Kabir, chairman of the BASIS election board; Syed Mamnun Quader and Nazim Farhan Choudhury, members of the election board, were also present at the executive council handover ceremony yesterday.

Fed official expects no rate cuts this year

AFP, Washington

A senior official at the US central bank said Friday that she doesn't expect any interest rate cuts this year following a recent uptick in inflation.

The US Federal Reserve has held rates at a 23-year high for months as it battles to bring elevated inflation back down to its long-term target of two percent.

After easing significantly last year, inflation has accelerated once more since the start of the year, causing concern among Fed officials as they contemplate the right time to start lowering rates.

"I, at this point, have not written in any cuts" for 2024, Fed governor Michelle Bowman told Bloomberg News in an interview following an event in Texas, referring to policymakers' quarterly economic predictions.

"I've sort of had an even expectation of staying where we are for longer. And that continues to be my base case," added Bowman, who is one of 12 voting members on the Fed's rate-setting Federal Open Market Committee (FOMC).



Prof M Shamim Z Bosunia speaks at a seminar for structural engineers organised by GPH Ispat at the Kushiara International Convention Hall in Sylhet recently. PHOTO: GPH ISPAT

GPH Ispat holds seminar in Sylhet

STAR BUSINESS DESK

GPH Ispat recently held a seminar, titled "Country's only high strength and high performing steel GPH Quantum B600C-R & B600D-R: Improving earthquake resilience", for structural engineers at Kushiara International Convention Hall at Sylhet.

The seminar covered a range of topics, including the properties of high-strength steel, its advantages over conventional steel, and its potential applications in seismic-resistant design.

Discussions also included case studies and real-world examples showcasing the use of high-strength steel to enhance earthquake resilience.

At the programme, Prof M Shamim Z Bosunia presented the keynote paper, providing a detailed

discussion on the importance of using quality steel and concrete to construct strong and durable structures.

He highlighted the critical issues that engineers need to focus on while designing sustainable structures.

Prof Mushtaq Ahmed, faculty member of the Shahjalal University of Science & Technology, was present at the event, which was attended by numerous engineers and architects from various areas within the Sylhet division.

Md Musharraf Hussain, adviser of technical support at the integrated steel manufacturing company, Md Saiful Islam, head of research and development, and Partha Karmoker, manager of technical support, along with officials from the sales and marketing departments were also present.

Oil price falls

REUTERS, New York

Oil prices fell by nearly \$1 a barrel on Friday as comments from US central bank officials indicated higher-for-longer interest rates, which could hinder demand from the world's largest crude consumers.

Brent crude futures settled at \$82.79 a barrel, down \$1.09, or 1.3 percent. US West Texas Intermediate crude settled at \$78.26 a barrel, down \$1.00, or 1.3 percent.

No headway

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non-bank financial institutions, hinted at the formation of an asset management company. It, however, did not share any details.

The principal task of an asset management company is to buy and sell default loans and create a competitive market to trade distressed assets.

Syed Mahbubur Rahman, a former chairman of the Association of Bankers Bangladesh, said asset management companies must be accountable and follow good governance practices, be it formed by the government or the private sector.

"Buying the bad assets should not be its sole responsibility – its purpose must be right."

Citing India's example, the managing director of Mutual Trust Bank said privately run asset management companies are doing better than those in the public sector in the neighbouring nation.

Private sector's

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sector's monthly average of loans taken from abroad was \$3,104 million in 2022, which declined to \$2,149 million in 2023. The monthly average was \$1,800 million in 2024.

On the other hand, the monthly average repayment stood at \$3,061 million in 2022, which reduced to \$2,594 million in 2023, the central bank data showed.

State banks struggle

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AB Mirza Azizul Islam, a former finance adviser to a caretaker government, said foreign banks have stellar reputations, so they get huge deposits. As a result, the banks have no problem in terms of cash flow.

Thanks to their reputation, good borrowers take loans from these banks even if their interest rate is a bit higher than at other banks.

"The main reason for the poor performance of state-run banks is a lack of good governance," he added.

Another factor is the gulf in terms of loan quality.

When providing term loans or working capital, foreign banks select projects based on their merits. However, the decisions of state-run banks are influenced either by politically influential people or board members.

Furthermore, the performance-based nature of jobs at foreign banks means officials never lend to dubious projects and are meticulous in analysing the potential of businesses.

The lack of accountability, however, makes it a different story for state-run banks. This is because once an official gets a job at a government-

controlled financial institution, they work until their retirement with proper benefits regardless of their performance. Hence, many of them try to make money by lending to projects that are not up to the mark.

As a result, the classified loan ratio rises in state-run banks almost every year compared to foreign banks. This has a direct impact on their profitability.

The classified loan ratio at Sonali Bank and Janata Bank stood at 13 percent and 25 percent, respectively, in 2023 while it was 21 percent for Rupali Bank and 28 percent for Agrani Bank.

On the contrary, the classified loan ratio was 3 percent at both Standard Chartered Bangladesh and HSBC Bangladesh in the same year.

Another example of the difference in efficiency is that foreign banks have no investment in the stock market despite having huge assets. Due to the poor performance of the stock market and its vulnerability to manipulation, foreign lenders shun stocks, keeping their balance sheet healthy.

Conversely, state-run banks invested around 2 percent of their

assets in the stock market and had to keep a large sum of provisions against the investments as the value of the stocks eroded significantly. What's worse, their stock selection is not up to the mark.

An analysis of the financial reports of the banks shows that the state-run banks lag in bringing changes to their business practices in order to make the most of any new opportunities.

For example, the yield rate of treasury bonds and bills rose sharply last year. Accordingly, foreign banks shifted their focus by reducing the volume of loans and increasing investments in treasury bonds. The state lenders stuck to the trend of providing loans.

Foreign banks earned a hefty income from treasury instruments whereas their state-run counterparts completely missed out on the opportunity.

At other times, state-run banks had to follow government policies, which also impacted their profitability. For instance, they had to lend to some sectors at a low interest rate. Many loans turned sour, thus inflicting losses on the banks.

Saif Powertec not publishing

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When contacted by The Daily Star recently, Muhammad Hasan Reza, Saif Powertec's chief financial officer, said there was a fire in the company's accounts section which had damaged almost all documents.

"We are trying to recover it and have already informed the regulatory body. We are hopeful that we will be able to publish all the financial reports within one month," he said.

In a disclosure in November last year, the company informed of the fire damage at its head office. It said the extent of damage in terms of value and volume would be available

after a comprehensive inquiry.

But no further information was shared afterwards.

According to listing regulations, the annual financial statements of listed companies, excluding mutual funds, have to be audited in 120 days following the end of the fiscal year.

The report must be published within 14 days of the audit.

For quarterly financial statements, listed companies, except life insurers, are required to prepare, submit and make those public within 45 days of the end of a quarter.

In the event of a delay, the issuer of listed securities shall pay a penalty of

Tk 5,000 per day to the exchange, the regulations said.

The Bangladesh Securities and Exchange Commission (BSEC) is well-informed about the company's failure to comply with the rules. So, it is going to take action, BSEC Spokesperson Mohammad Rezaul Karim told this newspaper.

The related document has already traced the issue and sent it to the enforcement department, he said.

A show-cause notice has been sent to the company. If the company cannot provide a valid reason for this, the regulator will take action against its directors, he added.