

Stone import thru Banglabandha halted for eight days

OUR CORRESPONDENT,
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Stone import through Banglabandha land port of Panchagarh has remained suspended for the last eight days as the Indian truckers stopped carrying stones to Bangladesh because of the imposition of a new tax.

However, the suspension did not leave any impact on the import and export of other items from and to Nepal, India and Bhutan through the port.

The port earns 90 per cent of its revenue from stone import, which mainly comes from India and Nepal, according to the port officials.

Problems began on July 5 when the port opened after a six-day closer for Eid-ul-Azha.

That day, the traders came to know that the West Bengal government has imposed a transportation tax on trucks carrying stone from India to Bangladesh, but kept Nepali trucks exempted from such tax.

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GP makes Tk 1,973cr profit in January-June

STAR BUSINESS REPORT

Grameenphone, the largest mobile phone operator in Bangladesh, registered a 14 per cent year-on-year higher profit to Tk 1,973 crore in the first half of 2023.

The mobile carrier logged Tk 1,730 crore profit in the identical January-June half of 2022. The earnings per share grew to Tk 14.62 in the second half of 2023 from Tk 12.82 a year ago. Revenue rose 4 per cent to Tk 7,735 crore.

Shares of Grameenphone, however, remained unchanged at Tk 286.60 on the Dhaka Stock Exchange yesterday.

In the April-June quarter, the company acquired 11.39 lakh subscribers, taking the tally to 8.13 crore. More than 56 per cent of the subscribers, or 4.61 crore, use internet services.

"Grameenphone achieved positive developments in dispute resolutions and constructive dialogues while strengthening core services to create value amidst external challenges," said Yasir Azman, chief executive officer of Grameenphone, in a press release.

"With a continued focus on expanding our network and spectrum rollout, we prioritised meeting our customers' needs through digital-centric innovation and services."

In the second quarter, GP and the large taxpayer unit for tax at the National Board of Revenue signed agreements settling income tax disputes for the assessment years from 2007-2008 to 2019-2020 through the alternative dispute resolution process, said the press release.

The operator also made payments to the Bangladesh Telecommunication Regulatory Commission (BTRC) as per the written judgement of the case relating to VAT mechanism and spectrum assignment fee during the 2G licence renewal without prejudice to its rights, it said.

Despite positive developments on dispute resolutions, the total payment amounting to Tk 1,769 crore strains GP's cash position as it came on top of regular payments, the press release said.

In light of the settlements and continued constructive dialogues with the BTRC with uncertain outcomes, GP did not recommend any interim dividend for the first half of the year.

The company awarded a 220 per cent dividend to its shareholders for the entire 2022. It was 250 per cent in 2021 and 275 per cent in 2020.

GP's profit surged 30 per cent year-on-year to Tk 1,193 crore in April-June. It stood at Tk 920 crore a year ago. Thus, the EPS increased to Tk 8.84 from Tk 6.82.

Dollar slips towards 15-month low

REUTERS, London

The dollar drifted near a 15-month low against its major peers on Tuesday, as investors awaited fresh catalysts to gauge for downside in the wake of last week's cooler-than-expected US inflation.

The US dollar index, which measures the greenback against a basket of six currencies, fell as low as 99.587, languishing near Friday's trough of 99.574, its lowest since April 2022.

The index had clocked its worst week of 2023 last week, after data showed US inflation subsided further with consumer prices registering their smallest annual increase in more than two years. That took pressure off the Federal Reserve to continue raising interest rates.

Money markets have almost fully priced a 25-basis-point rate hike from the Fed at its policy meeting later this month, but see rates coming down as early as December.

"In the short-term, I'm not sure the dollar can move much further," said Francesco Pesole, FX strategist at ING.

"Momentum is clearly on the bearish side, but at the same time, it's starting to look a bit stretched," Pesole said, noting recent multi-month highs in the euro and sterling.

The common currency hit a fresh 17-month peak of \$1.1276 against the dollar in early European trade, with markets largely pricing a 25 bps hike from the European Central Bank when it announces policy on July 27.

But, the outlook for a further rate rise in September is unclear after euro zone economic activity slowed in June.

"When you compound the weak China story, weak euro area growth and the risk of a September pause, markets will come to terms that the euro looks a bit stretched," ING's Pesole said.

"If the Fed sounds hawkish as they hike next week, markets might want to reassess euro-dollar lower."

Elsewhere sterling gained 0.3 per cent to \$1.3115, not far from last week's top of \$1.3144, its highest since April 2022. The Japanese yen rose about 0.4 per cent to 138.215 per dollar, as investors look to the Bank of Japan's (BOJ) monetary policy meeting next week for a potential phasing out of its ultra-dovish policy stance.

"More market participants have priced in chances of BOJ widening its yield curve control policy's trading band by 25 bps in the next meeting," said Ryota Abe, an economist at SMBC.

Ctg customs falls short of import tax target

Still collections up 4% from last fiscal year

MOHAMMAD SUMAN, Ctg

Chattogram Custom House has fallen short of its import tax collection target by around 17 per cent in the just concluded fiscal year of 2022-23.

This is worse than that in the preceding year, when the shortfall was nearly 8 per cent.

However, this time the receipts were up by 4 per cent year-on-year.

Around Tk 61,633 crore was collected in tariffs and duties, according to the customs house.

It accounted for some 18 per cent of the year's revenue collection by the National Board of Revenue, which works through its three wings - customs, VAT and income tax.

Value added tax (VAT) is the biggest source of revenue for the state, this time around accounting for some 40 per cent of the overall collection.

On another note, only 40 types of goods generated over half, or 52 per cent, of the import tax.

To put it into context, about 4,789 types of goods have been imported through the port in the year.

Overall, they were worth Tk 462,460 crore.

In the preceding year, around Tk 402,460 crore was spent behind imports which came through the port.

Four types of fuel oil - diesel, furnace oil, crude oil and octane - generated the biggest amount of revenue by far, or about Tk 12,711 crore.



Cement clinker accounted for the second biggest, although it was just one-fifth in value.

The other prime import tax generators are apples, oranges and grapes (Tk 1,789 crore), broken or crushed stone (Tk 1,312 crore), hot rolled steel (Tk 1,028 crore), palm oil (Tk 837 crore), coal (Tk 760 crore) and scrap metal (Tk 633 crore).

In this sequence, milk powder, crude edible oil, lubricating oil, sugar and ceramic generated revenues in the range of Tk 561 crore to Tk 420 crore.

The 40 types of products also include recondition cars and parts, betel nuts and sugar.

These products have topped the list for the past decade. Moreover, increasing demand in the energy, power and construction sectors have kept up imports of fuel and stone, said customs officials.

They said it was possible to keep the duty and tariff annual receipts above Tk 50,000 crore for the past three fiscal years for, in part, increased surveillance aimed at preventing irregularities.

Amendments brought about to Customs Act-1969 in June 2020 also helped, as it established a minimum fine (200 per cent of the value of the imported goods) for false declarations during the import of goods.

Chattogram Custom Commissioner Mohammad Fyzur Rahman also spoke of having ensured good governance and of cases pending at courts being disposed of.

"...emphasis has also been laid on determining tariffs based on the actual prices of goods alongside adjustments in the international market," he told The Daily Star.

Oil inches higher

REUTERS, London

Oil prices edged higher on Tuesday as investors weighed a possible tightening of US crude supplies against weaker-than-expected Chinese economic growth.

Both contracts fell more than 1.5 per cent on Monday, following lacklustre Chinese data and the partial restart of some Libyan oilfields.

Brent crude was up 51 cent at \$79.01 a barrel by 0956 GMT, while US West Texas Intermediate (WTI) crude rose 55 cents to \$74.7 a barrel in relatively muted trading, with the contract set to expire on Thursday. The September WTI contract was also up 55 cents to \$74.63.

Market participants were awaiting industry data later on Tuesday that is expected to show US crude oil stockpiles and product inventories fell last week. Meanwhile, US shale oil production is projected to see in August its first monthly decline since December 2022, data from the Energy Information Administration showed on Monday.

Sluggish gross domestic product (GDP) data from China released on Monday "kept a cautious lid on prices with some reservations in its demand recovery," said Jun Rong Yeap, a market strategist at IG in Singapore. China's GDP grew 6.3 per cent year-on-year in the second quarter, compared with analyst forecasts of 7.3 per cent, as its post-pandemic recovery lost momentum.

Will China ever get rich?

A new era of much slower growth dawns

REUTERS, Beijing

China is entering an era of much slower economic growth, raising a daunting prospect: it may never get rich.

Whether the world's second-largest economy chugs ahead at 3-4 per cent annually or flirts, as some economists expect, with Japan-like "lost decades" of stagnation, it looks set to disappoint its leaders, its youth, and much of the world.

Policymakers hoped to narrow China's development gap with the United States. Young Chinese went to universities to study for advanced economy jobs. Africa and Latin America count on China buying their commodities.

"It is unlikely that the Chinese economy will surpass that of the United States within the next decade or two," said Desmond Lachman, a senior fellow at the American Enterprise Institute.

He expects growth to slow to 3 per cent, which "will feel like an economic recession" when youth unemployment is already above 20 per cent. "This is not good for the rest of the world economy" either, he added.

When Japan began to stagnate in the 1990s, it had already exceeded the average GDP per capita of high-income economies and was nearing US levels. China, however, is only just above the middle-income point.

Second-quarter growth of 6.3 per cent underwhelmed, considering the low base caused by last year's Covid-19

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Geely cars are on display at the Shanghai Auto Show in Shanghai. Geely owns 49.9 per cent of Malaysian car maker Proton.

PHOTO: AFP/FILE

China's Geely to invest \$10b in Malaysian auto hub

REUTERS, Kuala Lumpur

Chinese car maker Geely will invest \$10 billion to develop Malaysia's main auto-making hub, state news agency Bernama quoted Prime Minister Anwar Ibrahim as saying on Tuesday.

Anwar said the plan was conveyed to him in a letter from Geely, which also owns 49.9 per cent of Malaysian car maker Proton, Bernama reported.

The investment in the town of Tanjung Malim in western Malaysia where Proton plans to be headquartered will create thousands of job opportunities, Anwar told reporters at an agricultural event, according to Bernama.

A representative for Geely said in a statement on Tuesday that the company is fully committed to working with its Malaysian partners to sustainably develop the area and will disclose investment numbers in due course.