

Toyota, Honda
fear US tariffs
to dent profits

REUTERS, Tokyo

Toyota Motor and Honda Motor are expected to report weaker first-quarter earnings this week, as US import tariffs and a stronger yen weigh on profits despite solid demand for hybrids in their biggest overseas markets.

Japanese automakers face growing uncertainty in the US, where tariffs on imports are pushing up vehicle prices and testing the resilience of consumer demand. Investors will be watching for clues on how Japan's two largest automakers are offsetting such burdens.

Toyota, the world's top-selling automaker, is forecast to post a 31 percent year-on-year drop in operating profit to 902 billion (\$6.14 billion) yen on Thursday, according to the average estimate of seven analysts polled by LSEG. That would mark its weakest quarterly result in more than two years.

Honda is expected to report a 36 percent decline in operating profit to 311.7 billion yen on Wednesday, its second straight quarterly drop. The automaker has already forecast a 59 percent fall in full-year profit.

Both companies face the prospect of 15 percent tariffs on Japanese auto imports into the US from levies totalling 27.5 percent previously, following a bilateral trade deal last month.

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Other Japanese automakers and suppliers have also flagged weaker earnings, citing the same pressures from tariffs and the stronger currency compared to the same period a year ago.

"The first quarter is going to be a rough one for Toyota," said Christopher Richter, auto analyst at CLSA. "Things should get easier going forward," he said, citing some relief from the lowered tariffs.

Particularly Honda's reliance on the US has deepened in recent years as sales in other regions falter. Outside of the US, both companies produce key models for the US market in Canada and Mexico.

For Honda, the US accounted for around two-fifths of total sales in the first half of the year. Its global sales fell 5 percent over the period, dragged down by double digit declines in China, Asia and Europe.

Asia-US sea freight rates set to extend declines

REUTERS, Singapore

Asia-US sea freight rates are set to drop further in 2025 as shipping capacity outpaces demand and trade routes shift due to tariffs and geopolitical tensions, though vessel rerouting is expected to limit some losses, industry experts said.

Average spot rates for containers from Asia to the US west and east coasts have slumped by 58 percent and 46 percent, respectively, since June 1 and are expected to fall further, according to shipping analytics firm Xena.

Adding to uncertainty are unresolved trade talks between the US and China. Officials from the world's top two economies last week agreed to seek an extension of their 90-day tariff truce. The China-US trade lane remains one of the most profitable for container ship operators.

Sea freight saw a brief uptick in late May and early June as shippers took advantage of a 90-day pause in US President Donald Trump's tariffs, but rates quickly fell as capacity outweighed demand, Xena data showed.

"There is significant overcapacity globally and this will continue to shape the market," said Erik Devetak, Xena's chief technology and data officer.

"China-to-US trade is dampened and the EU economy is not exactly hot, so blanked sailings and cancellations will become a recurring theme as carriers desperately try to keep freight rates up," Devetak said.

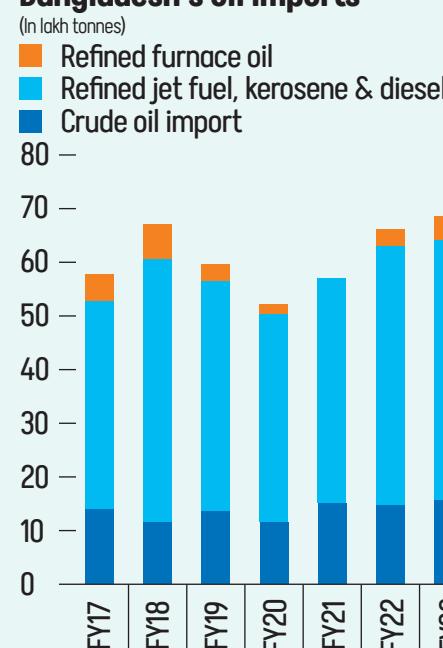
Blanked sailings refer to cancelled port calls or voyages.

Logistics major DHL noted that spot rates, which rose in the early summer surge of traffic from Asia to North America, have since reversed.

Pipeline ready to carry fuel from Ctg to Dhaka

Inauguration on Aug 16, expected to save BPC Tk 200cr per year

Bangladesh's oil imports



Pipeline to carry diesel to Dhaka from Ctg

Route: Patenga, Ctg to Godnail, Narayanganj

Length: 250km

Capacity: 350 tonnes per hour

Benefits

- To maintain a 27,000-tonne diesel reserve
- To save Tk 200 crore per year
- To minimize fuel loss in transit

PROJECT TIMELINE

Approved: Oct 2018 | **Initial cost:** Tk 2,861cr | **Deadline:** Dec 2020

Completed: 2025 | **Final cost:** (after 2 extensions) Tk 3,699cr

By: Army's 24 Engineer Construction Brigade

Operator: Pipeline Transmission Company Ltd

Bangladesh annual fuel import costs

(In crore taka)

SOURCE: BPC



MD NAZRUL ISLAM, Ctg

After three successful trial runs, the long anticipated Chattogram-Dhaka fuel pipeline is set to be officially inaugurated on August 16, according to the Bangladesh Petroleum Corporation (BPC).

"Several successful trial runs of diesel supply through the pipeline have been completed from Chattogram to Godnail in Narayanganj. We have now fixed August 16 as the commissioning date," BPC Chairman Md Amin Ul Ahsan told The Daily Star.

The test runs took place in late June, with 32,000 tonnes of refined diesel delivered to the Godnail depot over three days through the 250-kilometre pipeline, stretching from Chattogram's Patenga to Narayanganj.

The pipeline comprises two segments. The first 241.28-kilometre patch with a 16-inch diameter from Patenga to Godnail via Feni, Cumilla, Chandpur, and Munshiganj, and the second 8.29-kilometre segment with a 10-inch diameter connecting Godnail to Fatulla.

The route crosses at least 22 rivers and canals, including 10 rivers, with large portions laid beneath the riverbeds.

Once fully operational, the pipeline is expected to save BPC around Tk 200 crore each year by slashing fuel transport costs, according to officials who spoke on condition of anonymity.

At present, refined diesel is being pumped directly from the storage tanks of Padma, Meghna, and Jamuna oil

companies in Patenga to Godnail. BPC sources said the process has run smoothly, with no reported complications.

There are nine pumping stations along the pipeline.

Currently, imported fuel arrives at Chattogram port and is moved to central depots by feeder vessels before being distributed nationwide by river, rail, or road. This multi-modal system faces risks such as oil theft, navigational hazards, and dry season disruptions.

In the fiscal year 2023-24, 54 lakh tonnes of fuel were transported across the country by water. Of this, 27 lakh tonnes travelled from Chattogram to the Godnail and Fatulla depots, requiring over 110 ships each month.

A total of 13.44 lakh tonnes of diesel was transported by river from the main oil installations in Chattogram's Patenga area to the Godnail and Fatulla depots in Dhaka during the fiscal year 2024-25.

In the previous fiscal year, 12.80 lakh tonnes of diesel were moved along the same route. The volume was higher in 2022-23, with 14.79 lakh tonnes transported by river.

In FY 2021-22, the figure stood at 13.86 lakh tonnes, while 12.28 lakh tonnes of diesel were carried in FY 2020-21.

All consignments were delivered by smaller ships via inland waterways, which remain the primary mode of diesel transport from Chattogram to the capital.

To manage the pipeline, engineers from the construction contractor are in the process of handing over operations to the

newly established Pipeline Transmission Company Limited (PTCPLC) under the BPC.

The new infrastructure can transport 350 tonnes of fuel per hour and will maintain a reserve of 27,000 tonnes of diesel along the route. It has the capacity to handle up to 50 lakh tonnes of fuel annually.

Approved in October 2018, the project was initially scheduled for completion by December 2020. However, construction delays led to deadline extensions, first to December 2022 and then to December 2024.

The project was implemented by the Bangladesh Army's 24th Engineer Construction Brigade, with funding from BPC. Initially, the estimated cost was Tk 2,861 crore, but the final cost rose to nearly Tk 3,699 crore.

According to BPC officials, the pipeline will strengthen national energy security, reduce system losses during fuel transfer, lower transport costs, and speed up delivery to Dhaka.

This is the second underground fuel pipeline project in the country, after the 110-kilometre Single Point Mooring (SPM) line from the deep sea off Moheshkhali to the Eastern Refinery in Chattogram.

The SPM project has yet to begin formal operations due to the absence of an operations and maintenance contractor.

Despite successful commissioning in April 2024 and formal handover in August, the Tk 8,000 crore facility has remained idle for nearly a year.

Taka devaluation and the path ahead

SALEKEEN IBRAHIM

The economy of Bangladesh is currently undergoing several reforms and adjustments. However, in recent times, currency devaluation and rising inflation have shaken households, small businesses and industries, forcing painful changes at every level. Many are asking how this devaluation affects the people, and how stability can be regained.

When the taka weakens, every dollar spent on imports like food, fuel and machinery becomes more expensive. In FY2023, the taka depreciated roughly 13.8 percent against the dollar. This raised import costs, fuelling inflation at home. In FY2024-2025 (July through May), it depreciated by another 3.94 percent, tightening the squeeze further.

Research shows that a 1 percent depreciation of the taka can push inflation up by about 0.2 percent. This is a clear example of how currency valuation affects prices. The Bangladesh Bank reported core inflation (excluding food and fuel) at 9.37 percent in June 2025, up from 8.53 percent a year earlier. Food inflation remains high at 12.39 percent. With overall inflation at 8.48 percent in June 2025, the rising cost of living is no longer a rumour. It is a reality.

As prices climb, especially for food, energy, transport and imported goods, household budgets are squeezed. Real wage growth has stagnated. For example, garment workers who once earned Tk 8,300 per month are now struggling as living expenses surge. They demanded Tk 23,000 in late 2023, but employers offered only Tk 12,500. With inflation at nearly 9.5 percent, even that was not enough to meet basic needs.

The structure of financial capacity and recent statements from many responsible positions point to worsening coordination in the financial sector. Non-performing loans are rising rapidly, capital adequacy is weakening, and foreign reserves are shrinking. These are all signs of growing instability. As the sector becomes fragile, access to credit tightens, reducing economic resilience. Prices of everyday goods rise, borrowing becomes harder and more costly, savings lose value, and the cycle of hardship deepens.

The central bank adopted a tighter monetary policy in FY2024 to FY2025. The repo rate was raised to 10 percent, the Standing Lending Facility to 11.5 percent, and the Standing Deposit Facility to 8 percent in an attempt to control inflation and stabilise the taka. A shift to a market-based and crawling peg exchange rate regime has helped align nominal rates with the real effective exchange rate, improving competitiveness and reserve stability.

In FY2024, the taka depreciated by 8.17 percent by June, and only 1.7 percent in the first half of FY2025. Remittances rose 28.7 percent in July to May FY2025, narrowing the current account deficit from \$6.12 billion to just \$0.43 billion. This helped raise reserves to \$27.43 billion by April 2025. Policies such as expanding remittance channels and easing banking rules have supported the recovery of foreign exchange inflows.

Ultimately, financial stability depends on a stronger banking system that limits non-performing loans, ensures adequate capital, supports diverse financing, and improves portfolio management. Without meaningful reforms, a fragile banking system could quickly erode economic resilience.

If the taka falls another 10 percent tomorrow, inflation would likely rise by 2 percent or more, especially for food and fuel. The burden would fall heaviest on lower-income groups. Inflation is not just a number. It is the daily breakdown of budgets, hopes and futures.

As citizens, it is important to shift spending towards local products, adopt energy-efficient habits, and advocate for fair wages that reflect the rising cost of living. The slide of the taka reflects not only external shocks but also weak financial structures and slow policy action.

The solution lies in bold and coordinated reforms, a prudent central bank, stronger banking systems, diverse foreign exchange inflows and empowered households. If policy aligns with purpose and economics with equity, stability can be restored to the taka.

The writer is a senior banker

US-India standoff is about more than Russian oil

REUTERS, Hong Kong

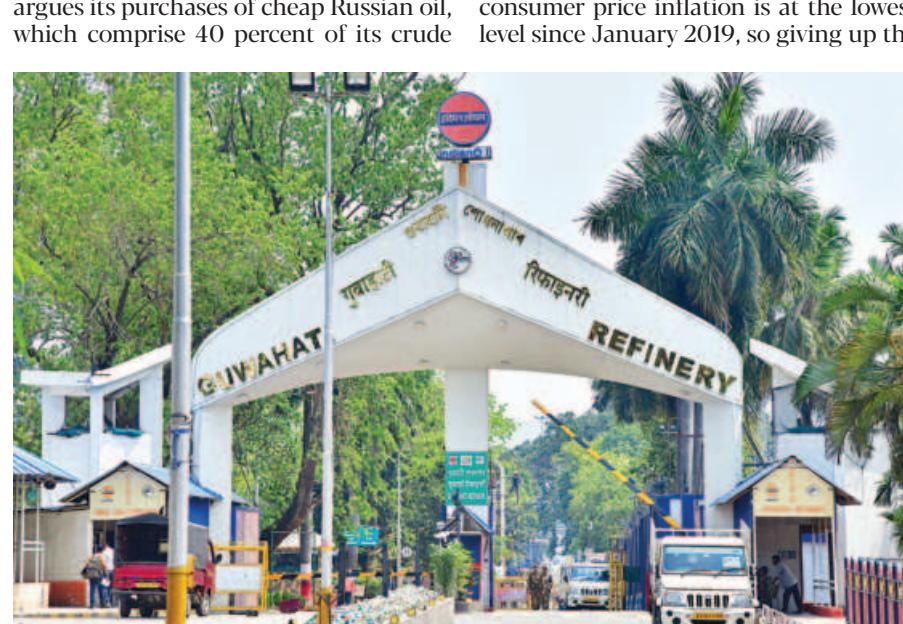
The standoff between the US and India may well get worse before it gets better. Having slapped a 25 percent tariff on goods the South Asian country sends to America, Donald Trump is vowing to ratchet up the rate over the \$4 trillion economy's purchases of Russian oil. New Delhi calls the threat unjustified and unreasonable. A deal with Washington is possible, but diffusing the situation looks tricky.

Far from being a winner in the US president's global trade war, India is rapidly emerging as a big loser alongside China. Trump's desire to isolate the People's Republic - and its exporters routing goods through Southeast Asia - was initially expected to benefit India, which sent \$87 billion of goods to the US last year. His sudden cooling on Russia, though, and Prime Minister Narendra Modi's reluctance to open up his country's agriculture market out of a desire to protect millions of poor farmers, have put India in his firing line.

India's economy can withstand Trump's aggressions, for now. Nomura, a Japanese bank, reckons the 25 percent US tariff on imports from India might

shave 20 basis points off its 6.2 percent GDP growth forecast for the country's current financial year. Sure, New Delhi argues its purchases of cheap Russian oil, which comprise 40 percent of its crude

imports, are a "national compulsion" and keep global prices in check. But India can manage without it: at 2.1 percent, its consumer price inflation is at the lowest level since January 2019, so giving up the



Vehicles move through the entrance gate of the Guwahati Refinery operated by Indian Oil Corporation, in Guwahati. India argues its purchases of cheap Russian oil, which comprise 40 percent of its crude imports, are a "national compulsion".

roughly \$4 discount per barrel on Russian supplies would not cause too much domestic pain at current prices. Yet India has a lot more besides oil to lose from giving Russia the cold shoulder. The duo's longstanding relationship may be undergoing a managed decline as New Delhi diversifies its weapons supplies, but Moscow remains a reliable partner to India and relations with the country buttress its multipolar foreign policy. Trump's decision to work with Pakistan to develop its oil reserves, and his subsequent taunt that it perhaps will sell oil to neighbouring India one day, further underscore why New Delhi may always keep some distance from Washington.

India can perhaps afford to wait and see what the US agrees with China. Beijing has vowed to protect its energy sovereignty in response to similar US threats over Russian oil purchases. That poses a major obstacle for Trump to strike any grand bargain with the world's second-largest economy. Ultimately the US may see value in preserving a warm relationship with India as a counterbalance to China. The wait, however, will be awkward.

US President Donald Trump again threatened on Aug. 4 to raise tariffs on

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