Tyre importers oppose proposed duty hike

STAR BUSINESS REPORT, *Ctg*

Tyre importers, dealers and transport operators have urged the government to withdraw a proposed 20 percent supplementary duty on commercial vehicle tyres, arguing that the measure would increase transport costs and add to inflationary pressures.

At a press conference in Chattogram yesterday, leaders of the Chattogram Tyre Tube Importers and Dealers Group said the proposed duty would raise the overall tax incidence on imported commercial vehicle tyres to 96.1 percent from 64.25 percent.

They alleged that the measure seeks to protect local manufacturers, who meet only 10-15 percent of domestic demand, at the expense of an import-dependent market that supplies around 85-90 percent of the country's commercial vehicle tyres.

"Tyres are not luxury goods; they are essential to the transport and supply chain," said Main Uddin Ahmed, president of the organisation. "Higher tyre prices will increase operating costs for trucks, buses and cargo vehicles, ultimately pushing up the prices of goods and services."

Rejecting allegations of duty evasion in tyre imports, he said imported tyres undergo 100 percent physical inspection and are assessed based on weight, leaving little room for under-invoicing or tax avoidance.

Representatives of transport owners' associations who attended the event warned that higher tyre costs would raise freight charges and passenger fares, creating a ripple effect across the economy and putting additional pressure on consumers.

The speakers called on the government to reconsider the proposed duty and engage with stakeholders before finalising the measure.

Md Mizanur Rahman Khan, a vegetable farmer from Batna village in Barishal Sadar upazila, bundles fresh spinach and pumpkin greens for sale in the city. The photo was taken on June 15. PHOTO: TITU DAS

Islamic banks fall behind in deposit growth

STAR BUSINESS REPORT

Conventional banks outperformed Islamic banks in deposit collection, investment, and asset growth over the past year, mainly due to instability in the Islamic banking sector following the July 2024 uprising.

According to a recently released report by the Bangladesh Bank, deposits in conventional banks rose from Tk 15.22 lakh crore in April 2025 to Tk 17.16 lakh crore in April 2026, marking a year-on-year growth of 12.73 percent.

In contrast, deposits in Islamic banks increased from Tk 4.41 lakh crore to Tk 4.81 lakh crore over the same period, showing a moderate growth of about 8.98 percent.

"This steady growth in deposits in conventional banks can be primarily attributed to an unstable situation in the Islamic banking sector after the July 2024 uprising, which shifted depositor confidence towards conventional banks," the BB report said.

The report added that following the July uprising, BB's measures -- such as providing liquidity support, identifying weaknesses in banks and appointing administrators to improve management -- may help restore depositor confidence.

It also found that depositors mainly rely on Mudaraba-based deposits, which account for around 87.21 percent of the Islamic banking deposit base. As of April 2026, the deposit base is largely driven by the private sector, which makes up about 90.2 percent of total deposits.

Deposits in Islamic banks increased from Tk 4.41 lakh crore in April 2025 to Tk 4.81 lakh crore in April 2026, showing a growth of about 8.98 percent

In terms of assets, conventional banks recorded stronger and more consistent growth over the same period. Their assets rose from Tk 32.93 lakh crore in April 2025 to Tk 37.78 lakh crore in April 2026, a year-on-year increase of about 14.72 percent.

Islamic banks' assets grew more slowly, increasing from Tk 9.14 lakh crore to Tk 9.56 lakh crore over the same period, reflecting a 4.58 percent rise.

The overall banking sector in Bangladesh saw strong investment growth between November 2023 and April 2026, with total investments increasing from Tk 18.99 lakh crore to Tk 24.45 lakh crore, a rise of 28.71 percent.

Within this, investments by conventional banks grew from Tk 16.73 lakh crore to Tk 18.53 lakh crore between April 2025 and April 2026, an increase of 10.71 percent.

Islamic banks' investments rose from Tk 5.57 lakh crore to Tk 5.92 lakh crore over the same period, reflecting growth of about 6.26 percent.

"The year-on-year growth indicates gradual expansion, supported by rising demand for Islamic financing products, especially profit-and-loss sharing modes," the report said.

From a sectoral perspective, the report added that Islamic banks' investments were distributed across different areas of the economy, with the largest share going to industry and trade and commerce, highlighting their role in supporting productive and commercial activities.

Three Indian-flagged oil tankers clear Hormuz, minister says

REUTERS

Three Indian-flagged tankers carrying more than 860,000 metric tons of oil and 94 Indian crew members have safely transited the Strait of Hormuz and are en route to India, shipping minister Sarbananda Sonowal said on Saturday. Sonowal posted on X that the Desh Vaibhav, Desh Vibhor and Sanmar Herald had all completed the transit.

Oil shipments through the Strait of Hormuz picked up on Friday after the United States and Iran signed a ceasefire deal, with Gulf producers preparing to raise exports despite concerns over conditions set by Tehran for using the vital waterway.

Washington and Tehran released the text of an interim agreement signed on Wednesday to end the conflict, although US President Donald Trump warned he could resume attacks and target Iranian officials if commitments are not honoured. Prior to the transit of three cargoes, 13 Indian flagged cargoes were stranded in the Strait of Hormuz.

"Our Ministry is actively coordinating with all relevant agencies to guarantee the absolute safety of Bharat's seafarers and energy lifelines," Sonowal added.

ECB favours cross-border banking in Europe

AFP, *Paris*

Creating large banks which can operate across Europe is desirable for sustaining the continent's financial system, the European Central Bank's chief economist said Friday.

"Having a banking system that is too localised and, in turn, too intertwined with its domestic sovereign, is not a good recipe," Philip Lane told a conference organised by French investment bank Natixis in Paris.

"From a macro point of view, it's very important to have the risk sharing that comes from cross-border banking. That can be in terms of equity ownership, it can be in terms of funding, it can be in terms of common technology," Lane added.

He was speaking as Italy's second-largest bank, UniCredit, targets a hostile takeover of German rival Commerzbank, having launched a bid in May which expired Tuesday. The Italians' longer-term aim is to merge Commerzbank with Germany's HypoVereinsbank, owned by UniCredit.

The Milan-based bank made a bid valued at 35 billion euros ($40.6 billion) not just to take control of a rival in a fellow EU state but to cement its status as a European heavyweight.

Lane said if banks are unable to achieve mergers, they must seek other ways to reduce costs and risks in a period of rising fixed expenditure, amid the growing need for expensive cybersecurity systems.

Lane said he foresaw a relatively small number of giant banks in Europe and noted the arrival of purely digital banking players to the market, disrupting traditional banking models.

A decade on, half of China's $20b

STATUS OF LOANS FROM CHINA (In million US$)

Project	Signing Date	Loan amount	Disbursed	Repaid
Padma bridge rail link	Apr, 2018	2,668	2,186	191
Construction of Dhaka-Ashulia elevated expressway	Oct, 2021	1,127	475	NA
Expansion and strengthening of power system network under DPDC	Jul, 2019	1,022	227	34
Power grid network strengthening under PGCB	Jun, 2020	687	115	NA
Installation of single point mooring with double pipeline	Nov, 2017	468	468	62
Construction of tunnel under Karnaphuli	Oct,2016	406	405	68
Rajshahi WASA surface water treatment plant	May, 2023	276	55	NA

SOURCE: ERD, FINANCE MINISTRY

NA: NOT APPLICABLE

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These include the Power Grid Network Strengthening Project under PGCB, the Expansion and Strengthening of Power System Network under the DPDC Area Project, another Power Grid Network Strengthening Project under PGCB, the Dhaka-Ashulia Elevated Expressway, and the Rajshahi WASA Surface Water Treatment Plant project.

The Single Point Mooring with Double Pipeline project in Maheshkhali has been completed but has yet to be commissioned due to contractor-related complications.

Most recently, Bangladesh and China signed a framework agreement for the Procurement of Four New Vessels project. Under the agreement, China will provide concessional financing at an interest rate of 2 percent, with a repayment period of 20 years, including a five-year grace period.

PM'S MAIDEN BEIJING VISIT TO SEEK CHINESE FUNDING

Bangladesh is expected to seek Chinese financing for three major projects during Prime Minister Tarique Rahman's upcoming visit to China.

According to an official document prepared ahead of the visit, Dhaka will request funding for the expansion and modernisation of Mongla Port, the development of a Chinese Economic and Industrial Zone under the Bangladesh Economic Zones Authority (Beza), and the Bangladesh-China Friendship 1,000-bed General Hospital project.

The hospital is proposed to be implemented through Chinese grant assistance.

The document notes that both the Mongla Port expansion project and the Chinese Economic and Industrial Zone were included in a memorandum of understanding signed between the two countries in 2016.

Meanwhile, the Dhaka-Ashulia Elevated Expressway project is likely to receive a two-year extension as the current Development Project Proposal (DPP) is set to expire on June 30.

The project's physical progress reached 63.5 percent as of last month.

Project Director Shafiqul Islam told The Daily Star that a proposal has already been sent to the Planning Commission seeking an extension until June 2028.

He said the proposal had received policy-level approval from the planning adviser and was now awaiting consideration by the Executive Committee of the National Economic Council (Ecnec).

EXPERTS CALL FOR SHIFT TOWARDS INVESTMENT

Mustafizur Rahman, distinguished fellow at Centre for Policy Dialogue (CPD), said the slow progress of Chinese-backed projects in Bangladesh is due to shifting priorities, implementation delays and government project reviews.

Referring to projects announced during Chinese President Xi Jinping's 2016 visit, he said nearly half have been implemented, while others were revised, dropped or stalled over time.

"Signing an MoU does not mean every project will eventually be implemented," he said, noting that some coal-fired power projects were later cancelled and several stalled initiatives are now being reconsidered.

Rahman cited the Chinese Economic and Industrial Zone in Anwara as an example of a project that lost momentum amid disputes over land acquisition and investment commitments but is now being revived.

He stressed the need to scrutinise the terms of new Chinese loans, including interest rates and repayment conditions.

According to him, Bangladesh should focus on attracting Chinese investment by leveraging China's duty-free market access for Bangladeshi products, which Beijing has agreed to extend for two years after the country's graduation from the least developed country (LDC) category.

China urges G7 to follow market rules

ANN, CHINA DAILY

China urged the Group of Seven to abide by market economy principles and international economic and trade rules and stop undermining the global trade order on Thursday, responding to the bloc's latest joint statement that calls for reducing reliance on China for critical minerals and rare earths.

Foreign Ministry spokesman Lin Jian made the remarks at a regular press briefing. China's position on safeguarding the stability and security of critical minerals and the global industrial and supply chains remains unchanged, Lin said. All parties share the responsibility to play a constructive role in this regard, he added.

Strengthen

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According to a BSEC press release, the meeting focused on the development and modernisation of the capital market, with particular emphasis on maintaining market integrity and protecting investors' interests.

The regulator also stressed the need to prevent all forms of market manipulation and misconduct, while discussing surveillance and oversight issues at the stock exchange. BSEC officials said a transparent, accountable and efficient capital market is essential for sustainable market development. In line with international best practices, the commission directed the DSE to enhance its real-time surveillance capacity and adopt necessary monitoring tools.

The meeting also covered plans to upgrade and modernise the surveillance system to improve investor protection and overall market supervision.

The move reflects the regulator's efforts to restore investor confidence and ensure a fair and orderly market through stronger oversight and improved technology.

DSE resumes halting trade

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formal enquiries into suspicious trading took too long, that ordinary investors would buy into the stock in the meantime, unaware of the suspected irregularity, and suffer losses when the correction came.

"Now they are receiving early warning signals," he said.

The real-time monitoring practice was last used around a decade ago before being discontinued. The DSE has authority under its listing rules to halt, suspend or delist securities.

The price data illustrates how sharply the targeted stocks had run up. Shyampur Sugar Mills, a junk-category stock, had surged 66 percent to Tk 239 in the month before the halt. It has since corrected around 30 percent to Tk 167, according to DSE data.

Shares of Sonargaon Textiles more than doubled from Tk 42 to Tk 87 over a month, and fell about 8 percent to Tk 80 after trading was halted.

Bangladesh National Insurance rose 46 percent to Tk 116 before the halt, and has since dropped around 9 percent.

Separately, the DSE board has decided to develop software to monitor investors' funds and shareholding positions in real time, aimed at curbing misappropriation by brokers through consolidated customer accounts.

The move comes against the backdrop of thousands of investors falling victim to embezzlement at several brokerage firms over the past five years.

Saiful Islam, president of the DSE Brokers' Association, welcomed the real-time surveillance but said a one-day suspension alone is not sufficient.

He noted that shares of companies that have been out of production for years continue to surge periodically, misleading investors.

Islam called on the exchange to publicly disclose the names of companies that have remained out of production for extended periods and to follow global practice, where such companies face trading suspension until they resume operations and are eventually delisted if they do not.

According to listing regulations, a company will be delisted if it remains out of production for three years. However, stock exchanges are reluctant to delist companies in Bangladesh as investors have strongly protested such decisions in the past, a top official of the Dhaka bourse said.

Islam hopes that the current DSE board will begin enforcing the rule. "Otherwise, the market will remain full of junk stocks year after year."

The scale of the problem is significant. Of 396 listed shares, 125 are classified as Z category or junk stocks, while 75 are low-performing B category companies. Only 196 are A category stocks, according to DSE data.

Govt to launch online

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Development Authority (Bida) will coordinate one-time joint inspections to eliminate repeated visits.

Commerce Secretary Md Ataur Rahman Khan was also present at the meeting.

On electric vehicles (EVs), the minister noted that while the cabinet is positive about sustainable transport, the recent energy crisis highlighted the risks associated with reliance on fossil fuels.

However, as Bangladesh is not yet fully prepared for EVs, the government will prioritise plug-in hybrid vehicles for now.

JBCCI leaders welcomed the Bangladesh-Japan free trade agreement as a means of boosting bilateral cooperation.

Muktadir reaffirmed the government's commitment to Japanese investors, adding, "Our goal is to increase investors' confidence by reducing time, cost and complexity."