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Star BUSINESS

USTR yet to give date for final tariff talks

REFAYET ULLAH MIRDHA

The United States Trade Representative (USTR), the chief trade negotiation body of the American government, is yet to provide a specific date and time to Bangladesh for the launch of the third and final round of tariff negotiations, although time is running out.

Bangladesh on Tuesday sent its position paper to the USTR and sought to engage in the negotiations on July 26 to come to an agreement on a favourable tariff rate that would be applicable to its exports.

However, as of yesterday, the USTR had not given any date to Bangladesh for the fresh round of meetings, said a senior official familiar with the negotiation process, asking not to be named.

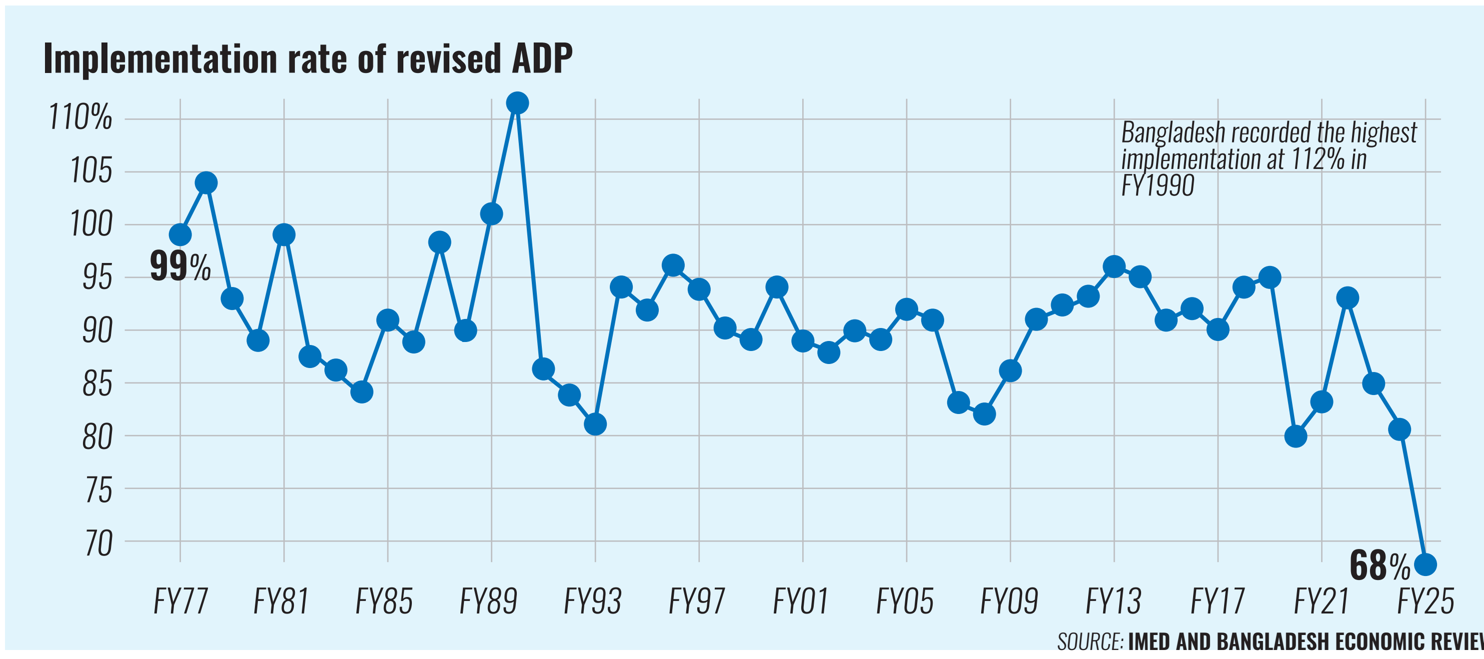
But the USTR is expected to offer a date between July 27 and July 29 to sit for the negotiation meeting, the official also said.

The Trump administration is scheduled to apply the new tariff rates for the countries concerned from August 1. That means the tariff rate needs to be negotiated within this month.

In a last-ditch effort, a group of local garment exporters is now trying to hire a lobbying firm in the US to hold

READ MORE ON B3

ADP spending hits 49-year low



REJAUL KARIM BYRON *and* JAGARAN CHAKMA

Bangladesh's development spending fell to a historic low in the recently concluded fiscal year 2024-25, with just 68 percent of the revised annual development programme (ADP) implemented—marking the weakest performance since FY1976-77.

According to Implementation Monitoring and Evaluation Division (IMED) data, ministries and divisions spent only Tk 1,53,452 crore out of Tk 2,26,165 crore of the revised allocation.

The interim government in March slashed the original allocation by 18 percent from Tk 2,78,288 crore amid the slow pace of implementation for a host of factors, including political and social unrest during the July uprising and the subsequent fall of the Sheikh Hasina regime, and low collection of revenue.

Overall implementation of development programmes, as reflected in spending, was 55 percent of the original outlay.

Officials and economists also attribute the drastic shortfall to heightened scrutiny over politically sensitive projects and austerity measures taken by the interim government in a bid to curb inflation, reduce bank borrowing, and restore macroeconomic stability.

Yet, the final figure of the implementation caught some economists by surprise.

"Obviously, it is frustrating," said Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD). "There was an extraordinary situation in the first half of the fiscal year. This affected implementation."

He noted that the low development spending does not affect only the public sector but also the private sector. "This has also put a negative impact on economic growth."

Previously, the lowest ADP implementation rate was recorded in FY2019-20 during the onset of the COVID-19 pandemic, when execution stood at 80 percent.

The IMED says the Health Education and Family Welfare Division spent the lowest at 15.36 percent, followed by the Health Services Division at 22 percent of its allocated funds under the revised plan.

In stark contrast, the Power Division and the Energy and Mineral Resources Division

READ MORE ON B3

Luxury car sales plunge amid political, economic uncertainty

JAGARAN CHAKMA

Political and economic factors

- Political instability reduced consumer confidence
- Economic uncertainty discouraged spending on high-end cars
- Investor caution affected business-driven purchases
- Shrinking quick-profit avenues deterred risk-taking buyers

CONSUMER BEHAVIOUR

- High-income buyers are postponing big purchases
- Luxury SUV demand weakened after govt change
- High-end car sales dropped by over 60% in six months

Sector-specific impacts

- Garment sector slowdown hurt premium buyer base
- Carbon tax on EVs discouraged electric luxury car sales

Sales of luxury sedans and sport utility vehicles (SUVs) have dropped significantly over the past six months, as economic and political uncertainties continue to reshape consumer behaviour, according to industry insiders.

Sales have been nearly stagnant since the political unrest and mass protests of July last year, with customers reining in spending amid the sudden change in government.

Although there is no official data specific to premium vehicles, figures from the Bangladesh Road Transport Authority (BRTA) show that around 871 SUVs were registered on average each month between January and June of this year.

Of those, roughly 10 percent fall under the luxury category, as per industry insiders.

Almost all models of Audi, BMW, and Mercedes-Benz are generally considered luxury vehicles, while Toyota's Land Cruiser, Harrier, and Prado, along with Mitsubishi's Pajero, are regarded as premium vehicles.

"From January to April last year, we sold on average 10 vehicles per month," said Asique Un Nabi, director of operations at Executive Motors Ltd, the authorised distributor of BMW vehicles in Bangladesh.

"This year, there were months when we sold at best four or none at all," he said.

According to him, the sales of luxury vehicles dropped by over 60 percent in the first six months of this year.

He attributed the downturn to the political transition, weakened investor confidence, and a reduction in discretionary spending by high-income individuals.

"Corporate executives, doctors, lawyers, and businesspeople who once regularly bought luxury cars are now holding back," he added.

Executive Motors Ltd currently offers nine models of BMW vehicles in Bangladesh, including petrol, plug-in hybrid, and electric vehicles. Prices range from Tk 1.03 crore to over Tk 3.5 crore, depending on specifications.

Citing the BRTA data, Nabi said that in the first half of 2025, a total of 5,119 passenger cars—meaning those that carry fewer than 10 persons—were registered.

In 2024, it was 10,499, he said.

While the number of SUVs registered appears to have increased, most are of 1,500cc or below—far from the high-end segment, he said.

Models such as the BMW i7 and X5 continue to attract interest, but actual purchases remain sluggish. "Customers are now waiting. Confidence needs to return for the luxury market to recover," Nabi said.

Audi Bangladesh, the sole distributor of German luxury automaker Audi, reported zero sales since July last year, despite securing a usual monthly average of seven to eight vehicles earlier.

Safayet Bin Taiyab, its country lead for sales, said the company incurred a loss of around Tk 1 crore and was struggling to cover operational costs, which require selling at least six vehicles per month.

Their Tejgaon showroom in Dhaka has seen no customer footfall in recent months.

Taiyab attributed the crisis to the ongoing political instability, declining purchasing power, and economic uncertainties, which have deterred affluent buyers from investing in their luxury vehicles priced between Tk 1.69 crore and Tk 3.99 crore.

Uncertainties over garment exports—which are the country's key foreign currency-earning sector and account for their largest customer base—have further dented demand.

The sector is grappling with declining orders, reduced income, and shrinking export volumes—factors that naturally dampen interest among entrepreneurs in car purchases, he said.

Adding to the woes, the BRTA recently imposed a carbon tax on electric vehicles (EVs), despite their zero emissions.

"We were hopeful EVs would provide a growth path amid rising fuel costs, but this policy decision has been discouraging," Taiyab said.

He also said that without policy support, especially around EV import duties and taxes, the premium automobile segment may face long-term stagnation.

Arif Khan Bipu, managing director of Motors Bay, said the slowdown in car sales was not limited to the luxury segment.

He added that the change in the political scenario has further dampened consumer sentiment.

Additionally, cash flow has significantly declined due to an economic contraction, leading to an overall sales drop of around 40 percent, he said.

"The overall market environment is simply not favourable for luxury car sales at this moment," said Shafiqul Islam, head of operations at HNS Automobiles.

READ MORE ON B2

BGMEA urges ICDs not to hike container handling charges

STAFF CORRESPONDENT, *Ctg*

Readymade garment exporters have urged the Bangladesh Inland Container Depots Association (Bicda) to withdraw its recent decision to raise various charges for handling export containers.

In a circular issued to its members on July 15, Bicda announced raising different charges for handling export and empty containers in the range of 30 percent to 80 percent.

It cited rising operational and investment costs, currency devaluation, and inflationary pressures as the key reasons behind the decision.

In a letter to the Bicda president on July 21, Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said it was not the appropriate time to increase any charges related to exports.

The country's readymade garment sector is facing many challenges both locally and globally, and exporters are struggling to run their factories, he said.

This is due to the ongoing Middle East crisis, the US reciprocal tariff, labour unrest, the energy crisis, high bank interest rates, and increased costs at every stage of production, including raw material prices and transportation costs, he said.

Facing all these adversities, exporters in this sector are trying their best to keep the trade running, he mentioned.

The BGMEA believes that it is not appropriate to hike export-related charges in this situation, as cost savings are required to maintain competitiveness, he opined.

READ MORE ON B2

Govt to initially buy 2.2 lakh tonnes of wheat from US

STAR BUSINESS REPORT

The government yesterday decided to buy 220,000 tonnes of wheat from the US, aiming to reduce the trade gap between the two countries and secure a favourable tariff deal from the Trump administration on Bangladesh's exports.

The purchase price will be $302.75 per tonne, according to a statement from the finance ministry.

This marks the first wheat import from the US in nearly seven years.

The decision came two days after the food ministry signed a memorandum of understanding with US Wheat Associates to import 700,000 tonnes of the grain annually over the next five years under a state-to-state contract.

The food directorate will import the wheat from Agrocorp International Pte Ltd, which has been authorised by US Wheat Associates, the export market development organisation for the US wheat industry.

The deal comes as the government continues negotiations with the US administration to reduce the 35 percent tariff set to take effect on Bangladeshi goods from August 1 this year.

After the meeting, Finance Adviser Salehuddin Ahmed said importing wheat from the US could support Bangladesh's broader negotiations with them.

"It's a gesture of goodwill that can help in discussions on other matters," he said, adding that the purchase of wheat from the US would also diversify sources, ensure lower impurity levels, and offer better protein content.

"Previously, we primarily imported from the Russian and Ukrainian blocs. But due to uncertainties in those regions—especially around the Black Sea—there have been disruptions. There's also instability involving Yemen and Israel in that area," he said.

Ahmed said importing wheat from the US might cost slightly more, especially due to the higher protein content. "But overall, the quality is superior," he said.

The government last bought wheat at $268.9 per tonne.

The government has plans to import 600,000 tonnes of wheat this fiscal year, up from 460,000 tonnes the previous year.

Last fiscal year, private imports amounted to 57.7 lakh tonnes, meaning the government will likely need to involve the private sector to meet the increased import target.

At yesterday's meeting, the government also decided to purchase 150,000 tonnes of fertiliser and one cargo of liquefied natural gas (LNG) at $12.43 per million British thermal units (MMBtu).

Al-Arafah Islami Bank completes manpower assessment

STAR BUSINESS DESK

Al-Arafah Islami Bank PLC has recently completed a transparent recruitment and merit-based manpower assessment as part of its efforts to strengthen good governance and ensure compliance in human resource management.

Following observations by auditors and regulatory authorities regarding recruitment processes for entry-level officers since 2021, the bank initiated an impartial assessment to review the appointments, according to a press release.

As part of the process, the Institute of Business Administration (IBA), University of Dhaka, conducted a quality assessment test. A total of 1,414 officers participated in the test, of which 864 qualified while 550 were disqualified.

The bank said the disqualified officers have been released from service in compliance with its employees' service rules and the country's prevailing laws.

Al-Arafah Islami Bank said it remains committed to building a merit-based, professionally sound and customer-centric Islamic banking system through transparent recruitment practices.

Prime Bank Investment wins three awards at ABF 2025

STAR BUSINESS DESK

Prime Bank Investment Ltd (PBIL), a subsidiary of Prime Bank, has won three awards at the Asian Banking & Finance Corporate & Investment Banking Awards 2025.

The company was named Corporate and Investment Bank of the Year – Bangladesh in recognition of its role in capital market transactions and service innovation. PBIL has been active in advising on equity, debt, and M&A transactions, contributing to the development of the country's investment banking sector, according to a press release.

It also secured the Mergers and Acquisitions Deal of the Year – Bangladesh award for advising on a major merger involving a local conglomerate. The deal was notable for enhancing operational efficiency, strengthening capital structure, and ensuring compliance with regulatory requirements.

In addition, PBIL received the Initiative Award for Financial Inclusion – Bangladesh for introducing PrimeInvest, a discretionary wealth management service aimed at broadening access to investment opportunities. The platform is designed to attract diverse groups, including women, young investors, non-resident Bangladeshis, and rural participants, by offering low entry barriers and simplified onboarding processes.

"These awards reflect our strategic focus on innovation and inclusive growth," said Syed M Omar Tayub, managing director and CEO of PBIL, in a statement. "We are proud to be recognised and remain grateful to our clients and stakeholders for their trust and support."

Prof M Zubaidur elected chairman of Islami Bank

STAR BUSINESS DESK

Prof M Zubaidur Rahman has been elected chairman of Islami Bank Bangladesh PLC.

The election took place at a meeting of the bank's board of directors yesterday, as per a press release.

The previous chairman, Md Obayed Ullah Al Masud, also an independent director, had resigned from his post on July 17.

He had sent his resignation letter to the Bangladesh Bank governor, citing personal reasons.

Following the July uprising last year, the board of directors of Islami Bank Bangladesh PLC was dissolved.

Afterwards, on August 24, five new independent directors were appointed to a restructured board, with Md Obayed Ullah Al Masud named as chairman.

Prof M Zubaidur Rahman had been serving as an independent director of the bank. He is also the founder and vice-chancellor of the ZNRF University of Management Sciences in Dhaka.

He started his career as a lecturer at the Department of Finance in the University of Dhaka in 1975 and obtained a PhD in finance from the University of Manchester, UK.

Midland Bank signs cash management deal with TF Industrial

Mohd Javed Tarek Khan, SEVP and head of the institutional banking division at Midland Bank PLC, and Xu Yaozhou, managing director of TF Industrial Co Ltd, pose with officials of both organisations at the bank's head office in Dhaka on July 22. PHOTO: MIDLAND BANK PLC

STAR BUSINESS DESK

A memorandum of understanding (MoU) was signed between Midland Bank PLC (MDB) and TF Industrial Co Ltd at the bank's head office on July 22.

Md Ahsan-uz Zaman, managing director of Midland Bank PLC, was present at the event. Mohd Javed Tarek Khan, SEVP and head of the institutional banking division at MDB, and Xu Yaozhou, managing director of TF Industrial Co Ltd, signed the MoU on behalf of their respective organisations, according to a press release.

Under the agreement, TF Industrial will use Midland Bank's online cash management platform, "Midland Cash Management (MCM)," for its daily business banking and cash management activities.

Prashanta Kumar Saha, head of corporate liability management unit of Midland Bank, Mao Wei, supervisor, and Md Abu Sayed, general manager (head of sales and marketing) of TF Industrial, were also present along with other officials of both organisations.

UCB Investment awarded as 'best investment bank' by Euromoney

STAR BUSINESS DESK

UCB Investment Ltd (UCBIL) has been named Bangladesh's Best Investment Bank at the Euromoney Awards for Excellence 2025, marking the third consecutive year the company has received the honour.

The recognition reflects UCBIL's role in structuring transactions and offering advisory services that contribute to the development of the country's capital markets, according to a press release.

Over the years, UCBIL has also received similar accolades from Euromoney, FinanceAsia and Asiamoney, along with other international recognitions.

Recently, it won all five eligible categories at The Asset Triple A Awards for Sustainable Finance 2025.

The company said it would continue focusing on sustainable and responsible financial solutions to support Bangladesh's economic growth.

EXIM Bank signs cooperation agreement with Chinese bank

STAR BUSINESS DESK

Export Import Bank of Bangladesh PLC (EXIM Bank) has signed a tripartite strategic business cooperation framework agreement with Bank of Huzhou Co Ltd of China and May International Trade Services Ltd to strengthen collaboration in cross-border financing and multilateral financial cooperation.

The agreement was signed in China by Abdul Aziz, managing director (current charge) of EXIM Bank, Wu Ronglin, vice president of Bank of Huzhou Co Ltd, and Syed Aminul Kabir, managing director and CEO of May International Trade Services Ltd, according to a press release.

The deal aims to enhance cooperation in domestic and international interbank business and explore innovative models of multilateral financial services.

Abdul Aziz, managing director (current charge) of EXIM Bank, Wu Ronglin, vice president of Bank of Huzhou Co Ltd, and Syed Aminul Kabir, managing director and CEO of May International Trade Services Ltd, pose with the signed documents at a function in China recently. PHOTO: EXIM BANK

Sayed Abul Hashem, deputy managing director and chief financial officer of Premier Bank, Wu Ronglin, vice-president of Bank of Huzhou, and Syed Amirul Kabir, managing director and chief executive officer of May International Trade Services, pose with the signed documents at a function in China recently. PHOTO: PREMIER BANK

Premier Bank signs financing deal with Bank of Huzhou

STAR BUSINESS DESK

The Premier Bank PLC has signed a tripartite Strategic Business Cooperation Framework Agreement with Bank of Huzhou Co Ltd of China and May International Trade Services Ltd to strengthen cross-border financing and multilateral financial cooperation.

The agreement was signed at a programme in China by Sayed Abul Hashem, deputy managing director and chief financial officer of Premier Bank; Wu Ronglin, vice-president of Bank of Huzhou; and Syed Amirul Kabir, managing director and chief executive officer of May International Trade Services, according to a press release.

Following the signing, the chairman of Bank of Huzhou ceremonially handed over the agreement to Hashem.

The deal aims to foster strategic cooperation in both domestic and international interbank business and explore innovative models for multilateral financial services, according to the bank.

Japan trade deal

FROM PAGE B4

President Donald Trump on July 23 said on Truth Social that the US had reached a trade deal with Japan that will set reciprocal tariffs on imports from the country at 15 percent. He also said that Japan will invest, at his direction, $550 billion into the US.

Japan's Prime Minister Shigeru Ishiba confirmed that the deal includes setting import tariffs on Japanese autos at 15 percent and that the pledged investment would include loans.

Trump added that Japan will open up its country to US imports of cars, trucks, rice and other agricultural products. Japan would raise a portion of rice imports from the US within its minimum access framework, Ishiba said.

Luxury car sales plunge

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"The overall market environment is simply not favourable for luxury car sales at this moment," said Shafiqul Islam, head of operations at HNS Automobiles.

"Sales of all types of cars—from low-cost to high-end—have remained sluggish for almost a year as customers have lost confidence in spending on luxury products," he said.

He noted that until recently, high-income customers showed a clear preference for SUVs over sedans. "But the recent political transition has disrupted that trend, and even the demand for high-end SUVs has weakened," he said.

Islam added that a series of ongoing events and economic uncertainties have taken a toll on consumer sentiment.

"People are no longer on a buying spree. The uncertainty in the market has made them cautious, especially when it comes to making large, discretionary purchases like luxury vehicles," he said.

BGMEA urges

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"In the proposed revised charges, an increase of 80 percent to 100 percent from the previous rate has been proposed in some cases, and new charges have been imposed in two cases," the letter stated.

Such increases in charges without prior consultation with all stakeholders are not in accordance with the rules, it said.

The BGMEA president requested Bicda to withdraw the circular and impose charges based on the previous rates, considering the critical situation of the readymade garment industry.

Trump agrees

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"All of what we consider part of the modernization of the Philippine military is really a response to the circumstances that surround the situation in the South China Sea," Marcos said next to Trump.

"We are essentially concerned with the defense of our territory and the exercise of our sovereign rights," said Marcos.

"Our strongest, closest, most reliable ally has always been the United States."

China and the Philippines have engaged in a series of confrontations in the contested waters of the South China Sea, which Beijing claims almost entirely, despite an international ruling that the assertion has no legal basis.

Trump has frequently questioned allies in Europe over their military spending, but voiced fewer doubts about the Philippines.

Both Defense Secretary Pete Hegseth and Secretary of State Marco Rubio in meetings with Marcos on Monday vowed to honor the 1951 Mutual Defense Treaty with the Southeast Asian nation.

The Trump administration has identified China as the top US adversary but the president has also boasted of his relationship with Chinese counterpart Xi Jinping.

Regent Textiles asked to return Tk 90cr IPO funds

STAR BUSINESS REPORT

The stock market regulator has ordered Regent Textile Mills Ltd to return Tk 90 crore, comprising Tk 80.11 crore channelled from its initial public offering (IPO) proceeds and interest, from its sister concern, Legacy Fashion Ltd.

The Bangladesh Securities and Exchange Commission (BSEC) deemed the investment to be in violation of IPO terms and harmful to investors, the commission disclosed in a press statement after its 964th meeting yesterday.

Regent had invested the money out of its total IPO proceeds of Tk 125 crore, acquiring a 99 percent stake in Legacy Fashion, the BSEC said. "This investment has undermined the interest of investors."

The commission ordered the company to comply with the order within 30 days, warning that failure to comply would result in a fine of Tk 20 crore each for five of the company's directors—Yakub Ali, Md Yasin Ali, Tanvir Habib, Mashruf Habib, and Slaman Habib.

In a separate move, the BSEC also decided to direct Vanguard Asset Management to return Tk 4 crore it had invested in AFC Health Ltd from its mutual fund—Vanguard AML BD Finance Mutual Fund One. The investment was deemed detrimental to unit holders.

The regulator ordered the asset manager to deposit Tk 9 crore back into the fund within 30 days, the BSEC said, adding that non-compliance would result in a Tk 10 crore fine.

The commission also decided to impose a Tk 1 crore fine on Bangladesh General Insurance Company, the trustee of the mutual fund, for failing to properly monitor the AFC Health investment.

Additionally, the regulator fined Farzana Azim, a sponsor of Southeast Bank PLC, and her brother Mamun Azim Tk 5 lakh each for conducting share transactions during a restricted trading period.

According to BSEC rules, sponsors, directors, and top executives of listed companies are barred from trading shares during certain blackout periods, particularly before financial disclosures.

Meanwhile, the BSEC approved the withdrawal application of DOER Services Ltd, which had previously received approval for a qualified investor offer (QIO) in December. The company later opted out of going public and submitted a request for withdrawal last month.

In another decision, the regulator rejected an appeal by Daffodil Computers Ltd to convert a Tk 46.70 crore loan from its associated concern, Daffodil Family Concern, into equity at a face value of Tk 10.

China seeks to 'strengthen cooperation' at trade talks with US

AFP, *Beijing*

China said Wednesday it will seek to "strengthen cooperation" with the United States at next week's trade talks in Stockholm.

Washington and Beijing slapped escalating, tit-for-tat levies on each other's exports earlier this year -- reaching triple-digit levels -- stalling trade between the world's two biggest economies as tensions surged.

US Treasury Secretary Scott Bessent said Tuesday he would meet his Chinese counterparts in Stockholm next week for tariff talks.

The third round of high-level negotiations would see a likely postponement of a mid-August deadline for levies to snap back to steeper levels, Bessent told Fox Business.

Chinese foreign ministry spokesman Guo Jiakun said Wednesday that Beijing hoped the two sides could work together "on the basis of equality, respect and mutual benefit".

"We will enhance consensus, reduce misunderstandings, strengthen cooperation and promote the stable, healthy and sustainable development of Sino-US relations," he said.

China's vice premier will attend the talks in the Swedish capital.

"He Lifeng will go to Sweden from July 27 to 30" for the negotiations, a commerce ministry spokesperson said in a Wednesday statement.

After top officials met in Geneva in May, both sides agreed to temporarily lower their tariff levels in a de-escalation set to expire next month.

Officials from the two countries also met in London in June.

Bessent noted that Washington also wanted to speak about a wider range of topics, potentially including Chinese purchases of Iranian and Russian oil.

Trade talks between the United States and China had initially stalled after their Geneva meeting, although Bessent said trade is in a good place now with Beijing.

Disagreements bubbled to the fore when US officials earlier accused Beijing of violating their pact and slow-walking export license approvals for rare earths -- crucial materials for making electronics and other goods.

Since then, the two countries have agreed on a framework to move forward with their Geneva consensus.

The United States has been seen relaxing certain restrictions on semiconductor sales to China, while Beijing has been reviewing applications for export licenses of controlled items.

ADP spending hits 49-year low

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emerged as top performers, implementing 98 percent of the revised allocation.

Rahman said the interim government slashed several projects to cut costs, which contributed to the low implementation rates in some sectors.

"Even after that, reduced development spending on education and health is discouraging for public service delivery," he said.

Zahid Hussain, former lead economist of the World Bank's Dhaka office, said the sluggish ADP implementation in the first half of FY2024-25 stemmed from administrative delays, lack of project scrutiny, and revenue shortfalls.

"Almost no work was possible in July and August," he said, attributing the slowdown to the time the new administration needed to reorganise and resume basic functions. "Even maintaining routine operations was a major challenge in the first six months."

"The government pledged to go slow on mega projects and reassess smaller, politically driven ones—but the vetting process itself delayed implementation."

Amid low revenue collection, the government also reduced its borrowing plan from banks in its bid to contain persistent inflation.

Pointing out the stark difference in spending rates between divisions, he said, "This disparity points to deeper structural and administrative inefficiencies."

He noted longstanding issues in procurement and bureaucratic capacity, especially in health and education, where implementation has remained persistently weak.

Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said the turbulent period following the mass uprising in July 2024 was a major reason for low ADP implementation.

"Political transition delayed administrative reorganisation. Political caution and efforts to avoid past corruption allegations further slowed implementation."

Raihan said bureaucrats were reluctant to proceed with projects linked to the previous regime, fearing controversy. "Without a clear mandate or long-term vision, the interim government lacked the political drive to push development work forward."

He criticised the government's failure to prioritise core sectors amid an ongoing economic crisis. "It was critical to push health and education projects. Yet only 21 percent of the Health Services Division's allocation was utilised—this is alarming."

He also emphasised gaps in implementation capacity.

"Many politically backed contractors became inactive after the regime change, and the government lacked mechanisms to replace them. The bureaucracy was unprepared to respond."

When contacted, Kamal Uddin, secretary of the Implementation Monitoring and Evaluation Division, declined to comment on the ADP implementation rate, saying he took charge of the division recently.

USTR yet to give

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negotiations with the Trump administration on the tariff rate.

The government has not hired any lobbying firm in the US to negotiate with the Trump administration on the reciprocal tariff.

The private sector's initiative to hire a lobbying firm in the US has also seen no progress as there is too little time, said one of the persons who undertook the initiative, asking not to be named.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh (PRI), said he will support any effort by the private sector of Bangladesh to hire a lobbying firm in the US for the tariff negotiations.

If the Bangladeshi initiators can hire the lobbying firm, the PRI will share information pertaining to Bangladesh's economy and trade issues, he said.

Masrur Reaz, chairman of Policy Exchange Bangladesh, said there are some countries that have hired lobbying firms and many of them have been successful in lowering their respective tariff rates in consultation with the Trump administration.

The private sector in Bangladesh is helpless, and they are desperate to lower the tariff rate from 35 percent as time is running out fast, and now they are trying to hire the lobbying firm in the US, he said.

Although there is very little time, the effort can still be made, he said.

The private sector has not left any stone unturned, but "we have lost very valuable time," Reaz also said.

Another frustrated initiator, asking not to be named, said there are doubts over whether it would be possible to hire a lobbying firm now, and even if one is hired in the US, it would not bring any positive outcome.

Still, a group of Bangladeshi businesspeople is now in the US trying to appoint a lobbying firm, he said.

The US is the single largest export destination for Bangladesh, with local garment exporters sending apparel worth $8.2 billion last year.

If the 35 percent tariff rate comes into effect for Bangladesh, the garment sector may face challenges.

Some 1,322 garment factories in Bangladesh are directly involved in sending garments to the US, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

These production units may fail to avail work orders like before due to the high tariff, it said.

Dollar holds losses against yen

REUTERS, *Tokyo*

The dollar held losses against the yen on Wednesday after US President Donald Trump announced a trade deal with Japan ahead of an impending tariff deadline.

With an August 1 deadline looming before the imposition of sweeping import duties on trade partners, US Treasury Secretary Scott Bessent said on Monday the administration is more concerned with the quality of trade agreements than the timing.

Asked whether the deadline could be extended for countries engaged in productive talks with Washington, Bessent said Trump would make that decision.

Uncertainty over the eventual state of tariffs globally has been a huge overhang for the foreign exchange market, leaving currencies trading in a tight range for the most part, even as stocks on Wall Street have scaled fresh highs.

The dollar index was down 0.4 percent to 97.423. The greenback traded at 146.65 yen, little changed from the previous session when it slid 0.5 percent.

Govt approves 18 improved rice varieties for cultivation

STAR BUSINESS REPORT

The government has approved 18 improved rice varieties for cultivation, 80 percent of which are suitable for the Boro and Aman seasons, in an effort to raise agricultural productivity and enhance food security.

Of the approved varieties, two — BRRI dhan 109 and 111 — are suitable for cultivation in flood-prone areas of the country during the Aman season, according to a gazette notification issued by the agriculture ministry on July 19.

Another, BRRI dhan 106, is suited to cultivation in the freshwater regions of Chattogram and Barishal during the Aush season.

The varieties are expected to provide farmers with more options suited to diverse climatic and regional conditions.

Meanwhile, the government also approved four improved jute varieties and five improved wheat varieties, according to the gazette.

The document states that, on average, the rice varieties have a production output of 4.95 tonnes to 8.19 tonnes per hectare. For jute, the output is 2.35 tonnes to 4.17 tonnes, and for wheat, 3.75 tonnes to 4.50 tonnes.

Mohammad Khalequzzaman, director general at the Bangladesh Rice Research Institute (BRRI), said that in the current Aman season, some farmers have already received improved seeds, and distribution for the upcoming Boro season is planned.

This is not the first time Bangladesh has developed strengthened varieties of crops to deal with the impacts of climate change. Last year, scientists developed heat-tolerant rice varieties to address the severe impact of rising temperatures on rice production.

"This innovation directly addresses the issue of high night temperatures, which disrupt the grain-filling process and reduce yields," the International Rice Research Institute said at the time.

The Philippines-based organisation also said researchers identified the rice varieties under a project funded by the Federal Ministry for Economic Cooperation and Development, Germany, which aimed to mitigate the adverse effects of climate change and thereby enhance food security and improve the livelihoods of small farmers.

Meanwhile, earlier this month, ACI Seed unveiled a new variety of aromatic rice suitable for cultivation in the Boro season, claiming it is the first such rice variety developed in the country. The seed-focused business unit of ACI PLC also developed a short-duration, high-yielding Boro rice variety.

ACI received approval for the inbred varieties from the National Seed Board under the agriculture ministry last month, the company said in a statement recently.

ACI said the new aromatic rice variety, named ACI dhan2, is the first of its kind developed for cultivation in the Boro season. The new variety is expected to help farmers who are looking to capitalise on the rising demand for fragrant rice.

According to the company, ACI dhan2 has a yield potential of up to 7 tonnes per hectare, significantly surpassing that of its aromatic predecessor, BRRI dhan34 — an early-season Aman variety that typically yields around 3 tonnes per hectare.

As per the statement, ACI dhan2 can be harvested 135 to 140 days after plantation. Additionally, it has reduced susceptibility to major pests and diseases, thereby reducing the need for pesticides.

"This not only helps farmers reduce input costs but also promotes safer, more sustainable agricultural practices," said the company.

Ansarey said, "ACI dhan2 opens up high-value markets and export opportunities for farmers who were previously constrained to low-yielding varieties in this segment."

Meanwhile, the short-duration, high-yielding variety named ACI dhan3 contains a blast-resistant gene.

PHOTO: HABIBUR RAHMAN

A farmer and his wife are harvesting rice seedlings from a field in Borrokula village of Narail. The rice varieties approved by the government are expected to provide farmers with more options suited to diverse climatic and regional conditions.

The case for reforming minimum tax regime

MASUD KHAN

Bangladesh's minimum tax regime is becoming increasingly infeasible for several key sectors, especially those operating on thin margins or facing structural headwinds.

Take the example of the retail services sector. Subject to a corporate tax rate of 27.5 percent and a minimum tax of 1 percent on turnover, a retailer must earn at least 3.63 percent of annual turnover as pre-tax profit merely to match its minimum tax liability. For an industry marked by wafer-thin margins, rising input and rental costs, and fierce price competition, this breakeven point is often out of reach.

The burden is even heavier in the cement industry. The national budget for the fiscal year (FY) 2025-26 replaced the Tk 700-per-tonne flat import duty on clinker, a key raw material, with a 15 percent ad valorem duty. This has sharply increased input costs at a time when demand remains tepid amid broader economic headwinds. Cement producers also face advance income tax (AIT) on raw material imports and a 2 percent source tax on corporate sales, exacerbating cash-flow constraints.

For a listed manufacturer taxed at 22.5 percent, the minimum profit margin needed to remain tax-neutral is 13.3 percent. For unlisted firms taxed at 27.5 percent, it is 10.9 percent. Such profit levels are rare in a market suffering from chronic overcapacity, where domestic production exceeds demand by more than 2.5 times, and persistent downward pressure on prices prevails.

The steel sector faces a similar squeeze. VAT on rod production has risen from Tk 2,200 to Tk 2,700 per tonne, while the AIT on imported steel scrap remains unchanged at Tk 500 per tonne. Coupled with the 2 percent source tax on sales, these measures significantly raise the breakeven point for tax liability. For steel producers taxed at 27.5 percent, the required profit before tax lies between 10 percent and 12 percent of turnover. These levels are difficult to achieve in a sector beset by overcapacity, volatile input prices, exchange-rate fluctuations, and sluggish demand. Tax obligations untethered from profitability sap working capital and threaten even established players.

Further distorting the picture is the selective application of the minimum tax regime. Only two sectors—cement and steel and allied products—must count taxes paid on imported raw materials towards their minimum tax liability. Other manufacturers are spared this treatment regardless of turnover or profitability. This discriminatory approach is especially harmful given the structural weaknesses these sectors already face.

Another source of concern is the doubling of the tax deducted at source on rental income, from 5 percent to 10 percent. Rental earnings are often eroded by repair and maintenance costs, service charges, and high borrowing costs, especially in a period of elevated interest rates. The real estate market, still recovering from a protracted slump and burdened by unsold properties, has been further destabilised by the withdrawal of provisions that allowed untaxed income to be legalised through investment in property. The higher rate of withholding tax will likely result in excess payments that are difficult, if not impossible, to recover through refunds or adjustments.

The Finance Act 2025 introduced a provision allowing excess minimum tax to be carried forward. In practice, it is of little use to firms that consistently fall short of breakeven profitability and have no tax liability to offset.

A more calibrated, sector-specific tax regime is long overdue. Policymakers must distinguish between high-margin and low-margin sectors and tie tax obligations more closely to actual economic performance. Without such reforms, Bangladesh risks undermining the sustainability of its fragile industrial and services economy.

The writer is the chairman of Unilever Consumer Care Ltd

National Bank posts Tk 763cr loss in Q2

STAR BUSINESS REPORT

National Bank Ltd's losses piled up in the second quarter of 2025 as its inability to recover loans from defaulters and higher interest on deposits dented its bottom line.

The private commercial lender reported a consolidated loss of Tk 763 crore in the April-June quarter, more than four times higher than in the same period a year ago.

Its loss per share stood at Tk 2.37 for the second quarter, up from a restated Tk 0.51 loss per share in April-June 2024, according to a disclosure on the Dhaka Stock Exchange (DSE) website yesterday.

This comes after the bank incurred a loss of Tk 222.16 crore in the January-March quarter of this year.

For the January-June period, the bank's consolidated net operating cash flow per share (NOCFPS) was negative Tk 9.26, compared to negative Tk 7.95 in the same period of 2024.

The bank attributed the losses to its inability to book interest on loans and advances due to non-recovery from defaulters, alongside higher interest expenses on deposits and borrowings.

As a result, the period ended with an operating loss, causing significant deviations in earnings per share, net asset value and NOCFPS.

As of June 30, 2025, sponsors and directors held 15.54 percent of the bank's shares, institutional investors 38.23 percent, foreign investors 0.36 percent, and the general public 45.87 percent, as per DSE data.

Trump agrees to small reduction in Philippine tariffs

AFP, *Washington*

US President Donald Trump agreed Tuesday to reduce threatened tariffs on the Philippines, but only by one percentage point, after what he termed a successful meeting with his counterpart Ferdinand Marcos.

Welcoming Marcos to the White House, Trump called him a "very tough negotiator" and said: "We're very close to finishing a trade deal -- a big trade deal, actually."

In a social media post shortly afterward, Trump said that while the Philippines would open up completely to US goods, he would still impose a 19 percent tariff on products from the Southeast Asian country, a major exporter of high-tech items and apparel.

"It was a beautiful visit, and we concluded our Trade Deal, whereby The Philippines is going OPEN MARKET with the United States, and ZERO Tariffs," Trump wrote on his Truth Social platform.

The Philippines was among two dozen economies confronted by Trump with letters this month warning of 20 percent tariffs on all goods coming into the United States as of August 1.

The 19 percent rate is still above the 17 percent threatened by Trump in April, when he threatened sweeping global tariffs.

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Speaking at a press briefing Wednesday in Manila, Marcos's press secretary Claire Castro said the Philippine president had confirmed Trump's zero tariffs statement but only for "certain markets," without elaborating.

She also downplayed the potential effects of a tariff regime, noting that just 16 percent of the country's exports go to the United States, with about two-thirds being electronic components not subject to the levies.

"To put it plainly, it has an impact on the country, but not that much," she told reporters.

Speaking to reporters following the meeting, Marcos described the tariff situation as a "living thing" that could potentially be revisited as global markets adjusted.

The trade rift comes despite increasingly close defense relations between the United States and the Philippines, a former US colony and treaty-bound ally that has seen high tensions with China.

The United States deployed ground-launched missiles in the Philippines last year, and has also eyed ammunition manufacturing there, despite the closure in 1992 of the US naval base at Subic Bay due to heavy public pressure.

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RAK Ceramics reports Tk 18.5cr loss in Q2

STAR BUSINESS REPORT

RAK Ceramics (Bangladesh), one of the largest ceramics makers in Bangladesh, saw its losses increase in the second quarter of 2025 due to declining sales and higher finance expenses.

The ceramics producer posted a loss of Tk 18.50 crore in the April-June quarter of 2025, over 21 times higher year-on-year, according to its financial statements.

Its consolidated loss per share stood at Tk 0.43 for the quarter, compared to Tk 0.02 in the same period last year.

The ceramics manufacturer attributed the loss mainly to higher finance expenses, as the company required additional bank funding to meet working capital needs.

The company posted a loss of Tk 21.03 crore in the first six months, down from a profit of Tk 3.68 crore in the same period of 2024. Consequently, earnings per share declined, RAK Ceramics said.

Its sales dropped 2.67 percent year-on-year to Tk 310.05 crore from Tk 318.56 crore due to weak market demand.

The company's gross profit margin slid from 20.66 percent to 15.03 percent, driven by rising raw material and manufacturing costs.

Despite the decline in revenue, its net operating cash flow per share improved to Tk 0.16 for January-June, compared to negative Tk 0.78 a year ago, aided by better receivable collections and extended payment terms with suppliers.

As of June 30, sponsors and directors held 72.08 percent of RAK Ceramics' shares, while institutional investors owned 16.94 percent, foreign investors 0.16 percent, and the general public 10.82 percent, Dhaka Stock Exchange data show.

Japan trade deal breaks US tariff template

REUTERS, *Hong Kong*

Everything is up for grabs. That's the takeaway from the US-Japan trade pact Donald Trump and Shigeru Ishiba revealed on Wednesday. By setting tariffs on US imports from the Asian country at 15 percent, including autos, the US president is handing Japan's prime minister a decent win but also beating a big retreat on his flagship "sectoral tariffs". It further complicates Washington's regime of wildly diverging levies.

With reports of his resignation swirling after a bruising election result for his coalition at the weekend, Ishiba declared that his country, which shipped $150 billion in Japanese goods to America last year, had secured the best deal among those that have a trade surplus with the United States. That is true, so far. The agreement puts the tariff 10 percentage points lower than the levy Trump had threatened. The UK secured 10 percent, but it exports more to the US than it imports.

The surprise is that Japan's deal breaks Trump's tariff template. He pledged there would be separate levies for autos, pharmaceutical goods, steel and semiconductors. Handing the Asian giant a 15 percent flat rate on auto exports, which comprise nearly 30 percent of Japan's US shipments, rather than the 25 percent sectoral rate, suggests nothing about Trump's tariff regime is set in stone besides the 10 percent baseline duty he has imposed on all of America's global trading partners.

The outlook for Japanese carmakers will further brighten if Trump sets equal or lower tariffs on imports from Canada and Mexico. Take Toyota Motor. The world's largest carmaker sold 2.3 million cars in the US last year – 23 percent of its global total – and produced more than half that amount there. But it also made around 800,000 vehicles in Canada and Mexico. Honda Motor and Nissan Motor will find it especially painful if auto tariffs on those two countries remain at 25 percent. South Korea, another big Asian auto exporter, also will now hope to win an exemption.

It's enough to justify a relief rally. An 11 percent jump in the Topix Autos Index led a broader jump in stocks. Meanwhile, the yield on five-year government bonds rose 9 basis points to 1.11 percent, the highest since April 1. The Bank of Japan unsurprisingly struck a more sober tone because, in the end, it is still a blow for the struggling $4 trillion economy: last year, 53 percent of Japan's exports to the US crossed the Pacific tariff-free, BNP Paribas analyst William Bratton notes.

Other sops in the deal look less material and well-designed for Trump to tout to an American public. These include a $550 billion commitment for Japan to invest in the US This is nearly four times the value of Japan's exports to America, but SoftBank had already pledged to invest $100 billion stateside over the next four years. Ishiba also clarified that his country's pledge to import US rice would be under its "minimum access", so Japan's powerful lobby of farmers will remain protected. If Ishiba does resign following this deal, he may at least avoid being criticised for playing hardball in tariff negotiations. And foreign leaders will be quietly singing his praises.

Employees of Japanese knife manufacturer Sumikama Cutlery are seen at a factory in Seki, Gifu prefecture, on July 22. Japanese exports to the United States were already subject to a 10 percent tariff, which would have risen to 25 percent on August 1 without a deal.

PHOTO: AFP

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