



Uzma Chowdhury, director for corporate finance at Pran-RFL Group, and Mashrur Arefin, additional managing director of City Bank, exchange the signed documents of a deal at a programme in Dhaka on Thursday. The bank's agent banking services will be available at selected outlets of the group across the country. Sohail RK Hussain, CEO of the bank, was also present.

Sri Lanka in talks with two Chinese firms for \$3b refinery

REUTERS, Colombo

Sri Lanka is in talks with two Chinese companies about investing up to \$3 billion to build in a new refinery at its Chinese-controlled port, a top government official said on Friday.

Sri Lanka wants to build a new refinery in its southern Hambantota port, where China Merchants Port Holdings (CMPH) has a 99-year lease to handle commercial operations.

Located near the main shipping route from Asia to Europe, Hambantota port is likely to play a key role in China's "Belt and Road" trade route initiative.

Mangala Yapa, a director at the state-run Board of Investment, said two Chinese companies had put forward a joint venture proposal for the refinery, which is expected to produce 5 million tonnes per annum with an investment between \$2.5 billion and \$3 billion. He did not name the Chinese firms.

"The investment is large and we are dis-

cussing with the two companies on that basis," he told Reuters, adding the joint venture plan was chosen from three bids including one from a U.S. company through a local partner. The refinery needs around 500 acres of land and we can't reserve the land. Many people try to get the land first and then look for investors." Yapa did not elaborate on the plans of the proposed refinery.

China's influence over Hambantota port has sparked widespread anger in Sri Lanka.

The deal with CMPH, which has a majority stake in the lease, fuelled speculation the port could be used for Chinese naval vessels. CMPH is also in talks with the government to develop an industrial zone next door.

This year, the government revised its original deal with CMPH to give greater influence to the Sri Lankan Ports Authority to try to allay concerns - including from Japan, the United States and India - that the port might be used for military purposes.

Diesel's disgrace brings hybrids-for-all in race to electrify

REUTERS, Frankfurt

Carmakers squeezed between carbon emissions cuts and falling sales of fuel-efficient diesels have used the Frankfurt auto show to spotlight a future generation of electric cars that will largely come too late to help them out of their bind.

But elsewhere at the show, suppliers like Valeo and Delphi are lifting the lid on a quicker fix: affordable 48-volt hybrids.

These "mild" hybrids, which add some electric power to existing petrol models without a costly redesign, are now being deployed without fanfare by brands from VW to Volvo.

It is diesel's disgrace and decline, executives and analysts say, that has finally set the stage for mass electrification. While diesel pollution problems became notorious with the Volkswagen test-cheating scandal, the subsequent shift to petrol is bloating carbon dioxide (CO2) emissions, making the next round of European Union goals harder to meet.

"Our view is that 48 volts on a gasoline engine is an alternative to diesel," said Karin Thorn, vice president for vehicle propulsion at Volvo. "If and when the diesel market is dropping, something else needs to take its place."

Diesels are stalling already, in fact - and weaker second-hand values suggest the slump can only accelerate.

An attention-grabbing pledge by the Swedish carmaker to "electrify" its entire range by 2019, initially hailed as a bold step, now looks more like an industry-wide reality.

PSA Group, which had previously seen no need for 48V hybrids, now plans to introduce them "across the board" in response to diesel's faster-

than-expected decline, the Peugeot maker's programs chief Patrice Lucas told Reuters.

By quadrupling the 12-volt standard in conventional car electrics and allowing a beefed up starter motor to feed extra power to the drivetrain, complementing the combustion engine, carmakers can transform petrol cars into mild hybrids without redesigning the vehicle's architecture and factory tooling.

The motor delivers a noticeable torque boost and recovers braking energy to recharge a battery - smaller and cheaper than those required by electric cars or "full" hybrids such as Toyota's Prius, which typically run at 100-300 volts. Total manufacturing

cost comes in 500-1,000 euros (\$600-\$1,200) below an equivalent diesel.

"It's the most interesting enabling technology and will comfortably replace diesel," said Evercore ISI analyst Arndt Ellinghorst. "It can do the job and it's already cheaper - you don't have to be an early adopter to buy one."

By 2020, the brokerage expects 48V cars to outpace European sales of full hybrids, including plug-ins that can be recharged with a cable and driven in electric-only mode. By 2025, it predicts, they will equip 55 percent of all cars sold.

The technology is surfacing first in luxury cars such as the Mercedes S-Class on show at the Frankfurt event - which runs until Sunday - before

trickling down to the mass market, chiefly in Europe and China.

Volkswagen's next Golf, a benchmark in compact cars, will arrive with 48V electrics in 2019, and other models will follow, development chief Frank Welsch told Reuters.

"The technology has a lot of potential and will make hybrids more affordable for the masses," Welsch said. Renault, Japanese affiliate Nissan and Hyundai are among other mass car manufacturers with 48V in the pipeline.

In 2021, the key EU emissions goal drops to 95 grams of CO2 per kilometre from its current 130 grams - a challenge exacerbated by the replacement of standard lab

tests with on-the-road "real driving emissions" measurements.

Despite incentives, neither battery technology nor charging infrastructure is ready for the mass electric-car uptake required to put a dent in average emissions by then.

The headache is compounded by the decline of diesels, which emit 15-20 percent less CO2 than petrol alternatives. Fortunately, 48V hybrids deliver savings in the same bracket.

Their simplicity also lets carmakers adjust their fleet emissions on shorter lead times than typically required to redevelop a drivetrain, which may help to avoid stiff EU fines of 95 euros per excess gram of CO2, per vehicle sold.

Among suppliers, Valeo stands to benefit most with a 40 percent share of mild-hybrid orders, Citi analysts predict. Continental and Delphi are also well positioned.

Paris-based Valeo expects some carmakers to effect more abrupt U-turns than PSA's - in some cases installing 48V systems without waiting for model facelifts. Innovation director Guillaume Devauchelle declined to name names.

"These solutions will become market standards," Devauchelle said, adding that tougher rules on nitrogen oxide (NOx) pollution from diesels would deepen their cost disadvantage.

Later 48V hybrids will squeeze out more efficiency by shifting the electric motor lower down the transmission, below the engine. Valeo has electrified Magna's Getrag gearboxes and GKN differentials.

"What automakers are finding is they need more than just advanced combustion engines to reach the fleet average reductions," said Mary Gustanski, Delphi's engineering boss.



Dieter Zetsche, CEO of Mercedes car maker Daimler AG, presents the new Mercedes S-class models during the Frankfurt Motor Show in Germany.

Russian company unveils surveillance-proof smartphone

AFP, Moscow

For Russians who fear that someone may be eavesdropping on their phone conversations, leading IT entrepreneur Natalya Kaspersky says she has a solution.

At a business forum in Moscow on Friday she presented "TaigaPhone", a brand new smartphone created by InfoWatch Group, her software development company, costing around 15,000 rubles (\$260).

The TaigaPhone is entirely green to represent the Russian northern forest after which it is named and has a five-inch touch screen. "We have created it for the corporate market," said Kaspersky, president of InfoWatch Group and co-founder of Kaspersky Lab, Russia's leading antivirus software development company which some believe may have links to Russian intelligence.

Kaspersky Lab has over the past months been at the centre of controversy in the United States.

In July, the US government removed Kaspersky from its list of approved vendors, weeks after top US intelligence agency and law enforcement officials expressed concerns about the safety of its software.

But no evidence has been presented to back up vague assertions that it might be a tool of Moscow, offering Russian spies back-door entry into computers worldwide.

The company has repeatedly denied working with any government agency.

The TaigaPhone is not the first Russian-made smartphone. YotaPhone, which first appeared on the market in 2013, is back this year with a new device: the YotaPhone 3.

InfoWatch wants to sell TaigaPhone to Russian companies at a cost of between 12,000 and 15,000 rubles, almost five times cheaper than the cost of an iPhone in Russia.

"Half of all data loss in Russia happens on mobile devices, we intend to fix that problem with the TaigaPhone," company representative Grigoriy Vasilyev told investors at the forum.

InfoWatch says the device can guarantee the confidentiality of all TaigaPhone users, track the location of each device and prevent information leakage.

Moody's downgrades UK's rating on Brexit and growth fears

REUTERS, London

Ratings agency Moody's downgraded Britain's credit rating on Friday, saying the government's plans to bring down its heavy debt load had been knocked off course and Brexit would weigh on the economy.

A few hours after Prime Minister Theresa May set out plans for new ties with the European Union, Moody's cut the rating by a further notch to Aa2, underscoring the economic risks that leaving the bloc poses for the world's fifth-biggest economy.

Britain has worked down its budget deficit from about 10 percent of economic output in 2010, shortly after the global financial crisis hammered the country, to 2.3 percent.

But Moody's - which stripped Britain of its top-notch AAA rating in 2013 - said the outlook for public finances had weakened significantly as May's government softened the austerity drive of former prime minister David Cameron and his finance minister George Osborne.

The government hit back, saying Moody's assessment of the Brexit hit to the economy was "outdated" and that May had set out an "ambitious vision for the UK's future relationship with the EU" in her speech on Friday.

But a Moody's official said the speech made no difference to the agency's gloomy long-term view for Britain's economy.

"Having looked at Theresa May's

speech, I don't think there is anything in there which would in any way make us change our assessment," Alastair Wilson, managing director of global sovereign risk at Moody's, told BBC radio on Saturday.

"Over the next few years, we have a lot less confidence that the UK's government is going to be able to fulfil its plans to bring the debt load back down, and this is an extremely high debt load that the UK has, or to be able to achieve some form of agreement with the EU which retains a substantial share of the rights that membership of the EU grants," he said.

Moody's verdict will be grim reading for May and her finance minister Philip Hammond, who is under pressure to spend more in his budget plan, due in November. After seven years of austerity, a recent relaxation of a tight public sector pay cap for police and prison workers was likely to be broadened, Moody's said.

Furthermore, a deal struck by May with a small political party in Northern Ireland after she lost her parliamentary majority in June's election and the dropping of plans to review costly pension increases would also weigh on the public purse.

"Overall, Moody's expects spending to be significantly higher than under the government's current budgetary plans," Moody's said.

On the tax side, it noted how the government abandoned a controversial plan to raise national insurance

contributions for self-employed workers and was reliant on "highly uncertain revenue gains from tackling tax avoidance to fund tax cuts".

As a result, the budget deficit was likely to remain at around 3-3.5 percent of GDP in the coming years, higher than the government's plans to cut it below 1 percent of GDP by 2021/22.

That meant Britain was one of the few big European economies where the public debt ratio was likely to rise, probably peaking at about 93 percent of GDP in 2019, two years later than under the latest government plans.

At the same time, budget pressures would rise as Britain's economy slowed due to Brexit, with growth of just 1 percent likely next year, down from 1.8 percent in 2017 and not recovering to its historic trend rate over the coming years.

Moody's said it was no longer confident that Britain would secure a replacement free trade agreement with the EU which substantially mitigated the Brexit hit. The sheer workload of Brexit in the coming years meant the government would struggle to fix Britain's weak productivity growth, the Achilles heel of the economy, it said.

Britain's government said Moody's move brought it into line with the other major credit ratings agencies, Fitch and Standard & Poor's.

Moody's revised up its outlook on the country to stable from negative, meaning a further downgrade is not imminent.

Thyssenkrupp to set up working group with unions over Tata Steel merger

REUTERS, Frankfurt

Thyssenkrupp AG is to set up a joint working group of board members and labour representatives to help implement the plan to merge with Tata Steel, it said in a statement on Saturday, issued after a supervisory board meeting.

The meeting was held after Thyssenkrupp top management's move this week to sign a memorandum of understanding with Tata Steel for a 50-50 joint venture.

If approved, it would create Europe's second-biggest steelmaker

after ArcelorMittal, with combined sales of about 15 billion euros (\$17.93 billion).

The working group will consist of members of the executive boards of Thyssenkrupp AG, Thyssenkrupp Steel Europe, which is the unit for the steel activities within the wider group, representatives of Thyssenkrupp's works councils and the works councils of the steel sites, the statement said.

The working group will be headed by Markus Grolms, deputy chairman of the supervisory board of Thyssenkrupp AG and Oliver

Burkhard, member of the executive board of Thyssenkrupp AG, where he is chief human resources officer, it said.

Thyssenkrupp AG Chief Executive Heinrich Hiesinger depends on the support of labour representatives, who hold half of the 20 seats on the group's supervisory board and have fiercely opposed the deal with Tata Steel.

On Friday, several thousand steel workers took to the streets of Bochum in Germany's industrial heartland to protest against the deal, which would include up to 4,000 job cuts, about 8 percent of the combined workforce.

M Zakir Hossain, CEO of Young Consultants, speaks at a workshop on "Approaches for dissemination of environmental technologies in textile industry production in Bangladesh" in Dhaka, organised by Technology Transfer Zentrum Bremerhaven, Germany in collaboration with Young Consultants, a private business consulting house.

