

Malaysia to gain as India cuts tax on palm oil imports

REUTERS, Mumbai

India has cut import taxes on crude and refined palm oil from Southeast Asian (Asean) countries after a request from suppliers, a government notification said.

The reduction will lead to higher imports of palm oil by the world's biggest edible oil buyer in coming months as it would narrow the difference between the tropical vegetable oil and competitors such as soyoil and sunflower oil.

The duty on crude palm oil was lowered to 40 percent from 44 percent, while a tax on the refined variety was cut to 50 percent from 54 percent, according to the notification issued late on Monday. The cuts took effect on Tuesday.

Malaysian shipments of refined palm oil will be taxed at 45 percent compared with 54 percent earlier, the government said in a separate notice.

In March 2018, India raised the import tax on crude palm oil to 44 percent from 30 percent and lifted the tax on refined palm oil to 54 percent from 40 percent.



REUTERS/FILE

Workers collect palm fruit inside an oil factory in Sepang, outside Kuala Lumpur.

Palm oil has being more competitive due to the duty reduction and this will lead to higher imports from January onwards, said Sandeep Bajoria, chief executive of the Sunvin Group, a Mumbai-based vegetable oil importer.

India primarily imports palm oil from Indonesia and Malaysia and soyoil from Argentina and Brazil. It

also buys small volumes of sunflower oil from Ukraine and canola oil from Canada.

Its palm oil imports dropped 6.4 percent from a year ago to 8.7 million tonnes in the 2017/18 marketing year ended in October, according to Solvent Extractors' Association (SEA), a Mumbai-based trade body. Indonesia and Malaysia, the top

two palm oil producers, were seeking a reduction in the import tax by New Delhi as inventories were rising in both countries due to higher output.

India's palm oil imports could have fallen in December but will jump this month as some importers had delayed shipments in anticipation of tax cuts, said B.V. Mehta, executive director of the SEA.

The effective duty difference between crude and refined palm oil has narrowed to 5.5 percent from 11 percent for shipments from Malaysia, which could lead to higher imports of refined palm oil, Mehta said.

"This is a death knell for the domestic refining industry and will halt expansion of palm plantations in the country," he said.

India relies on imports for 70 percent of its edible oil consumption, up from 44 percent in 2001/02.

"Traditionally, Indonesia corners the bulk of India's palm oil market. The duty reduction will now allow Malaysia to raise its share," said a Mumbai-based dealer with a global trading firm.

Ghoshn's detention extended to Jan 11

AFP, Tokyo

Former Nissan boss Carlos Ghosn will be spending the beginning of 2019 behind bars after a Tokyo court on Monday extended his detention through to January 11.

The move comes after Japanese prosecutors re-arrested Ghosn for fresh allegations on December 21, dashing his hopes of being home for Christmas.

"The decision to extend the (detention period) was issued today. The detention expires on January 11," the Tokyo District Court said in a statement.

The growing case against the auto tycoon represents a stunning reversal of fortune for a man once revered in Japan and beyond for his ability to turn around automakers, including Nissan.

Since his stunning arrest on November 19, the twists and turns of the case have gripped Japan and the business world and shone a light on the Japanese legal system, which has come in for some criticism internationally.

Authorities are pursuing three separate lines of enquiry against the 64-year-old Franco-Lebanese-Brazilian executive, involving alleged financial wrongdoing during his tenure as Nissan chief.

They suspect he conspired with his right-hand man, US executive Greg Kelly, to hide away around half of his income (some five billion yen or \$44 million) over five fiscal years from 2010.

They also allege he under-reported his salary to the tune of four billion yen over the next three fiscal years -- apparently to avoid criticism that his pay was too high.

The extension that prosecutors won Monday allows them to continue investigating a complex third claim that alleges Ghosn sought to shift a personal investment loss onto Nissan's books.

As part of that scheme, he is also accused of having used Nissan funds to repay a Saudi acquaintance who put up collateral money.

Pubali Bank reappoints additional MD



STAR BUSINESS DESK

Safiul Alam Khan Chowdhury has recently been reappointed additional managing director of Pubali Bank for three years.

He has been serving at the post since January 2016, the bank said in a statement yesterday.

Chowdhury was earlier the deputy managing director of Pubali Bank. He started his banking career as a senior officer at the bank in 1983.

He got his graduate and postgraduate degrees from the University of Dhaka.

Stocks surge 1.5pc on optimism

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At the end of 2018, the DSE's market capitalisation stood at Tk 387,295 crore, in contrast to Tk 423,423 crore on the first day of 2018.

During the year, the DSEX fell 858.88 points, or 13.75 percent, to 5,385.65 points, while the blue chip stocks lost 17.63 percent to reach 1,880.78 points.

"Market was sluggish during the year due to political jitters. It has not fallen due to any crisis in the market," Rahman said.

The pre and post-election situations were peaceful, so investors will be confident of investing in the market now, especially foreign investors.

The DSE chief blamed political jitters on the slump in foreign invest-

ment last year. Net foreign portfolio investment plunged to Tk 593.47 crore in the negative in 2018, which was Tk 1,704.95 crore in the positive the previous year.

However, most of the stocks rose yesterday. Of the traded issues, 264 advanced and 54 declined, with 23 securities closing unchanged on the premier bourse. Turnover dropped 1.51 percent to Tk 530.17 crore yesterday.

Shinepukur Ceramics, one of the junk stocks, was the day's best performer with a 10 percent gain.

Four other junk stocks were in the top 10 gainers' list: Tallu Spinning (10 percent), Shyampur Sugar (9.97 percent), Emerald Oil (9.93 percent) and Beximco Synthetics (9.59 percent).

On the other hand, National Life

Insurance was the worst loser, shedding 7.03 percent.

Yesterday, BBS Cables dominated the turnover chart with the transaction of 31.02 lakh shares worth Tk 31.34 crore, followed by Paramount Textiles, Beximco, Ifad Autos and Khulna Power.

Chittagong stocks also rose yesterday with the bourse's benchmark index, the CSCX, increasing 167.88 points, or 1.68 percent, to finish the day at 10,115.10.

Gainers beat losers as 198 advanced and 39 declined, while 11 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.07 crore shares and mutual fund units worth Tk 24.48 crore.



ROBI

Rafiqul Hoque, Robi's vice president for customer lifecycle management and international business, and Ahmed Raquib, deputy general manager for branding at the Sarah Resort and Fortis Sports Ground, attend a deal signing ceremony at the former's corporate office in Dhaka recently. Customers availing Robi's Dhonebabad programme can get up to 25 percent discount at the Sarah Resort and Fortis Sports Ground.

India exempts rupee payments for Iran oil from hefty taxes

REUTERS, New Delhi

India's finance ministry has exempted rupee payments made to the National Iranian Oil Co (NIOC) for crude oil imports from a steep withholding tax, according to a government order reviewed by Reuters.

The exemption, put in place December 28 but backdated to November 5, will allow Indian refiners to settle about \$1.5 billion of outstanding payments to NIOC. Those have been building up since Tehran was put under stringent US sanctions in early November.

The two countries on Nov. 2 signed a bilateral agreement to settle oil trades through an Indian government-owned bank, UCO Bank, in the Indian currency, which is not freely traded on international markets.

However, the income of a foreign company that is deposited in an Indian bank account is subject to a withholding tax of 40 percent plus other levies, leading to a total take by the authorities of 42.5 percent.

That made the agreement unworkable for Iran and led to the freeze in payments by the refiners until the exemption could be introduced.

Iran will be able to use the rupee

funds for a range of expenses - including imports from India, the cost of its missions in the country, direct investment in Indian projects, and its financing of Iranian students in India, according to another government document reviewed by Reuters. It can also invest the funds in Indian government debt securities.

"In the previous round of sanctions Iran was allowed to use funds for imports from India but this time we have expanded the scope for use of funds to benefit both nations," said an Indian government official, who declined to be named because of the sensitivity of the issue.

The move may help India fix its trade balance, which is currently tilted in favour of Iran.

The tax exemption order, though, only refers to crude oil. That means it does not apply to imports of other commodities, such as fertiliser, liquefied petroleum gas and wax.

India, Iran's top oil client after China, has turned to paying for Iranian oil in rupees as major banking channels dealing in global currencies are closed off by the US sanctions.

"Passing of this notification eases constraints for Indian refiners to make payment," said Sanjay Sudhir,

joint Secretary in India's oil ministry.

An official from India's top refiner and Iran's top customer in the country, Indian Oil Corp, said his company would start making payments to Iran from January.

The finance ministry did not respond to a request for comment. Indian Oil Corp and UCO Bank also did not respond.

Last month, the United States introduced the sanctions aimed at crippling Iran's oil revenue-dependent economy because of its nuclear and ballistic missile programmes and its support for militant proxies in the Middle East. Washington did, though, give a six-month waiver from sanctions to eight nations, including India, and allowed them to import some Iranian oil.

India's overall imports from Iran totalled about \$11 billion in April-November 2018, with oil accounting for about 90 percent of the imports.

Iran will be able to register as a foreign portfolio investor, allowing it to invest in Indian government debt.

The direct investment provision could help Iran in participating in Indian oil refiner Chennai Petroleum Corp Ltd's expansion plans. Iran owns 15.4 percent of the company.

Netflix poaches CFO from Activision Blizzard

REUTERS

Netflix Inc is expected to announce in the next few days that it has poached media finance veteran Spencer Neumann from Activision Blizzard to be its chief financial officer, a source familiar with the matter told Reuters.

Neumann will start at Netflix in early 2019, the source said. Earlier on Monday, Activision Blizzard said in a regulatory filing that it intended to fire Neumann for an unspecified reason.

Neumann has served in a variety of finance roles including at Walt Disney Co. He replaces David Wells, who in August said he planned to step down after 14 years at the streaming media giant.

The source said Netflix would like its next CFO to be based in Los Angeles with a focus on production finance.

French new car sales up: manufacturers

AFP, Paris

The sale of new cars in France increased nearly three percent last year, but the market for diesels was markedly down, the French automakers' association (CCFA) said Tuesday. A total of 2,173,481 private cars were first registered last year, in line with automakers' expectations.

France's PSA and Renault saw sales jump by 8.32 percent over the previous year while foreign car sales dipped 3.44 percent.

Renault was up 2.48 percent, boosted by its Dacia low-cost subsidiary whose sales soared by 19 percent.

PSA with 698,985 new registrations was climbed 13.36 percent. Much of the increase was due to the takeover of Opel from US giant General Motors.

Toyota sales rose 9.93 percent, Fiat-Chrysler 12.67 percent and Hyundai 16.54 percent.

But the Germans Volkswagen and BMW were down 1.1 and by 3.21 percent respectively.

Banks post hefty operating profits despite challenges

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Southeast Bank is in a buoyant mood as its operating profit touched four digits for the first time in its history: its profits stood at Tk 1,012 crore last year, up from Tk 901 crore a year earlier.

Southeast Bank had made an all-out effort to recover default loans, which helped it post a good profit, said M Kamal Hossain, its managing director.

The bank also gave a higher commission to remitters in order to encourage the expatriate Bangladeshis to send their money through it. "We enjoyed adequate US dollar stock when the money market faced a shortage, which ramped up our profits."

The interest rate spread, which is the interest rate different between lending and deposits, remained high in the banking sector. "This has also contributed to the banks' high profits," he added.

No bank followed the lending and deposit rates of 9 percent and 6 percent respectively in line with the instruction from the Bangladesh Association of Banks (BAB), a forum of the directors of the private banks.

The majority of the banks set higher lending rates -- going against their own policy. But, they strictly followed the 6 percent interest rate on deposits.

Soaring profits in the banking sector is not unexpected considering a private sector credit growth of 15 percent in recent months, said Syed Mahubur Rahman, chairman of the Association of Bankers,

Digital services at ease as mobile internet is back

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As of November 2018, over 6 crore people were using 3G and 4G services.

Mobile operators said the number of internet users also declined in the last two weeks. December's figure will be less than that of November, they added.

Earlier, the BTRC slowed down internet speed for almost 24 hours amidst demonstrations for safe roads.

Bangladesh, a platform of private banks' managing directors.

But, there is no reason to feel complacent as only the net profit will give the true scenario of the banks' financial health, he said.

The figures delivered by the banks are highly provisional as the operating profit is a profit from business operations before deduction of provisioning against loans and corporate taxes. Dhaka Bank's operating profit surged 24 percent year-on-year to Tk 650 crore last year.

A good number of banks had failed to offer cash dividend to their stakeholders in 2017 because of their high volume of default loans, said Faruq Mainuddin Ahmed, managing director of Trust Bank.

Against the backdrop, the banks went to the central bank and managed a deferral support to keep provisioning against their non-performing loans in phases, he said.

The support has finally helped the banks to ensure profit last year, Ahmed said.

Mercantile Bank's operating profit, however, came down to Tk 673 crore in 2018, down from Tk 711 crore a year earlier.

Kazi Masihur Rahman, managing director of Mercantile Bank, said his bank converted a good amount of funds from its operating profits of 2017 to general reserve.

"For this reason, our operating profits were lower last year compared to the previous year," he added.

Govt mulls power export in winter

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An inter-country grid line between Bangladesh and Nepal will be set up so that Bangladesh can import and export electricity, said Hamid.

On Sunday, which was election day, power production stood at 3,500 megawatts because of lower demand. The country has the capacity to generate an additional 15,000MW but it did not need to produce it.

But the government had to pay for the unused capacity, he said.

He said the power and energy sector had successfully implemented its short and medium-term plans and would execute long term plans in the next five years with investment amounting to about \$40 billion. "Bringing in the investment is a big challenge."

Hamid said the efficiency in the power and energy sector had to be increased in the future.

"If the efficiency goes up, the cost of production will go down significantly. As a result, we will not be needed to raise power tariff."

Shrimp exporters stare at bleak future

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The prices of vannamei are \$2 less than the prices of black tiger, he said.

He went on to urge the government to allow vannamei cultivation in the country and double the cash subsidy for shrimp and fish exports to 20 percent.

At the same time, source tax on export proceeds should be reduced to 0.25 percent in line with garment, he said.

"This support is necessary to retain exports," said Hossain, also the managing director of Sobi Fish Processing Industries.

Garment exporters keen on using Colombo port

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The movement of goods from Bangladesh would be much easier and less expensive if they were shipped from Dhaka's Pangaon port and carried to India's Vishakhapatnam before they were sent to their end destinations, Hamid said.

The government needs to bring a little change to the Bangladesh India Coastal Shipping Line Agreement, he said, adding that the third-country containers are not allowed to carry goods between the ports in Bangladesh and India under the current law.

"We have been lobbying with the government to amend the law," he said.

Hamid said they had sent a letter to the BGMEA earlier last month, urging it to agree to ship goods using the Colombo port via Vishakhapatnam.