MTB

Anis A Khan, managing director and CEO of Mutual Trust Bank (MTB), inaugurates an "MTB Recycler ATM Booth" which receives and dispenses cash, at MTB Tower on Kazi Nazrul Islam Avenue in the capital recently.

India's e-commerce curbs could hit online sales: PwC analysis

REUTERS, *New Delhi*

India's new foreign investment restrictions for its e-commerce sector, which includes giants such as Amazon.com Inc and Walmart-owned Flipkart, could reduce online sales by $46 billion by 2022, according to a draft analysis from global consultants PwC seen by Reuters.

Under the changes, e-commerce firms in India will from Feb. 1 not be able to sell products via companies in which they have an equity interest or push sellers to sell exclusively on their platforms.

Announced in December, just months before a general election due by May this year, the rules were seen as an attempt by Prime Minister Narendra Modi's government to appease millions of small traders and shopkeepers, who form a key voter base and say their businesses have been threatened by global online retailers.

Industry sources told Reuters the policy would delay or derail some investment plans and push companies such as Amazon and Flipkart to create new, more complex business structures.

In a private analysis PwC conducted based on estimates provided by the industry and using publicly available information, it forecast that online retail sales growth, tax collections and job creation would be severely hit if companies changed their business models to comply with the new policy.

The draft analysis has not been made public.

REUTERS/FILE

A worker uses a forklift to retrieve products stored inside a large Amazon fulfilment centre in New Jersey, US.

PwC India, in response to Reuters' questions, said it "does not endorse any of these assumptions or conclusions, nor have we conducted any independent study on this".

"As a matter of policy, we do not comment on company specific issues," PwC said.

The analysis produced by PwC showed that the gross-merchandise value of goods sold online could reduce by $800 million from expectations in the current fiscal year that ends in March, a document seen by Reuters showed.

Then, the sales would dip drastically below previous forecasts, lopping off $45.2 billion in the next three years, the data showed.

To be sure, sales would still be growing, but at a less robust rate than envisaged before the policy change.

Online retailers often use gross merchandise value, or GMV, based on monthly online sales as a measurement of performance, as they typically make revenue from the commissions they get from sellers.

The analysis also said that by March 2022 the Indian policy could lead to the creation of 1.1 million fewer jobs than may have been previously expected and lead to a reduction in taxes collected of $6 billion.

Amazon and Flipkart have both sought an extension of the Feb. 1 deadline, but a source at India's commerce ministry told Reuters the government was unlikely to agree.

Amazon said in a statement it remains "committed to be compliant to all local laws" but has asked the government for a an extension of four months.

Flipkart has sought a six-month extension, a source said. Though the company did not respond to Reuters questions, it told India's Economic Times newspaper that it believed "an extension is appropriate" to ensure that all elements of the policy were clarified.

After Reuters' story was published, the Confederation of All India Traders (CAIT) issued a statement saying it disputed PwC's analysis. CAIT has supported tougher scrutiny of large e-commerce players, saying they indulge in predatory pricing that hurts smaller traders.

The e-commerce investment policy is the latest flashpoint between India and US multinationals. US companies have in the past two years protested against a wide array of regulations - from policies calling on tech companies to store more data locally to those capping prices of imported medical devices.

Morgan Stanley had estimated, before the latest government move, that India's e-commerce market would grow 30 percent a year to $200 billion in the 10 years up to 2027. With rising use of the Internet and smartphones in India, online retailers have doled out discounts to lure people to shop online for everything from basic groceries to large electronic devices.

Impact of 'no-deal' Brexit worries EU businesses

AFP, *Paris*

A no-deal Brexit would be disruptive not only for Britain but many businesses in the European Union as the free flow of goods is tripped up by the reimposition of regulations and borders.

Leaders of trade associations urged their members to prepare for the worst and expect chaos if Britain exits the EU on March 29 without any agreement on at least transitory trade arrangements.

A no-deal Brexit "is absolutely unacceptable for the European business community," said Markus Beyrer, head of the BusinessEurope. "It will create chaos and disarray and must be avoided."

Auto manufacturers have supply chains that criss-cross the Channel and Britain is the destination of around 10 percent of vehicles assembled on the continent.

"Sometimes certain parts travel five or six times across the border between the UK and the continent," said economist Carsten Brzeski at ING Diba.

The European Federation of Pharmaceutical Industries and Associations (EFPIA) warned "there are very real, tangible and immediate threats to patient safety and public health in both the UK and across Europe" from a hard Brexit.

Analysts warn the most immediate threat is border snarls causing ruptures of supplies, while longer-term manufacturers in both the UK and the EU will no longer benefit from being in the same regulatory environment with mutual recognition of approvals for drugs.

Under the latest guidance from the EU, current flight schedules should be unaffected from a hard Brexit. But the industry is concerned that this could crimp the sector's ability to respond to customer demand going forward.

"A 'no deal' Brexit could lead to a cap on flights that will stunt important economic opportunities and may lead to higher prices for consumers," the International Air Transport Association warned.

A no-deal Brexit means passengers transiting through EU airports will risk having to go through security controls again, potentially causing delays.

Ports will need to build or expand facilities to conduct inspections as well as collecting different taxes.

Hindustan Unilever's Q3 profit rises 9pc

REUTERS

Consumer goods maker Hindustan Unilever Ltd posted an 8.9 percent rise in quarterly profit on Thursday, in line with street estimates, driven by higher revenue from its beauty and personal care segment.

Profit was 14.44 billion rupees ($203.05 million) in the three months ended Dec. 31, 2018, compared with 13.26 billion rupees a year earlier, the company said in a statement.

Analysts, on average, had expected a profit of 14.42 billion rupees, according to I/B/E/S data from Refinitiv.

Sales rose 12.4 percent while revenue from its beauty and personal care segment, which includes brands such as Dove and Sunsilk, gained nearly 11 percent to 45.39 billion rupees.

PUBALI BANK

Habibur Rahman, chairman of Pubali Bank; Syed Moazzem Hussain, vice-chairman; Monzurur Rahman, director, and Md Abdul Halim Chowdhury, managing director and CEO, attend the 1st conference-2019 of regional and corporate branch managers at the bank's head office yesterday.

Oil slips as US production rises

REUTERS, *London*

Oil prices fell on Thursday as US crude production neared an unprecedented 12 million barrels per day (bpd) amid worries about weakening demand, particularly in light of the trade dispute between the United States and China.

Brent crude oil futures were down 44 cents at $60.88 a barrel by 1035 GMT, while US crude futures fell by 53 cents to $51.78 a barrel.

The price of oil has recovered by some 22 percent since hitting an 18-month low in late December, but investors appear loath to push crude much higher without evidence that relations between Washington and Beijing are improving, analysts said.

"Brent needs to move past $62 before we can talk about $65," BNP Paribas head of commodities Harry Tchilinguirian told the Reuters Global Oil Forum.

"From there, the door will be open to target $70, (if) we do not have negative news emerging around US-China trade talks that caused high levels of angst and de-risking last December."

Skyrocketing US crude output, which neared a record 12 million bpd in early January, is fuelling some of the concern among traders and investors that growth in global supply this year will outpace demand.

In response to the drop in price in the second half of last year, the Organization of the Petroleum Exporting Countries and non-members such as Russia and Oman will cut production by a joint 1.2 million bpd this year.

US output has soared by 2.4 million bpd since January 2018 and stockpiles of crude and refined products have risen sharply, according to the US Energy Information Administration.

"While (US crude) inventories fell slightly more than expected (last week), there was a large build in gasoline inventories. This stoked fears of weak demand in the US," ANZ Bank said in a note.

Norbert Ruecker, head of commodity research at Swiss bank Julius Baer, said "the United States is moving forward towards energy independence and is set to become a petroleum net exporter next year thanks to rising shale output".

Mobile app spend soars with China a top market

AFP, *San Francisco*

Mobile app downloads are surging around the world with growth in smartphone use, with nearly half coming from China, a market tracker said Wednesday.

Mobile research firm App Annie forecast that the amount of money spent on apps for smartphones or tablet computers this year will grow five times as fast as the global economy, surpassing $120 billion.

"Games will fuel the bulk of consumer spend growth in the app stores, as mobile gaming will continue to be the fastest growing form of gaming," the firm's State of Mobile report said.

"China will remain the largest contributor to consumer spend growth in the app stores; however, we expect to see a slight deceleration in the aftermath of the game licensing freeze in China."

Some 194 billion mobile apps were downloaded worldwide last year, with people spending a total of $101 billion on them or in them, according to the report.

China accounted for nearly 50 percent of total downloads of apps for Apple or Android mobile devices, App Annie indicated.

The top five mobile apps based on usage were Facebook, WhatsApp, Facebook Messenger, WeChat and Instagram in that order, placing offerings from the US-based social network in all but one of the spots.

"The technological race between US and China surfaced in mobile with companies headquartered in the US and China generating more than half of total consumer spend in the top 300 parent companies in 2018," App Annie said.

Chinese companies accounted $19.6 billion of global consumer spending on mobile apps, accounting for 32 percent of global consumer spending compared with 22 percent for US-based parent firms, according to the report.

The top five parent companies for global consumer spending last year were indicated to be gaming companies Tencent, NetEase, Activision Blizzard, Bandai Namco, and Netmarble, respectively.

Meanwhile, global consumer in non-gaming apps more than doubled in the past two years, App Annie reported.

Mobile morsels offered by the report included that there was significant growth last year in the use of food-and-drink apps, particularly in France, Australia and South Korea which saw growth of 325 percent, 300 percent, and 230 percent respectively when compared to 2016.

Globally, more than $2.2 billion was spent in aggregate last year on the top five video streaming services, with US-based Netflix the most lucrative of the pack, according to App Annie.

AFP

Growing smartphone use is fuelling a surge in mobile application downloads, which are projected to be worth $120 billion globally this year.

Hitachi freezes UK nuclear project

REUTERS, *Tokyo/London*

Japan's Hitachi Ltd decided on Thursday to freeze a 3 trillion yen ($28 billion) nuclear power project in Wales as Britain scrabbles for a way to exit the European Union, dealing a blow to UK plans for the replacement of ageing plants.

The suspension comes as Hitachi's Horizon Nuclear Power failed to find private investors for its plans to build a plant in Anglesey, which was expected to provide about 6 percent of Britain's electricity.

"We've made the decision to freeze the project from the economic standpoint as a private company," Hitachi said in a statement, adding that it had booked a write-down of 300 billion yen. Hitachi had called on the British government to boost financial support for the project to appease investor anxiety, but turmoil over the country's impending EU exit limited the government's capacity to compile plans, people close to the matter have previously said.

Hitachi had banked on a group of Japanese investors and the British government each taking a one-third stake in the equity portion of the project, the people said. The project would have been financed one-third by equity and rest by debt. "It is now clear that further time is needed to develop a financial structure for the Horizon project and the conditions for building and operating the nuclear power stations," Hitachi said.

With the clock ticking down to March 29, the date set in law for Brexit, the United Kingdom is now in the deepest political crisis in half a century as it grapples with how, or even whether, to exit the European project it joined in 1973.

Prime Minister Theresa May's two-year attempt to forge an amicable divorce was crushed by parliament this week in the biggest defeat for a British leader in modern history, deepening uncertainty for potential investors.

The withdrawal of the Japanese conglomerate could leave the nuclear newbuild industry open to Russian and Chinese state-owned companies as Western private firms struggle to compete.

China's General Nuclear Services, an industrial partnership between China General Nuclear Power Corp (CGN) and French utility EDF, plans to make a number of investments in Britain's nuclear power sector, most notably the Hinkley Point C project in southwest England.