National Life Ins recommends 38% cash dividend

STAR BUSINESS REPORT

National Life Insurance Company's board has recommended a 38 percent cash dividend for 2023 even though its profit declined.

The insurer reported a profit of Tk 45.9 crore last year, down 26 percent from Tk 62.73 crore in 2022. Thus, the consolidated earnings per share fell to Tk 4.23 from Tk 5.78.

The net asset value per share also registered a decline: it was Tk 51.02 in 2023 compared to Tk 68.22 in 2022, according to a filing on the Dhaka Stock Exchange.

However, National Life's net operating cash flow per share rose substantially to Tk 46.51 from Tk 24.1.

Headquartered in Dhaka's Karwan Bazar, the insurance provider began its journey in 1985. Currently, it operates through 658 branches across the country.

Jio Financial plans $4.33b deal with Reliance Retail

REUTERS, *Bengaluru*

Jio Financial Services (JFS) is seeking shareholder approval for its unit to acquire equipment worth 360 billion rupees ($4.33 billion) from the retail arm of Reliance Industries as the financial services provider plans to enter the device leasing business, a postal ballot notice said.

Under the proposed deal, the JFS unit called Jio Leasing Services will buy telecom equipment and devices that usually include routers and cell phones.

The JFS subsidiary will rent out the equipment it buys to customers of Reliance Jio Infocomm - Reliance's telecommunications arm - the financial services company further said.

Jio Financial, spun out of billionaire Mukesh Ambani-led Reliance Group last year, had said in its earnings investor presentation that it will lease Jio Infocomm's AirFiber wifi services, phones, and laptops among other products.

This company will compete in the device-rental market with the likes of Hewlett Packard and Lenovo.

Voting on proposed items in the notice ends on June 22. The deal is expected to go through in the financial years 2025 and 2026.

Think beyond traditional markets to drive export growth

HSBC Chief Asia Economist Frederic Neumann says

MD MEHEDI HASAN

Bangladesh should consider emerging markets that are growing at a healthy clip and offer growth opportunities to drive up exports instead of relying much on traditional destinations, said Frederic Neumann, HSBC's Chief Asia Economist and co-head of Global Research Asia.

"Bangladesh should not think about large markets alone. It can think about emerging markets like India and China."

The tapping of the growth potential in the emerging markets will allow Bangladeshi companies to export more goods and services and capture more market share, he said during an exclusive interview with The Daily Star in Dhaka recently.

Currently, Bangladesh relies on major markets such as the European Union, the US and Canada for exports.

The European Union is the largest export market of Bangladesh with almost half of the country's merchandise shipments destined for the bloc. The US is the single largest export market for the country.

He said the European economy is gradually improving following struggles for two years owing to elevated energy prices triggered by the war in Eastern Europe.

"That seems to be normalising now."

Neumann, also the managing director of HSBC Global Research, said interest rates are likely to come down in Europe that should help consumers to spend more. This is expected to help Bangladesh.

Frederic Neumann

He said the US might see a bit of a slowdown after growing strongly last year. Although there are signs of a cooling down in the world's largest economy, there is nothing too dramatic, he said, highlighting the spike in interest rates.

When asked whether Bangladesh can benefit from growth opportunities in major economies, the economist said 20 years ago, most global companies invested in China. Now, Chinese companies want to invest overseas as the country is growing slowly.

Still, China's growth is transforming in such a way that it opens the opportunity for Bangladesh to start exporting.

Japan is now also invested in other countries. However, India offers tremendous scope since it is a large market.

Neumann said he is optimistic about Bangladesh.

"We've seen remarkable resilience during the Covid-19 pandemic, and I think that shows that the fundamentals of the country are very, very healthy."

"There's certainly a hunger in this country for more development and there is a dynamism here to take the country forward."

The economist also talked about geo-political tensions and the overall uncertainty in the global economy.

There are a lot of headwinds in the global economy and geopolitical risks. These lead to a lot of uncertainty and reduce economic growth.

There are also other factors that are holding growth back, he said, citing higher oil and energy prices and the after-effects of the Covid-19 pandemic.

"Despite the headwinds, the global economy is still relatively healthy since there is no financial stress anywhere in the world and there is strong trade growth at the moment," he said.

There are exciting new growth areas and these economies, the Middle East, India, and Southeast Asia are doing well.

"Bangladesh is also doing well," Neumann said.

He also touched upon the ongoing economic challenges confronting Bangladesh. Some of the challenges were triggered by the external environment.

"You saw Covid-19, global energy and fertiliser prices spike, and trade decline. So, it was almost a perfect storm for a country like Bangladesh."

The HSBC official said it was inevitable that there had to be some adjustment and it feels that the Bangladesh Bank has managed remarkably well.

The trade balance in Bangladesh was deeply negative, which became positive. And that's a sign that the economy is already responding to some of these measures being taken, he said.

"The big adjustment has already happened."

He said some economies are still struggling owing to multiple factors, but other countries particularly those located in the Indian Ocean Rim are doing well.

"The Indian Ocean Rim countries are well positioned to grow well in the next few years."

Established in 1997, the Indian Ocean Rim Association is an inter-governmental organisation, comprising 23 countries bordering the Indian Ocean.

"The last 50 years were really about the development of the Western Pacific Rim, but the next 50 years will be the development of the Indian Ocean Rim."

Neumann also highlighted the importance of sustainability.

"If you look at garment exporters, they are under pressure to deliver sustainable products to end-consumers in the West. And they certainly compete riding not only on labour cost and infrastructure but also on their ability to provide eco-friendly products."

"We should think about sustainability as part of the competitive package that a country like Bangladesh can deliver. If we can produce products in a more environment-friendly way, compared to our competitors, this will certainly give us a competitive edge."

No scope for delay in investment-related services

Salman F Rahman tells Bida at OSS review meeting

STAR BUSINESS REPORT

Salman F Rahman, private industry and investment adviser to the prime minister, yesterday instructed the Bangladesh Investment Development Authority (Bida) to connect all investment-related services to its One Stop Service (OSS) as soon as possible.

"There is no opportunity to delay investment services for the development of the country," he said while addressing a review meeting of Bida's OSS yesterday.

He said putting a stop to such delays would accelerate investment.

Rahman also asked them to provide services transparently and quickly and to ensure that people do not have to go to another office or department for investment-related services.

Mohammad Salah Uddin, secretary to the Prime Minister's Office, said investment was very important given the challenging global economic landscape.

"We have to remove all obstacles to increase domestic and foreign investment and we have to work together to do that," he said.

Lokman Hossain Mia, executive chairman of Bida, said Vietnam provides investment-related services in 29 days while it can take 48 to 60 days in Indonesia.

He added that Bida was providing 124 services through its OSS and that all investment-related services could be added within three months.

Afterwards, it will be possible to provide investment services quickly, even within a month, he said. Mohsina Yasmin, an executive member of Bida, presented the implementation and progress report of the OSS at the meeting.

According to the presentation, the OSS Rules 2020 was approved under the One Stop Service Act 2018 on April 26, 2020 and gazetted on May 10, 2020.

The Bida signed an agreement with Business Automation Ltd on September 16, 2018 to provide all types of online services.

It launched the OSS on February 24, 2019 with many services, but not investment-related services.

Bida has so far signed memorandums of understanding with 48 companies. Out of them, 41 companies have added 101 services to the OSS. Additionally, Bida offers 23 services.

Tasks such as online application, uploading of documents, deposit of fees and authorisation can be completed from anywhere in the world, Yasmin said.

According to her, licences, permits, and clearances issued through the OSS are stored in the portal, so they do not have to be uploaded when availing other services.

India's forex reserves soar to lifetime high

ANN/THE STATESMAN

India's foreign exchange reserves surged by $4.55 billion to touch a new lifetime high of $648.7 billion mark during the week ended May 17, according to the latest data released by the RBI on Friday.

This is the third consecutive week during which the country's forex kitty has expanded which augurs well for the macroeconomic fundamentals of the economy as an ample supply of dollars helps to strengthen the rupee.

The country's forex reserves had increased by $2.56 billion to $644.15 billion during the week ended May 10 and had recorded $3.66 billion rise for the week ended May 3.

India's foreign exchange reserves had earlier touched a lifetime high of $648.562 billion in April after which they had declined for three weeks in a row by $10.6 billion as the RBI actively intervened in the market to buy dollars to stabilise the rupee.

Airlines, hotels, retailers fear being left out in Google's search changes

REUTERS, *Brussels*

Lobbying groups representing airlines, hotels and retailers have urged European Union tech regulators to ensure that Google takes their views into account, and not just large intermediaries, when making changes to comply with landmark tech rules.

Airlines for Europe group that has Air France KLM and British Airways owner IAG as members, hotel group Hotrec, European Hotel Forum, EuroCommerce, Ecommerce Europe and Independent Retail Europe had in March expressed their concerns about the impact of the new rules.

EU's Digital Markets Act (DMA) imposes a list of dos and don'ts on Google and five other tech giants aimed at giving users more choice and rivals a better chance to compete, but the groups voiced concerns the the adjustments could hurt their revenues.

In a joint letter to EU antitrust chief Margrethe Vestager and EU industry chief Thierry Breton dated May 22 they said their worries have mounted since then.

"Our industries have serious concerns that currently considered solutions and requirements for implementing the DMA could further increase discrimination," they wrote.

"Initial observations indicate that these changes risk severely depleting direct sales revenues of companies by giving more prominence to powerful online intermediaries due to the preferential treatment they would receive," they said.

European automakers need time, not tariffs, to fend off China competition

REUTERS, *Munich*

Europe's car giants won't have much time to restructure their operations and product lines to compete with ascendant Chinese automakers, and stiffer tariffs will do little to protect the status quo, industry executives said during a Reuters event.

European trade regulators in Brussels have said they could levy new tariffs on Chinese electric vehicles based on the results of an investigation into Chinese government subsidies.

European Commission President Ursula von der Leyen on Tuesday said that Europe would take a "tailored approach" to its investigation and any potential duties imposed will be "correspondent to the level of damage". It will inform those Chinese EV makers incurring provisional tariffs by June 5.

But industry executives said that Brussels cannot prevent the reckoning that China's lower cost EVs will force on European automakers and their traditional suppliers.

Chinese carmakers, which command a 30 percent or more cost edge over European rivals, took 19 percent of Europe's EV market last year, up from 16 percent in 2022, according to the Rhodium Group.

"And the window is closing. From my point of view, we have two or three years. If we are not fast...it will be really tough (for German industry) to survive," Thomas Schmall, a board member at Europe's top carmaker Volkswagen, said at the Reuters Events Automotive conference in Munich.

People stand near NIO ET5 car model at the NIO House, the showroom of the Chinese electric vehicle manufacturer NIO Inc in Berlin, Germany. Europe's automakers are dealing with "a form of competitive asymmetry" not only with China but with US clean vehicle subsidies. PHOTO: REUTERS/FILE

It's the strongest natural fibre in the world, and you just combined the hemp fibre from inside the woody stock with a binder, typically lime on water and then through the chemical process.

"Today, it is no longer size that guarantees survival, but speed," he told Reuters.

Stellantis CEO Carlos Tavares said carmakers "don't have much time" to adjust their businesses and depended on the removal of "regulatory chaos and the bureaucracies that we have in our backyard".

The surge in Chinese exports, and the prospect of Chinese factories within Europe, are forcing the continent's incumbent automakers to explore partnerships with long-time rivals, turn up pressure on suppliers to cut costs, and intensify discussions with European unions over the future of plants and jobs, executives said.

Some of these tactics are stumbling out of the gate. Renault and VW last week pulled the plug on talks to develop lower-cost EVs over disagreements about where to make the car.

Europe's automakers are dealing with "a form of competitive asymmetry" not only with China but with US clean vehicle subsidies, Renault CEO Luca de Meo told Reuters on the sidelines of the VivaTech summit in Paris. "In the end, the best thing you can do is be competitive."