Govt approves 18 improved rice varieties for cultivation

STAR BUSINESS REPORT

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 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.

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.

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

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.

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