

# Tesla, Google, Apple: is Silicon Valley the future of the US car?

AFP, New York

Is the future of the US car industry in Silicon Valley?

After Tesla and Google, Apple appears to be readying for a plunge into the industry long rooted far away in the steel belt of the US upper Midwest.

According to various media reports, the maker of iPhones and iPads has created a special unit baptized "Titan" with hundreds of staff to begin developing an electric car, with 2020 the target date.

Apple remains silent on the project, but the reports were partially backed up by a lawsuit filed against the tech giant. Battery maker 123 Systems has accused Apple of aggressively poaching its staff.

But it puts Apple in line with Tesla, the current champion of the electric car, and Google, the online giant which is focused on the self-driving, also-electric Google Car.

The Big Three US automakers -- General Motors, Ford and Chrysler (now a part of Fiat Chrysler Automobiles, FCA) -- are taking the threat from the Detroit outsiders seriously.

"Given the company's (Apple's) tremendous capabilities, that is no surprise to anyone," GM spokesman Dan Flores told AFP.

At Chrysler, spokesman Eric Maynes said: "We can't comment on something we haven't seen."

Ford too had no comment on Apple's plans, but the number two automaker recently opened a research center in Palo Alto, the heart of Silicon Valley, as it looks to the future of self-driving automobiles.

Bill Visnic, an analyst at industry specialist Edmunds.com, said that given the seven-year average time frame to develop and bring a car to the mass market, the Detroit giants are not under serious pressure yet.

Even with the unexpected success of Tesla, for instance, the company still sold less than 35,000 cars last year in a national market of more than 16 million units. And Tesla's cars are confined to a very high-end niche market.

"Apple is not an immediate threat to the US auto industry. I don't think you'll see the volume there, the number of cars won't really begin to



REUTERS/FILE

A man looks around Tesla Motors' Model S P85 at its showroom in Beijing.

approach anything like Detroit is making right now at any time soon," said Visnic.

Alec Gutierrez, a market analyst at Kelley Blue Book, said Apple's strength is its role as a "disruptor" in industries, and that the "comprehensive ecosystem" of its popular consumer electronics could be extended to an "Apple car".

Apple has the money to put into a new car -- some \$180 billion in capital built up to invest in new projects. Even so, said Gutierrez, given the costs and competition in the auto industry, "it's fraught with risk."

"The automotive space is so highly competitive today, and margins in new car sales are extraordinarily thin, which is something Apple is not used to." "How many companies have totally failed into trying to enter the automotive industry? It's a tough thing and it's very expensive," added Brett Smith, program director at the Center for Automotive Research.

He pointed to Tesla continuing to lose money despite its success in marketing its luxury cars with battery systems superior to any offered by Detroit.

And the major automakers are all working

hard on making more and better hybrid and all-electric vehicles. That sets a high bar for any new entrant, notes Smith.

"Does Apple have better technologies than Mercedes or Ford or GM or Toyota to build a car? I really doubt it."

What Apple could bring to the industry is what Google brings: ways to process and use data.

Google is focused not on the physical car itself but on the technology that will allow cars to run themselves. Its self-driving vehicles, in the guise of various car models, have already driven hundreds of thousands of miles (kilometers) on California roads in test runs.

Apple already has something to offer the industry, notes Visnic. It could become a key supplier of connectivity technology for cars, putting its operating systems up against Google's Android, already being installed in many car models.

"For Apple, they have proven to be phenomenally good at user experience," Smith told AFP.

"The car for them will become another user experience device, and that will differentiate them."

# Freight shipping prices sink on oversupply, China slowdown

AFP, London

Freight shipping prices have plummeted to a historic low, fuelled by a long-standing problem of too many ships and lower demand from China, but experts cautioned against seeing it as a warning on the global economy.

The Baltic Dry Index (BDI), which tracks the cost of transporting dry commodities such as coal, iron ore and grain across 20 shipping routes, dropped Wednesday to 509 points, its lowest level since the creation of the index in 1985.

There have never been more commodities transported by sea, but the sector has been plagued with a surplus of ships ordered in good times, while China has put further downward pressure on rates.

The index used to be seen as a reliable indicator of global economic health or looming crisis, but the gauge has lost its edge in recent years.

"The BDI adds little to what we already know about global commodity markets from other indicators, and it is a poor guide to the overall health of the world economy," said Julian Jessop, analyst at Capital Economics.

Mark Pauchet, an analyst at shipbroking company Braemar ACM, said: "The combination of increased speculative investments in the commodities market and an oversupply of ships has thrown the indicator off in recent years."

The BDI is now simply a reflection of the balance of supply and demand for ships carrying dry bulk. "The key point is that demand for cargo ships has recovered since 2009, but it has failed to catch up with the growth in supply," said Jessop.

The shipping industry has long suffered from the blight of ships ordered when times are good and delivered when they are no longer needed.

The BDI peaked at 11,793 in May 2008 and confident owners ordered more ships to cope with robust demand -- oblivious of the coming global economic crisis.

Since then, the market has been hoping for

a recovery that has been slow to materialise.

And every tentative upturn has led to increased orders from shipyards, mainly in China and Japan, perpetuating the problem.

"The market does not learn," said George Kalogeropoulos, commercial and chartering director at SafBulk -- although he said the extent of the BDI decline this time was surprising.

The fourth quarter of 2014 was especially bad for business, a period supposed to be the strongest in the year for the dry bulk sector.

This was compounded by a late Chinese New Year in February, and the traditionally quiet period preceding it.

China is the world's second biggest economy after the United States and the largest consumer of coal and iron ore, making the shipping industry highly dependent on Chinese demand. But the Asian powerhouse's economy is slowing down. In 2014, it grew at 7.4 percent, the weakest rate for 24 years.

And Beijing's removal of an export tax rebate last month is likely to continue to depress Chinese demand for iron ore, according to Pauchet. "Chinese steel mills had been taking advantage of the export tax rebate to sell their production to neighbouring countries," he said.

"But the re-introduction of the export tax in January weighed on demand for Chinese steel, translating in a drop in iron ore imports."

Prospects for coal are no better. Chinese imports fell sharply in 2014 owing to the increased use of hydropower, according to Braemar ACM.

And this year, the completion of nuclear power plants should further reduce Chinese demand for coal. Shipowners have begun to react, trying to push back new deliveries.

And since the start of the year, the scrapping of ships is increasing, a change from last year when owners were hanging on to their older vessels, anticipating a market recovery.

Some of them such as Scorpio Bulkers, which went on a buying spree in 2013, have also decided to convert some ships on order into oil tankers.

## Bangladesh Power Development Board

বিদ্যুৎ সামগ্রী বাতি ব্যবহার করন

### Invitation for International Tender

1	Ministry/Division	Ministry of Power, Energy & Mineral Resources/Power Division.
2	Agency	Bangladesh Power Development Board (BPDB).
3	Procuring entity name	Director, Directorate of Purchase, BPDB, Dhaka.
4	Procuring entity code	Not used at present.
5	Procuring entity district	Dhaka, Bangladesh.
6	Invitation for	Procurement of Electrical Measuring Instrument for Shahjibazar Power Station, BPDB, Hobiganj.
7	Invitation Ref No.	Pur-315/2015.
8	Date	19-02-2015.

#### KEY INFORMATION

9	Procurement method	Open Tendering Method (single stage single envelope).
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#### FUNDING INFORMATION

10	Budget and source of funds	Revenue Budget (Cash Foreign Exchange Allocation) of BPDB.
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#### PARTICULAR INFORMATION

12	Project/programme code (if applicable)	Not applicable.
13	Project/programme name (if applicable)	Not applicable.
14	Tender package No.	G10(F) (FY: 2014-2015).
15	Tender package name	Procurement of Electrical Measuring Instrument for Shahjibazar Power Station, BPDB, Hobiganj.
16	Tender publication date	19/02/2015.
17	Tender last selling date	08-04-2015 during office hours.
18	Tender closing date and time	09-04-2015 at 11:00am (Tenders can be submitted on any date before closing time during office hours).
19	Tender opening date and time	09-04-2015 at 11:30am.
20	Name & address of the office(s)	Director, Directorate of Purchase, BPDB, WAPDA Building (9th Floor), 12, Motijheel C/A, Dhaka.
	Selling tender (principal)	Director, Directorate of Purchase, BPDB, WAPDA Building (9th Floor), 12, Motijheel C/A, Dhaka.
	Selling tender document (others)	Not applicable.
	Receiving tender document	Director, Directorate of Purchase, BPDB, WAPDA Building (9th Floor), 12, Motijheel C/A, Dhaka.
	Opening tender document	Director, Directorate of Purchase, BPDB, WAPDA Building (9th Floor), 12, Motijheel C/A, Dhaka.
21	Place/date/time of pre-tender meeting (optional)	Not applicable.

#### INFORMATION FOR TENDERER

22	Eligibility of tenderer	Tenderers from all countries except the countries specified in TDS.
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23	Brief description of goods or works	Procurement of Electrical Measuring Instrument for Shahjibazar Power Station, BPDB, Hobiganj.
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24	Brief description of related services	As per tender document.
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25	Tender document price	Non-refundable BD Taka 1,000/- (one thousand) only in the form of Pay Order in favour of Director, Directorate of Purchase, BPDB, Dhaka.
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26	Lot No.	Identification of lot	Location	Tender security amount	Completion time
	Nil	Procurement of Electrical Measuring Instrument	Shahjibazar Power Station, BPDB, Hobiganj	USD 600.00 or BDT 48,000.00	180 days from the date of opening L/C

#### PROCURING ENTITY DETAILS

27	Validity of tender and tender security	120 & 148 days respectively from tender opening date.
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28	Name of official inviting tender	Md. Abu Yousuf.
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29	Designation of official inviting tender	Director.
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30	Address of official inviting tender	Direktorate of Purchase, BPDB, WAPDA Building (9th Floor), 12, Motijheel C/A, Dhaka.
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31	Contact details of official inviting tender	Tel. 9550532, 9568132, Fax: 7126151.
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32	Special instruction	The purchaser reserves the right to accept any tender or to annul the tender process, or to reject any or all tenders at any time prior to contract award.
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This tender will be performed according to "The Public Procurement Rules-2008".</