

Eastern Refinery hits record in production

MD NAZRUL ISLAM, Ctg

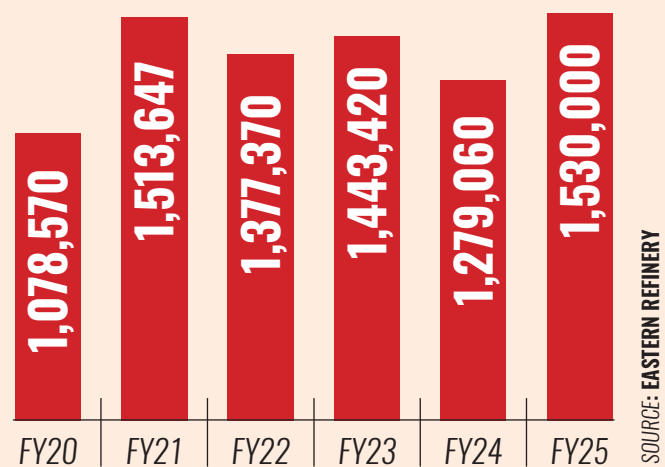
Eastern Refinery Limited (ERL), Bangladesh's sole state-run facility for processing crude oil into various petroleum products, set a record by surpassing its installed production capacity in fiscal year 2024-25.

A total of 1.53 million tonnes of crude oil were processed in the year, whereas its capacity is 1.5 million tonnes per year, as per records from 1968 when it was established.

Officials say the facility's annual output has occasionally surpassed the capacity in recent years, which they say is a testament to improvements in its operational efficiency. Several factors contributed to refining more crude oil than the facility's installed capacity, with manpower efficiency being a key one. In addition, an uninterrupted supply of raw materials made it possible to process additional fuel oil, they said.

In fiscal year 2020-21, the ERL processed 1.513 million tonnes of crude oil.

CRUDE OIL REFINED BY EASTERN REFINERY (In tonnes)



As per estimates from the officials, the country's annual demand for fuel oil stands at over 5.7 million tonnes.

To meet this demand, Bangladesh Petroleum Corporation (BPC) imports refined oil from various countries alongside processing crude oil through its subsidiary, the ERL.

According to BPC officials, the ERL currently supplies about 27 percent of the nation's demand for petroleum products, including oil, gas, and lubricants.

"This achievement was made possible by the combined efforts of the power, energy and mineral resources ministry, the BPC, and the ERL team," ERL Managing Director Sharif Hasnat told The Daily Star.

"It is very encouraging that the refinery continues to exceed its installed capacity, which is a positive sign for the country," he said. Sources noted that the ERL sometimes has to suspend crude oil processing for maintenance, but this year, operations ran uninterrupted.

Expressing satisfaction, BPC Chairman Md Amin Ul Ahsan said the ERL's record output was achieved through coordinated efforts of its management. "This is a positive development for us," he said. "However, to meet the country's growing demand, the process for constructing Eastern Refinery Unit-2 is underway. The government is arranging funding for this project," he said.



Waterlogging has significantly disrupted production at small mills of the industrial estate and spoiled goods, including stored potatoes.

PHOTO: STAR

Waterlogging hampers operations at Jamalpur BSCIC estate

OUR CORRESPONDENT, Jamalpur

Businesses inside the BSCIC Industrial Estate in Jamalpur, some 166 kilometres north of the capital Dhaka, are suffering due to dilapidated roads and, most recently, waterlogging caused by dysfunctional and clogged drainage systems.

During a recent visit, this correspondent observed severe waterlogging in several areas of the estate, including the main entrance.

The waterlogging has significantly disrupted production at small mills and led to the spoiling of goods, including stored potatoes.

Frequent power outages have further exacerbated the crisis. Entrepreneurs said prolonged power cuts were halting production, and many small factory owners now fear financial losses and possible closure.

Tarif Auto Flour Mill has already suspended operations, citing rising wheat prices due to the Russia-Ukraine war.

Additionally, the estate does not supply gas. As per agreements with tenants, the estate authorities were supposed to provide gas connections to all factories.

However, many factory owners claim they have not yet received the facilities promised.

Entrepreneurs also alleged that they are being forced to pay double the service charges, as both the Bangladesh Small and Cottage Industries Corporation (BSCIC) and Jamalpur municipality collect the fees.

"If we fail to pay the charges, the municipality refuses to renew trade licences," said a factory

owner, requesting anonymity.

Kamal Pasha, deputy general manager of Javed Agro Food Processing Limited, said, "Due to the lack of a boundary wall, we feel insecure, especially at night. On top of that, the poor drainage system continues to hinder our operations."

Many other factory owners voiced similar concerns.

Established in 1980 on 26.30 acres of land in Dapunia under Jamalpur municipality, the estate comprises 82 industrial units situated across 197 plots.

The estate prioritised women entrepreneurs in the early phase of plot distribution, and currently, all the plots have been allocated.

Of the 82 units, 56 are operational, six are in the process of being launched, 12 are closed, and eight units are entangled in legal disputes, according to BSCIC sources.

A total of 1,848 workers are employed in the estate — 723 male and 1,125 female.

Hafizur Rahman, executive officer of Jamalpur municipality, said, "Since the BSCIC is located within the municipal area, the municipality is authorised to collect housing and service charges. This is legal."

"However, I'm not sure why the BSCIC also collects such charges," he said.

Samrat Akbar, deputy general manager of the BSCIC office in Jamalpur, said renovation of 5,935 metres of drainage lines is currently underway and is expected to reduce the waterlogging soon.

Capital market left behind in FY26 budget

M SHAHRIAR AZAD BHUIYAN

The national budget for FY2025-26 has disappointed capital market stakeholders. Despite persistent bearish trends, declining investor confidence, and repeated calls for reform, the budget offers little in terms of meaningful support for the country's capital market.

Although the Finance Division attempted to present the budget as investment and business-friendly, market participants will struggle to find any substantial incentives capable of reversing over a decade of stagnation. Aside from a symbolic tax cut for merchant banks, most policy recommendations have been ignored or watered down, leaving the market rudderless.

One clear measure is the reduction of corporate tax for merchant banks from 37.5 percent to 27.5 percent. This cut may ease some financial pressure on these intermediaries, who play key roles in underwriting, portfolio management, and capital raising. While welcome, the benefit is narrow and unlikely to attract substantial new investment or revive the market on its own.

The budget also lowers the source tax on stock trading from 0.05 percent to 0.03 percent. Though this may, in theory, encourage trading, the actual impact will likely be limited. Investor confidence remains stifled by deeper issues, including inconsistent policies, weak regulation, and poor returns. Without wider reforms, such token moves are unlikely to improve sentiment or market performance.

A major letdown is the decision not to withdraw or revise the 15 percent capital gains tax on individuals earning more than Tk 50 lakh in annual profits. Introduced last year, the tax has already dampened sentiment, especially among high-net worth individuals who are vital for liquidity and long term stability. Despite repeated appeals from market associations and both stock exchanges, the government remained unresponsive, risking further outflows of capital.



The tax gap between listed and non-listed companies has been reduced from 7.5 percent to 5 percent. This weakens the incentive for private firms to go public. Market participants have long advocated for widening the gap to at least 10 percent to stimulate IPO activity and broaden public participation. Instead, the narrowing may deter new listings and undermine transparency and good governance.

The budget also overlooks essential elements of a modern capital market. There is no mention of developing a bond market or introducing regulatory incentives for institutional investors. Proposals such as green bonds aligned with ESG standards, or tax breaks for mutual funds, insurance firms, and pension funds, were left out. These omissions are troubling, particularly given the need for long-term capital and the stabilising role institutional investors provide.

Adding to the concern, there are no new measures for IPOs, SMEs, or alternative trading platforms. Small and medium-sized firms that depend on market access for growth were hoping for fiscal support or easier access to finance. Likewise, calls to remove double taxation on dividends and grant tax relief to mutual funds remain unmet. Altogether, this neglect signals a broader failure to build a modern, inclusive market ecosystem that supports innovation, investment, and resilience.

The FY2025-26 budget was a chance for the government to address structural weaknesses in the capital market, vital for long-term growth, employment, and industrial development. Instead, it follows a pattern of neglect.

While the corporate tax cut for merchant banks is a modest concession, it is outweighed by the persistence of capital gains tax on individuals, the shrinking tax gap for listed companies, and the absence of broader support for bonds, institutional investors, and SME participation.

If Bangladesh genuinely wants to build a vibrant and inclusive market, the government must go beyond token measures. It must commit to investor-focused reforms that improve transparency, deepen liquidity, and diversify financial products. Regrettably, this budget falls short, yet another missed opportunity.

The writer is a capital market analyst and can be reached at shahriar@unicap-securities.com.

Rupali Bank to issue over 45cr shares against govt equity

STAR BUSINESS REPORT

Rupali Bank PLC will issue over 45 crore ordinary shares against government equity as part of its recapitalisation efforts.

According to a disclosure on the Dhaka Stock Exchange (DSE) website yesterday, the state-owned lender's board decided to issue 45.33 crore ordinary shares at a price of Tk 15 each.

The lender's board decided to issue the shares at a price of Tk 15 each

The price includes a face value of Tk 10 and a premium of Tk 5 per share.

The total value of the shares will be equivalent to Tk 679.99 crore in favour of the secretary of the Finance Division.

The issuance is subject to the approval of the Bangladesh Securities and Exchange Commission, the bank said in the disclosure.

This move came at a time when Rupali Bank is grappling with declining profitability.

Its profit plummeted by 82 percent year on year to Tk 11.22 crore in 2024, primarily due to a fall in operating income.

As of May 31, 2025, the government owned 90.19 percent of Rupali Bank's shares, while institutional investors held 3.39 percent and the general public 6.42 percent, according to DSE data.

Tariffs will extend Toyota's lead over Japan Inc

REUTERS, Hong Kong

Tariffs will accelerate Toyota Motor's advantage. The world's largest carmaker is barely raising its prices in the US, despite President Trump's 25 percent levy on auto imports. If Tokyo fails to win a reprieve, manufacturers with slimmer margins will struggle to emulate the \$222 billion company and could lose market share fast.

Toyota said this month that it will raise prices for some vehicles sold in the country by an average of \$270 as part of a regular review. This represents just 0.7 percent of the mean unit price for a Toyota car sold in North America, according to Visible Alpha.

Other Japanese carmakers appear to have opted for similar tactics in the first month of

tariffs: the value of auto imports from Japan to the US fell 24.7 percent in May from a year earlier, though volumes dropped just 3.9 percent, according to official trade data released on June 18. These numbers suggest importers lowered the price of vehicles before duties, in effect absorbing the cost of levies rather than letting sticker prices rise.

For most companies, that strategy will not be sustainable. Toyota's operating margin was 10 percent in the financial year that ended in March, while the average for a basket of its domestic peers was 5 percent. That gives Toyota exceptional flexibility to keep prices stable; even if it absorbed costs associated with the levies, operating profit would only decline some 7 percent, Morningstar analyst Vincent Sun calculates.

By contrast, Honda Motor would face a 25 percent drop in earnings if it tried the same approach, while struggling Nissan Motor's operating loss would grow by nearly a third, Sun reckons. In the end, weaker companies will have little choice but to ask customers to foot the bill. Even if a US-Japan bilateral trade agreement were to halve the levies, Japanese importers statewide would probably still have to pass through about 80 percent of the impact to consumers, consultancy AlixPartners estimates.

That bodes ill for their market share. Those who can't avoid hiking may lose out to Toyota or, worse for Japan, to non-Japanese brands like Tesla. That would hurt: the US is the largest single market for Honda and Nissan,

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Vehicles are on display for sale at the Toyota of North Austin dealership in Texas. Toyota Motor said on June 21 it will raise prices for some vehicles sold in the US by an average of \$270 starting in July.

PHOTO: AFP/FILE

Dollar sags

REUTERS, Tokyo

The dollar slid on Monday against the yen and wallowed near its lowest in almost four years against the euro, as market optimism over US trade deals bolstered bets for earlier interest rate cuts by the Federal Reserve.

The dollar also languished near a four-year low against sterling and a trough of more than decade versus the Swiss franc after the White House neared a deal with China, while Canada scrapped a digital services tax to restart stalled talks.

Both the yuan and Canadian dollar gained. Investors interpreted Fed Chair Jerome Powell's testimony to US Congress last week as dovish, after he said rate cuts were likely if inflation did not spike this summer because of tariffs.

Bets for at least one quarter-point reduction by September have risen to 91.5 percent, CME Group's FedWatch Tool shows, from about 83 percent a week earlier. The Fed's rate-setting committee also meets next month, but does not gather in August.

"The market pricing implies a (September) cut as a slam dunk," Chris Weston, head of research at Pepperstone, wrote in a client note.

Friday's monthly US payrolls report is this week's "marquee risk event", Weston said, and the risk to the dollar "seems asymmetric, given the Fed's reaction function is biased towards the timing of the next cut."

That meant the dollar was more likely to suffer a rout on weak numbers than rally on a hot outcome, he added.

An additional weight on the dollar came from Donald Trump's continued assault on Powell, after the US president said on Friday he would "love" it if the Fed chief resigned before his term ended in May.

Trump also said he wanted to cut the benchmark rate to 1 percent from 4.25 percent to 4.5 percent now, and reiterated that he planned to replace Powell with a more dovish Fed chairperson.