

Trump auto tariffs strike at heart of North American trade



An aerial view of cars at a Ford factory in Cuautitlan Izcalli in Mexico. During the assembly of a car or truck, parts often cross the borders of the three countries -- US, Canada and Mexico -- multiple times before the vehicle is finished.

PHOTO: AFP/FILE

AFP, Mexico City

US President Donald Trump's tariffs on imported cars strike at the heart of a North American free trade agreement, threatening to disrupt supply chains and raise prices, experts say.

Thanks to the United States-Mexico-Canada Agreement that came into effect in 2020 -- and its predecessor NAFTA -- the region became an assembly line spanning the three countries.

"We've been making this supply chain more sophisticated for 30 years," said Juan Francisco Torres-Landa, a partner at business consulting firm Hogan Lovells in Mexico.

"There is regional integration based on inputs, raw materials, and processes in all three countries," he told AFP.

Trump said the tariffs were in response to America's trade partners "taking our jobs, taking our wealth," but the duties promise to be a headache due to the deep integration of production chains.

Here are some of the expected impacts of the tariffs, according to experts.

Snarled supply chains

During the assembly of a car or truck, parts often cross the borders of the three countries multiple times before the vehicle is finished.

Extensive supply chains have been built involving hundreds of suppliers from different countries.

A car key alone can have more than 50 components from 22 different suppliers in Asia, North America and Europe.

The White House said vehicles assembled in Mexico and Canada could qualify for lower tariffs under the USMCA deal depending on how many of their components are made in the United States.

"Given the complexity of regional supply chains -- where parts often cross borders multiple times -- verifying compliance may require time-consuming adjustments, increasing operational costs," the political risk consultancy firm EMPRA told clients.

"US automakers with production in Mexico could face rising costs and logistical complications, which may lead some to reassess their manufacturing strategies," it added.

Growth constrained

Mexico's economy is considered one of the most vulnerable to Trump's planned tariffs due to its close trade relations with the United States.

The Latin American nation is home to many foreign-owned vehicle plants operated by companies including Ford, General

Motors, BMW, Volkswagen and Toyota.

More than 80 percent of Mexican exports go to the United States, including around three million vehicles a year.

The auto tariff announcement comes at a difficult time for Mexico's economy, the second largest in Latin America.

Experts surveyed monthly by the Mexican central bank expect economic growth of only 0.81 percent in 2025, worse than the 1.0 percent they predicted in February.

The trade tensions "generate uncertainty and affect private investment and production decisions in key export sectors," Geronimo Ugarte, chief economist at the financial firm Valmex, told AFP.

Trade deal in limbo

Mexico and Canada consider Trump's tariffs to be in violation of the USMCA. Mexican President Claudia Sheinbaum

said Thursday "there should be no tariffs" between Mexico, the United States and Canada as "that is the essence of the trade agreement."

Washington's announcements have left the agreement in limbo.

"We need to analyze whether... for Trump, the USMCA should be replaced, substituted or simply extinguished by starvation," Torres Landa said.

Although a review of the treaty is due by 2026, Jesus Carrillo, an expert at the Mexican Institute for Competitiveness, believes trade policy "is being negotiated directly and progressively between governments."

"We're moving from having a treaty to having deals," Carrillo said.

He believes that "the USMCA will remain in effect, but with Band-Aids."

More expensive cars

Analysts and US trading partners warn that the tariffs will raise prices for American consumers. Philippe Waechter, chief economist at Ostrum Asset Management in Paris, thinks the price of a car could increase by \$3,000.

There is a risk that consumers will buy fewer new cars, according to the British-based consultancy firm Capital Economics.

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Elon Musk says xAI startup buying X platform

AFP, San Francisco

Elon Musk on Friday said his artificial intelligence startup xAI is buying his social networking platform X in a deal valuing the company once known as Twitter at \$33 billion.

"This combination will unlock immense potential by blending xAI's advanced AI capability and expertise with X's massive reach," Musk said in a post on his social network.

X has more than 600 million users, and its future is "intertwined" with that of xAI, launched two years ago, according to Musk.

"Today, we officially take the step to combine the data, models, compute, distribution and talent," Musk said of combining the two companies.

"This will allow us to build a platform that doesn't just reflect the world but actively accelerates human progress."

The companies are being combined in an all-stock deal that values xAI at \$80 billion and X at \$33 billion, factoring in the social network's \$12 billion debt.

Musk bought Twitter for \$44 billion in late 2022 in a transaction that included debt and launched xAI the following year, spending billions of dollars on high-end Nvidia chips for the venture.

xAI in February released the latest version of its chatbot, Grok 3, which the billionaire hopes will find traction in a highly competitive sector contested by the likes of ChatGPT and China's DeepSeek.

"This combination will unlock immense potential by blending xAI's advanced AI capability and expertise with X's massive reach," Musk said in a post on his social network

Musk has promoted Grok 3 as "scary smart," with 10 times the computational resources of its predecessor that was released in August last year.

Grok 3 is also going up against OpenAI's chatbot, ChatGPT -- pitting Musk against collaborator-turned-arch rival Sam Altman.

Musk and Altman were among the 11-person team that founded OpenAI in 2015.

Created as a counterweight to Google's dominance in artificial intelligence, the project got initial funding from Musk.

Musk left three years later, and then in 2022 OpenAI's release of ChatGPT created a global technology sensation -- which made Altman a tech world star.

Their relationship has become increasingly toxic and litigious ever since.

X's billionaire owner, the world's richest person, is a major financial backer of US President Donald Trump and heads a Department of Government Efficiency that has been slashing the ranks of government employees.

Industry analysts at Emarketer this week forecast that ad revenue at X will grow this year as brands fear retaliation by politically connected Musk if they don't spend on the platform.

Green Delta Insurance declares 25% cash dividend



Shamsun Nahar Begum Chowdhury, chairperson of Green Delta Insurance, is seen attending the company's virtual annual general meeting along with other officials, recently.

PHOTO: GREEN DELTA INSURANCE PLC

STAR BUSINESS DESK

Green Delta Insurance PLC has announced a 25 percent cash dividend for its shareholders for the financial year that ended on December 31, 2024.

The decision was approved at the company's 39th annual general meeting (AGM), held virtually on March 27, according to a press release.

The AGM was presided over by Shamsun Nahar Begum Chowdhury, chairperson of Green Delta Insurance, and attended by sponsors, directors, and

shareholders.

Expressing gratitude to shareholders for their continued support, the chairperson acknowledged the company's resilience amid economic challenges.

Farzanah Chowdhury, managing director and CEO, highlighted the company's achievements in maintaining its leadership position in the insurance sector.

She credited the Green Delta team for their commitment to service excellence despite economic uncertainties in 2024.

She also emphasised the

company's focus on digitalised solutions, automated customer service, agricultural insurance, and microinsurance as key drivers for future growth.

Nasir A Choudhury, adviser and founding managing director, also addressed the shareholders, thanking them for their trust and continued support.

Shareholders present at the AGM commended the company's performance, corporate governance, and the transparency of its annual report, while appreciating the board's decision to declare an attractive dividend.



Kimiwa Saddat, deputy managing director of Meghna Bank PLC, and Mokhlesur Rahman Akhtar, chief financial officer of Akij Venture Group, pose for photographs at a deal signing ceremony at the bank's head office in the capital recently.

PHOTO: MEGHNA BANK PLC

Dollar's long

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Stephen Miran, the incoming chair of the US Council of Economic Advisers, believes the dollar's global hegemony has resulted in the persistent overvaluation of the currency, with damaging effects on the country's trade competitiveness. In a paper published last November, Miran proposed that international demand for dollars could be dampened if the United States imposed a tax on interest payments paid to foreign official holders of US government debt. The Hungarian-American economist Zoltan Pozsar has gone even further, suggesting that dollar-denominated foreign exchange reserves should be swapped into zero-coupon 100-year bonds -- essentially a worthless asset.

Miran argues that countries that benefit from America's security umbrella should share more of the burden imposed by the currency standard. The trouble is that, except for Japan, American military allies don't hold large amounts of dollars in their foreign reserves.

Meghna Bank partners with Akij Fair Value for merchant pay service

STAR BUSINESS DESK

Meghna Bank PLC has signed a merchant pay service agreement with Akij Fair Value Ltd, a retail grocery chain of Akij Venture Group, to facilitate cashless transactions for customers.

Under the agreement, MeghnaPay users can now make payments by scanning QR codes at Akij Fair Value outlets. The signing ceremony was recently held at Meghna Bank's head office, according to a press release.

Senior officials from both organisations attended the event, including Kimiwa Saddat, deputy managing director of Meghna Bank, Mokhlesur

Rahman Akhtar, chief financial officer of Akij Venture Group, and Sayed Joydul Abedin, director of operations at Akij Venture Group.

Speaking on the occasion, Kimiwa Saddat said, "Cashless transactions are becoming essential, and we aspire to be a key player in building a next-generation cashless society through initiatives like MeghnaPay."

Mokhlesur Rahman Akhtar added, "To enhance the grocery shopping experience, we are integrating various digital solutions. Meghna Bank's merchant pay service will play a crucial role in achieving our digital transformation goals."