

International

TUESDAY, DECEMBER 31, 2019



A BIGGER PIE
Elizabeth Warren, Democratic Presidential candidate
Rich people may have a whole lot more of a lot of things. But that doesn't mean they should own a bigger piece of our democracy.

Quick View

China's vice premier to sign Phase 1 trade deal in US this week

CHINESE VICE PREMIER Liu He will visit Washington this week to sign a Phase 1 trade deal with the United States, the *South China Morning Post* reported on Monday. "Washington has sent an invitation and Beijing has accepted it," the *SCMP* quoted a source as saying. It said the delegation was likely to stay in the United States for a few days, until the middle of next week.

Putin thanks Trump for helping foil terrorist acts

RUSSIAN PRESIDENT VLADIMIR Putin spoke with President Donald Trump on Sunday to thank him for information that Putin said helped Russia foil terrorist attacks over the New Year's holiday, the Kremlin said. Putin thanked Trump "for information transmitted through the special services that helped prevent the completion of terrorist acts in Russia," the Kremlin said in a brief statement posted on its website.

Grab, Singtel eye Singapore under-banked

SINGAPOREANS STILL WITHOUT good access to financial services will be key to creating a successful digital bank in the country, according to executives from Grab and Singapore Telecommunications. Earlier Monday, Grab and Singtel said they are teaming up to apply for a full digital banking licence before the year-end deadline, jumping aboard a Singapore government initiative to attract technology firms into its financial sector to stimulate innovation and competition.

BoE's Carney says finance must act faster on climate

FINANCIAL SERVICES HAVE been too slow to cut investment in fossil fuels, a delay that could lead to a sharp increase in global temperatures, Bank of England Governor Mark Carney said in an interview broadcast on Monday. Carney is due to become the United Nations' special envoy for climate change next year when he steps down from the central bank.

GREY AREA

Chinese baby gene editor to be jailed

THE NEW YORK TIMES
Beijing, December 30

A COURT IN China on Monday sentenced He Jiankui, the researcher who shocked the global scientific community when he claimed that he had created the world's first genetically edited babies, to three years in prison for carrying out "illegal medical practices."

In a surprise announcement from a trial that was closed to the public, the court in the southern city of Shenzhen found He guilty of forging approval documents from ethics review boards to recruit couples in which the man had HIV and the woman did not, *Xinhua*, China's official news agency, reported. He had said he was trying to prevent HIV infections in newborns, but the

HITTING THE ROAD

Tesla delivers China-built cars



A Tesla employee proposes to his girlfriend with a China-made Tesla Model 3 filled with flowers at a delivery ceremony in the Shanghai Gigafactory

BLOOMBERG
Shanghai, Decemeber 30

TESLA DELIVERED ITS first China-built cars, a milestone for Elon Musk's company as it accelerates a push in the world's largest electric-vehicle market.

The company handed over the first 15 Model 3 sedans assembled at Tesla's new multibillion-dollar Shanghai plant — its first outside the US — to company employees at the facility on Monday. More workers will receive vehicles over the next cou-

ple of days, and deliveries to customers will start in January, company officials said at the ceremony. The Chinese plant represents a cornerstone of chief executive officer Musk's plans to make Tesla a truly global carmaker. The company last month announced plans to build a factory in Germany to cater to burgeoning European demand for electric cars.

The China plant could also help Musk build on recent momentum for the company in the world's largest market both for EVs and autos in general. The Model 3 will

Tesla-rival Nio posts higher third-quarter deliveries

TESLA-RIVAL NIO on Monday reported more deliveries in its third quarter than in second, sending its US-listed shares up more than 12% in trading before the bell.

The electric-vehicle maker delivered 4,799 vehicles in the quarter ended September 30 compared with 3,553 deliveries in the second quarter of 2019.

Total revenue rose nearly 25% to 1.84 billion yuan (\$263.38 million) in the third quarter from 1.47 billion yuan a year earlier. —REUTERS

compete with electric cars from local contenders such as NIO and Xpeng Motors, as well as global manufacturers including BMW and Daimler.

Demand for the locally built Model 3 is "very good," and Tesla is confident it will sell all vehicles manufactured at the site, Allan Wang, general manager of Tesla China, said at the plant. "Our aim is to kill all internal-combustion engine cars."

While deliveries to customers haven't started, Monday's milestone caps several months of wins for Musk.

Thought it was 'a bad idea': Greta Thunberg's father on her activism



Teen climate activist Greta Thunberg (left) and her father Svante Thunberg

PRESS TRUST OF INDIA
London, December 30

GRETA THUNBERG MAY have become the new global climate icon, but the 16-year-old Swedish teenager struggled with depression for three to four years and received no support from her father for skipping school for activism, a bold decision that has inspired millions to join her in raising awareness on environmental issues.

In an interview to the *BBC*, Greta's father Svante Thunberg said he thought it was "a bad idea" for his daughter to take to the "front line" of the battle against climate change.

Thunberg said he was "not supportive" of his daughter skipping school for the climate strike.

As part of the same broadcast, guest-edited by Greta for *Radio 4's Today* programme, renowned naturalist and broadcaster David Attenborough told her she had "woken up the world" to climate change.

Greta was nominated for this year's Nobel Peace Prize, after spearheading a global movement demanding world leaders take action over climate change.

It led to co-ordinated school strikes across the globe.

US sanctions block hurry-up work on Russian gas pipeline

REUTERS
Washington, December 30

ANY COMPANIES THAT rush to finish building a Russian natural gas export pipeline to Germany that came under US sanctions this month risk being penalised, senior US officials said on Sunday.

President Donald Trump signed a bill late this month imposing sanctions on the Nord Stream 2 gas pipeline project led by Gazprom, Russia's state-controlled gas company. The project aims to send gas under the Baltic Sea, bypassing Ukraine and doubling the capacity of the existing line.

The threat of sanctions blocking access to the US financial system forced Allseas, a Swiss-Dutch company that lays deep-sea pipe, to suspend work on the project. All but a 100-mile (160-km) stretch remains to be completed. That short distance and a 30-day "wind-down" period of work stipulated in

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sanctions, have led to speculation that the pipeline would be finished soon.

But the senior US officials, who spoke on condition of anonymity, rejected the notion that the "good-faith" wind-down period granted companies time to rush to finish Nord Stream 2.

"Good faith wouldn't be hurrying up to lay pipe," one official said.

"Sanctions will be imposed unless they demonstrate good-faith efforts," showing they are pulling out, another official said, adding that the point of the sanctions, spearheaded by Senator Ted Cruz,



He Jiankui says he was trying to prevent HIV infections in newborns

state media on Monday said he deceived the subjects and the medical authorities alike.

He, 35, sent the scientific world into an uproar last year when he announced at a

conference in Hong Kong that he had created the world's first genetically edited babies — twin girls. On Monday, China's state media said his work had resulted in a third genetically edited baby, who had been previously undisclosed.

He pleaded guilty and was also fined \$430,000, according to *Xinhua*. In a brief trial, the court also handed down prison sentences to two other scientists who it said had "conspired" with him: Zhang Renli, who was sentenced to two years in prison, and Qin Jinzhou, who got a suspended sentence of one and a half years. The court held that the defendants, "in the pursuit of fame and profit, deliberately violated the relevant national regulations on scientific and medical research and crossed the bottom line on scientific and medical ethics," *Xinhua* said.

BUSINESS SCHUMPETER

The buzz around AirPods

Why is the ear worth so much less than the eye?

year. That would be about four times the revenues of a headphone veteran like Bose. Horace Dediu, a technology analyst, predicts that this quarter AirPods sales could exceed those of the iPod at its peak around Christmas 2007. With iPhone sales slowing, AirPods are a new way of generating revenue from Apple's legions of loyalists; they even allow Siri, the company's voice-activated virtual assistant, to worm her way closer to listeners' brains. The overall market is spreading to the masses, too. Some wireless earbuds sell for as little as \$20.

Audible content is likewise undergoing a mini-revolution. For the third year in a row, revenues from recorded music in America grew by double digits in 2018, largely thanks to subscriptions to Spotify, Apple Music and the like. Podcasts have grown both more numerous and more compelling. This year Spotify has set out to rule the roost in this medium, which Apple

first streamed via iTunes in the mid-2000s. The Swedish firm acquired Gimlet, Anchor and Parcast, three firms that serve different aspects of the podcast market; it now hosts a staggering 500,000 podcasts; hours spent listening to them grew by 39% year-on-year in the third quarter. In October it boasted that the conversion of podcast listeners to paying subscribers is "almost too good to be true."

The battleground stretches beyond earbuds to the car radio. On December 12th the Wall Street Journal reported that Siriusxm, a satellite-radio arm of Liberty Media, had sought clearance from the Department of Justice to raise its stake in iHeartMedia, America's largest radio broadcaster and a big podcasting platform. The aim would be to compete more effectively against Spotify and other audio-streaming services both for subscribers and advertising revenues. Previously Maffei has talked excitedly about

N Korea weighs 'offensive measures' ahead of year-end deadline for Trump



North Korean leader Kim Jong Un speaks during a Workers' Party meeting in Pyongyang, North Korea

BLOOMBERG
Washington, December 30

KIM JONG UN urged "positive and offensive measures" to bolster North Korea's security, as the Trump administration said it was watching for provocations around the regime's year-end deadline.

Kim issued his call for action during an unusually large and lengthy meeting of North Korea's ruling Workers' Party, which continued behind closed doors Monday in Pyongyang. Donald Trump's national security adviser, Robert O'Brien, who credited the president with persuading Kim to forego a destabilising action during the Christmas holiday, said the administration was monitoring the situation.

"President Trump took a different tack with personal diplomacy, and so far we've had some success," O'Brien said Sunday on *ABC's "This Week"* program. "So perhaps he's reconsidered that, but we'll have to wait and see."

While Christmas came and went without the "gift" North Korea had threatened to deliver to Trump for the holiday, all signals from Pyongyang in recent months have pointed to escalation in the new year. Kim has vowed to take a "new path" in nuclear talks without further U.S. concessions and North Korea promised to issue its "final judgment" on Trump by end of this month.

North Korean state media has so far said little about the ongoing Workers' Party meeting, although the size and duration of the gathering suggested it was the among the most significant since Kim

Kim warns top officials of 'grave' economic challenge

NORTH KOREAN LEADER KIM Jong Un has warned top ruling party officials of the "grave situation" facing the nuclear-armed state's economy and called for urgent corrective measures.

His comments, reported Monday by state media, came on the second day of a key party meeting held ahead of a year-end deadline for Washington to shift its stance on stalled nuclear talks with Pyongyang. Kim, who chaired the meeting, said the time had come to bring about a "decisive turn" in the North's economic development. —AP

took power in 2011. The North Korean leader was expected to deliver a New Year's address Wednesday, which was being watched even more closely than usual for signs of whether he plans to escalate tensions in the coming months.

During the second day of the party meeting Sunday, Kim made remarks "emphasizing the need to take positive and offensive measures for fully ensuring the sovereignty and security of the country as required by the present situation," the state-run Korean Central News Agency said without elaborating. A spokesman for South Korea's Unification Ministry said the meeting was the largest party gathering held since at least 2013.

"It could be interpreted as North Korea considering 2020 as a very significant year in terms of managing the nation as well as economy construction," said Kim Dong-yub, a professor of North Korean studies at Kyungnam University and a former director of nuclear weapons policy at South Korea's defence ministry. "It could also indicate that the party is considering this year to be a crucial make-or-break point for Kim Jong Un's leadership and the stability of it."

Kim has suspended tests of nuclear weapons and intercontinental ballistic missiles that could deliver a warhead to the US since he began talks with Trump in 2018. But he has also been busy expanding his nuclear arsenal in that time -- rolling out a new line of solid-propellant, nuclear-capable ballistic missiles and producing enough fissile material for about a dozen or so more nuclear bombs, weapons experts have said.

New Year's fireworks okayed in Sydney amid wildfire risk

ASSOCIATED PRESS
Perth, December 30

SYDNEY WILL SET off its iconic New Year's fireworks display after being granted an exemption to a total fire ban Monday as other Australian cities cancelled their celebrations due to the worsening wildfire risk in the oppressive summer heat.

Pressure had built for Sydney's spectacle to be scrapped before the New South Wales Rural Fire Service approved the event on Monday. The popular celebrations are expected to attract 1 million people to Sydney Harbour's famous foreshore and generate 130 million Australian dollars (\$91 million) for the state's economy. An estimated 1 billion people worldwide watched last year's display on television.

COLD CALCULATION?

■ Sydney's celebrations likely to attract **1 million** visitors

■ Events expected to generate **\$91 million** in revenues

■ **1 billion** people watched last year's display on television

■ Wildfires have killed **9 people** across Australia in past few months

Australia's most populous state has bore the brunt of wildfires that have killed nine people and razed more than 1,000 homes across the country in the past few months.

SELECTIONS FROM



helped popularise this genre. But Spotify, a Swedish streaming service, and big American broadcasting conglomerates, such as Liberty Media, are muscling in.

Industry executives contend that audio is undervalued—especially compared with video. As Spotify's co-founder, Daniel Ek, said earlier this year, time spent on each is about the same, but the video industry is worth \$1trn versus \$100bn for audio. "Are our eyes really worth ten times more than our ears?" he asks.

The eyeball plainly still dominates. The number of screens dwarfs that of "hearables". Between them, just three Tinseltown groups—Warner Media, Disney and Netflix—have spent as much as \$250bn on visual programming since 2010. Audio, including music, comes nowhere near. That said, the battle to "monetise the ear", as Greg Maffei, Liberty Media's boss, puts it, is in full swing. These days no one would lend Mark Antony theirs; they would rent or sell them.

Take hardware first. Apple does not release figures for any of its "wearables", but AirPods are the fastest-growing of all its products, with profit margins above 50%, says Dan Ives of Wedbush Securities, an investment firm. With the new noise-cancelling AirPods Pro, which costs around \$250 a pair, he reckons Apple's ear-ware may generate up to \$15bn of sales next



Chinese rip-offs of AirPods

podcasting.

The proliferation of digital-streaming devices has spawned the growth of other listening formats. This year, for the first time, the Audio Publishers Association, an industry group, reported that half of Americans listened to an audiobook, a trend it said was boosted by the popularity of digital-streaming devices, as well as podcasts. Audible, owned by Amazon, is the market leader. Malcolm Gladwell, an American author and podcaster, has turned the audio version of his latest book "Talking to Strangers", into what seems like a supersized podcast, with his own narration, actors and music. Romantics

see it as a return to the oral tradition.

Though small, some of this spoken word has better economics than the sung variety. As Ben Thompson of Stratechery, a tech newsletter, has pointed out, the more music Spotify's customers download, the more its costs rise because of payments to record labels. Podcasts are different. Spotify has more bargaining power over myriad individual podcasters jostling to reach its 248m-odd users than it does over record labels. It also buys its exclusive podcasts at a fixed cost. The problem is advertising. Ad revenues are paltry. In America terrestrial radio still accounts for 82% of an audio ad market valued at more than \$17bn. Siriusxm and Spotify have just a sliver of the pie.

Apple has the clout to make the industry more profitable. It could use its strong position with AirPods, Apple Music, podcasts and Siri to create a swirl of audio content around the iPhone—an ecosystem in the jargon—and take the lion's share of advertising. For the time being, though, it appears to be more focused on creating video content, in its battle for eyeballs with Netflix. That is lucky for Spotify. It gives it a bigger opening in the audio market. It is good for listeners, too. The last thing anyone wants is a Big Tech behemoth controlling the next best thing to a brain implant.

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