

FINANCIAL TIMES

WEDNESDAY 19 JULY 2023

NATIONAL NEWSPAPER OF THE YEAR

UK £3.50; Republic of Ireland €3.90



The funding crisis at Britain's universities

BIG READ, PAGE 21

Populism gives elites more power than ever

JANAN GANESH, PAGE 23

Fire havoc Europe hit by extreme heat

A child outside his house as a wildfire burns in the village of Agios Charalampos, near Athens, yesterday.

Fires outside the Greek capital have been raging since Monday, destroying homes and cars and forcing thousands of residents, as well as children from summer camps, to evacuate the area.

The European weather forecasting agency has warned that the continent should brace itself for more intense and longer lasting heatwaves as temperatures reached near record highs across the Mediterranean.

Sardinia and Sicily hit the high 40Cs yesterday, while tourist sites in cities such as Madrid and Rome were closed.

Heatwaves are becoming more common in all parts of the world, but Europe is warming faster than average because of its high percentage of land mass and position on the Earth's surface.

Struggling to adapt page 8



Briefing

Hunt hails food price shift on eve of inflation figures

Chancellor Jeremy Hunt has welcomed easing grocery prices, as economists expect headline inflation to fall to 8.2 per cent today. — PAGE 2; MARKETS, PAGES 15-16

New Trump charges loom

Donald Trump has said he is the target of a criminal probe into efforts to overturn the 2020 US presidential election. He could face charges in days. — PAGE 4

Wallace plan shot down

Defence secretary Ben Wallace has unveiled a technology-driven defence stance that was attacked by Labour and military analysts for the absence of funding. — PAGE 3

Thames Water value blow

The utility's biggest investor, a Canadian pension fund, has cut the value of its stake, raising fresh doubts over the company's push for much needed equity. — PAGE 12

Russia targets port cities

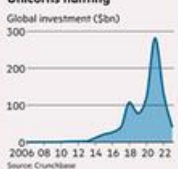
Odesa and Mykolajiv in Ukraine have been rattled by air strikes after Vladimir Putin vowed to respond to a sea drone attack on a Crimean bridge. — REPORTS, PAGE 6

Morgan Stanley upbeat

Chief executive James Gorman has predicted the bank will triple assets under management to \$20tn, as weak trading activity dragged on profits. — PAGE 9

Datwatch

Unicorns hunting



Unicorn companies — start-ups worth \$1bn or more — raised \$531.6bn of funding worldwide last year, less than half the capital they attracted in 2021, as high interest rates weighed on sentiment. Unicorns have raised \$42.1bn this year

Tata Motors poised to unveil plan for flagship battery factory in Somerset

Crucial deal for car industry • Announcement expected today • Tories crave relief from poll blow

GEORGE PARKER, JIM PICKARD
AND PEGGY HOLLINGER — LONDON
CHLOE CORNISH — MUMBAI

Tata Motors is poised to announce plans to build a flagship battery factory in the UK to supply Jaguar Land Rover's electric cars, according to people briefed on the Indian group's plans.

Tata, owner of JLR, has chosen a site in Somerset for the gigafactory, over a rival location in Spain, and is expected to unveil its decision today.

Prime minister Rishi Sunak held secret talks in May with Natarajan Chandrasekaran, chair of parent company Tata Sons, in an attempt to kickstart Britain's efforts to join the global race for electric car production.

Tata has asked for £500m of state assistance, including subsidies for the

Somerset factory's high energy use, a one-off grant from the government's £1bn automotive transformation fund and road improvements to the site near the M5 motorway.

Tata Group said: "We don't have any further information right now." Downing Street declined to comment, but government insiders said they expected Sunak to travel to JLR's vehicle assembly centre in the Midlands today.

Securing the proposed JLR battery

Ministers see the factory as a must-win, as the car industry struggles with the electric transition

factory at Bridgwater is seen as a must-win by the government as it seeks to support the car industry, which has struggled with the transition to electric vehicle production.

A big vote of confidence in British industry would also raise the morale of Conservative MPs as they contemplate the expected loss of three by-elections tomorrow: Uxbridge and South Ruislip, Selby and Ainsty in North Yorkshire, and Somerton and Frome in Somerset.

The proposed factory at Bridgwater is close to the Somerset and Frome constituency and would be a major boost to the south-west economy.

Bosses at the Gravity industrial park near Bridgwater, which would host the battery plant, say the factory could employ more than 5,000 staff.

However, bookmakers reckon that the Liberal Democrats are almost certain to win the Somerset and Frome contest, while Labour is poised to secure Uxbridge and Selby. MPs break for their summer recess tomorrow.

Britain has run into difficulties with the shift from diesel and petrol vehicles to electric cars, epitomised by the slow rollout of battery factories needed to power them.

The one big breakthrough came in 2021 when Japanese carmaker Nissan unveiled plans for the UK's first large-scale battery factory, at its Sunderland plant. The gigafactory was built with Chinese battery supplier Envision.

Start-up Britishvolt had ambitious plans to build a gigafactory in north-east England, but it collapsed into adminis-

tration in January. Parts of the company were subsequently bought by an Australian group, with the promise of reviving the plans.

A paper from the Policy Exchange think-tank by Sir Geoffrey Owen, a former editor of the Financial Times, last month highlighted how there were 25 gigafactories in operation, under construction or planned in the EU.

Meanwhile, the US is offering big subsidies to companies for battery plants, so Tata's decision to build Britain's second gigafactory will be hailed by Sunak as evidence the UK is competitive.

Jonathan Reynolds, shadow business secretary, welcomed the news but said Labour would go further by investing in eight gigafactories to ensure "announcements like this aren't a one-off".



Armenia becomes staging post on silk road to Russia

Car exports from Armenia to Russia have soared since Moscow's invasion of Ukraine, from \$800,000 in January 2022 to more than \$180m in the same month this year. The tiny country does not produce cars but it has become a staging post on a booming trade route. Most vehicles are bought cheaply in the US as insurance write-offs, fixed up in Georgia or Armenia and then sold in Russia, where sanctions have left western-brand cars hard to find. Sanctions-hit Russia — PAGE 6

China deletes deaths data that showed 73% jump when Covid curbs were lifted

RYAN MCMORROW
AND NIAN LIU — BEIJING

One of China's most populous provinces has deleted mortality data that offered an indication of the heavy death toll from Beijing's relaxation of Covid-19 controls at the end of last year.

The statistics reported by Zhejiang province last week showed that the number of cremations in the wealthy coastal region during the first quarter of the year jumped 73 per cent from a year earlier, to 171,000.

The figure was well above the 99,000 and 91,000 deaths reported in the same period in 2022 and 2021 respectively. By Monday, with the statistics attracting attention on Chinese social media, Zhejiang had pulled the information offline.

Hospitals and crematoriums were inundated with Covid patients after Bei-

jing reversed its pandemic policy in December, but Chinese officials have not published detailed and accurate statistics that would allow researchers to better assess the deadly spread of the virus through the population.

For nearly two weeks in December the country reported no Covid deaths in daily updates, even though bodies were piled up in hospitals and crematoriums.

In early January the World Health Organization accused China of under-reporting the severity of its coronavirus outbreak and the real number of deaths. At the time, Chinese health officials dismissed concerns of under-reporting, promising to make public excess death data to "assess any possible underestimation".

"For this Covid-19 wave, we have a team studying excess deaths, and we will provide this information to the pub-

lic," Wu Zunyou, chief epidemiologist at the Chinese Center for Disease Control and Prevention, said in late December.

But seven months later China has not released any excess death data. Aside from rough estimates of annual deaths by the state planning agency, the local-level cremation data is China's only publicly available statistic for tracking the number of deaths in the country. Nearly everyone who dies in urban areas is cremated because burials are banned.

But the number of cremations has been systematically left off dozens of quarterly reports published by local and national civil affairs bureaus.

Willy Lam, senior fellow at The Jamestown Foundation, a think-tank, said: "On December 8, Xi decided to lift all Covid controls with no preparation, one of the main reasons so many people died."

World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS			
	Jul 18	Prev	Settle		Jul 18	Prev	Settle		Jul 18	Prev	Chg
S&P 500	4548.05	4527.79	0.51	£/€	1.124	1.123	0.001	US 2 yr	4.74	4.75	-0.01
Nasdaq Composite	14216.97	14244.85	-0.25	\$/¥	1.358	1.358	0.000	US 10 yr	3.75	3.82	-0.06
Dow Jones Ind	36983.08	36985.35	-1.08	€/£	0.859	0.859	0.000	US 30 yr	3.89	3.93	-0.04
FTSE 100	7825.75	7813.23	0.56	\$/¥	1.358	1.358	0.000	UK 2 yr	5.07	5.15	-0.08
Euro Stoxx 50	4213.02	4206.79	0.27	\$/¥	1.358	1.358	0.000	UK 10 yr	4.40	4.50	-0.10
FTSE 250	7825.75	7813.23	0.56	\$/¥	1.358	1.358	0.000	UK 30 yr	4.43	4.52	-0.08
FTSE All Share	7825.75	7813.23	0.56	\$/¥	1.358	1.358	0.000	JPY 2 yr	0.04	0.04	0.00
CAC 40	7218.18	7201.80	0.38	\$/¥	1.358	1.358	0.000	JPY 10 yr	0.48	0.48	0.01
ASX 200	7825.75	7813.23	0.56	\$/¥	1.358	1.358	0.000	JPY 30 yr	1.43	1.39	0.04
Hong Kong	18075.77	18013.28	1.08	\$/¥	1.358	1.358	0.000	CIB 2 yr	3.09	3.19	-0.10
MSCI World	7825.75	7813.23	0.56	\$/¥	1.358	1.358	0.000	CIB 10 yr	2.38	2.48	-0.10
MSCI EM	1027.76	1028.49	-0.07	\$/¥	1.358	1.358	0.000	CIB 30 yr	7.42	7.50	-0.08
MSCI ACWI	1027.76	1028.49	-0.07	\$/¥	1.358	1.358	0.000				
FT Worldex 2500	49242.00	49200.00	0.42	\$/¥	1.358	1.358	0.000				
FT Worldex 5000	49242.00	49200.00	0.42	\$/¥	1.358	1.358	0.000				



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