new plant in Germany aims to cut flying's carbon footprint

German officials unveiled what they said is the world's first commercial plant for making synthetic kerosene, touted as a climate-friendly fuel of the future.

Aviation currently accounts for about 2.5% of worldwide emissions of carbon dioxide, a greenhouse gas that contributes to global warming. While other forms of transportation are increasingly being electrified, the challenge to making large, battery-powered planes is formidable.

Experts say e-fuels can help solve the problem by replacing fossil fuels without major technical modifications to the aircraft.

"The era of burning coal, oil and natural gas is drawing to a close," Germany's environment minister, Svenja Schulze, said at a ribbon-cutting ceremony for the new plant. "At the same time, no one should have to sacrifice the dream of flying. This is why we need alternatives to conventional, climate-harming kerosene."

The facility in Werlte, near Germany's northwestern border with the Netherlands, will use water and electricity from four nearby wind farms to produce hydrogen. In a century-old process, the hydrogen is combined with carbon dioxide to make crude oil, which can then be refined into jet fuel.

Burning that synthetic kerosene releases only as much CO2 into the atmosphere as was previously removed to produce the fuel, making it "carbon neutral."

The amount of fuel that the plant can produce beginning early next year is modest: just eight barrels a day, or about 336 gallons of jet fuel. That would be enough to fill up one small passenger plane every three weeks.

By comparison, total fuel consumption of commercial airlines worldwide reached 95 billion gallons in 2019, before the pandemic hit the travel industry, according to the International Air Transport Association.

But Atmosfair, a German non-profit group behind the project, says its purpose is to show that the process is technologically feasible and - once it is scaled up and with sufficient demand - economically viable.

"It's a new paradigm, if you will," said Falko Ueckerdt, a senior researcher and team leader at the Potsdam Institute of Climate Impact Research who is not involved with the project. "Through cheap solar, mainly, it can be possible in the future to produce e-fuels that are as cheap as fossil fuels today."

Initially the price of synthetic kerosene produced in Werlte will be far higher than that of regular jet fuel, though Atmosfair won't divulge how much it will be charging its first customer, the German airline Lufthansa. (AP)

UK job vacancies hit record high amid worker shortages

Inflation set to hit 4% in the coming months

LONDON, Oct 12, (AP): Job vacancies in the U.K. rose to a record high of nearly 1.2 million, official figures showed Tuesday, a further sign that the British economy is experiencing worker shortages in an array of sectors as a result of the coronavirus pandemic and Britain's departure from the European Union.

In this file photo, drivers queue for fuel at a petrol station in London. Job vacancies in the U.K. rose to a record high of nearly 1.2 million, official figures showed Tuesday, Oct. 12, 2021, a further sign that the British economy is experiencing worker shortages in an array of sectors as a result of the coronavirus pandemic and Britain's departure from the European Union. (AP)

Following weeks of long lines at gas stations as motorists struggle to fill up their cars amid a shortage of truck drivers to deliver the fuel and empty shelves at supermarkets, the Office for National Statistics pointed to shortages across the whole economy, including hospitality and transport.

It's become increasingly evident in recent weeks that the British economy is experiencing shortages of labor, and not just of truck drivers. The causes are widespread but it's clear that the combination of Brexit and the pandemic prompted many EU workers to leave the U.K. and head home.

The Institute for Employment Studies estimates that the U.K. has a shortfall of 900,000 workers between the number of people in the labor market now and what would have been expected based on pre-pandemic trends.

"This is being driven by large falls in participation for older people and young people, alongside continued wide employment gaps for disabled people and those with health conditions," said IES director Tony Wilson.

Though there's a shortfall in workers, the statistics agency said the number of workers on payroll in the U.K. has risen above the level that existed before the coronavirus pandemic struck more than a year and a half ago.

The economic recovery since the lifting of most coronavirus restrictions has boosted hiring, with the number of workers on payroll up by 207,000 between August and September to a record 29.2 million. That's 122,000 higher than the level in February 2020, the last month of data before the impact of the pandemic started to be felt.

The increase in hiring and vacancies should help workers returning to the jobs market following the end of a salary support scheme, which the government introduced at the outset of the pandemic to keep a lid on job losses.

Under the Job Retention Scheme, the government paid 80% of the salaries of those workers unable to work because of lockdown measures.

The program, which was phased out in recent months came to an end in September. At its peak, it helped support over 11 million people, but the number at its end was a little more than 1 million, with many workers returning to their former jobs following the reopening of the economy.

The agency also found that the U.K.'s rate of unemployment also fell further to 4.5% between June and August, down from 4.6% in the quarter to July.

Wages rose steeply again, with average weekly earnings up 7.2% with bonuses or 6% without bonuses in the three months to August. However, the agency stressed that the figures continue to be skewed by the impact of the pandemic on wages a year ago.

With inflation set to hit 4% in the coming months and productivity levels low, there are worries that wages will soon be running below price rises, further pressuring household incomes.

Distribution deal ends on Oct 31

As energy crisis looms, Spain shields supply of Algerian gas

MADRID, Oct 12, (AP): Spain launched a diplomatic offensive to preserve its essential stream of Algerian natural gas as energy prices across the world skyrocket and souring relations between Algeria and Morocco threaten to disrupt the gas supply chain in North Africa.

In Algeria's latest move to sever commercial and diplomatic ties with the neighboring country, it plans to shut down a pipeline that supplies nearly half of Spain's imported Algerian natural gas via Morocco. A 25-year distribution agreement ends on Oct. 31.

Algeria has indicated it would continue to supply gas to Spain through a separate pipeline that crosses the Mediterranean Sea and links directly to the Iberian Peninsula, as well as on vessels carrying liquified natural gas, or LNG.

But any disruption is likely to increase costs for Spain. The country's reliance on Algerian gas has grown in recent years and now accounts for half of all its gas imports.

Spanish Foreign Minister José Manuel Albares made a hasty trip to Algiers, where he was set to meet Thursday with Algerian Foreign Affairs Minister Ramtane Lamamra. The trip had not been scheduled in advance and was announced by Albares' ministry earlier this week.

The visit comes as the Spanish government, and particularly Albares, are trying to mend ties with Morocco, Algeria's regional rival.

Relations between Spain and Morocco hit a low in May over the two countries' views of the future of Western Sahara, a former Spanish colony that was annexed by Morocco and which the United Nations says should be subject to decolonization.

The Spanish government already has been grappling to cushion the household impact of rising wholesale electricity prices as a result of increasing global competition for natural gas and bottlenecks in supply chains from the world's top producers.

Higher utility bills have driven up inflation in Spain, as in much of Europe. Consumer prices increased 4% in September compared to a year earlier, Spain's statistics institute announced this week, a rise not seen in 13 years.

Experts predict the worst is still to come as the Northern Hemisphere moves into the colder, energy-intensive winter months.

Spain is trying to replenish its gas storage facilities, which were at 72% of their capacity in mid-September, before heating is turned on and increases power consumption.

Albares was accompanied by top executives from Naturgy and Enagás, two of Spain's biggest energy corporations.

Both Naturgy and Enagás are stakeholders in the Europe-Mahgreb pipeline, or EMPL, which delivers an annual average of 10 billion cubic meters of natural gas to southern Spain via Morocco and across the Strait of Gibraltar.

Naturgy and Algeria's Sonatrach own the Medgaz pipeline that has linked Algeria directly with the Iberian Peninsula since 2010. That pipeline pumps some 8 billion cubic meters but it was unclear if it would be possible to expand its capacity, as Algeria wants, to absorb the gas delivery that currently goes through Morocco.

Morocco takes 7% of the gas that is pumped through the pipeline, which began operating in November 1996. Its share has become an important contribution to the country's energy mix and will dry up at the end of October.

Asked by lawmakers in Spain about his upcoming trip to Algeria, Albares said Wednesday that supplies were guaranteed.

"The supply of gas to Spain is not in danger because our Moroccan and Algerian friends want to work together in this field," the minister said.

Last month, Algeria severed diplomatic ties with Morocco, citing Rabat's support for the "supposed right to self-determination" of the Kabyle, an Indigenous people of northern Algeria, as well as alleged "acts of espionage" with spyware. The Algerian government announced Sept. 23 it was closing its airspace to all Moroccan planes.

KPMG's Pulse of Fintech reveals investment hit US$98 billion

Record-breaking VC investment in fintech in first half of 2021

Overall global fintech funding across M&A, PE, and VC deals soared to a new high in H2'21, according to KPMG's Pulse of Fintech, a bi-annual report on fintech investment trends. Dry powder cash reserves, increasing diversification in hubs and subsectors, and strong activity across the world contributed to the record start to 2021, with funding increasing from US$87.1 billion in H2'20 to US$98 billion in H1'21.

Fintech valuations remained very high in H1'21 as investors continued to see the space as attractive and well-performing – a likely driver in the explosion of unicorn births with 163 created in the first half of the year.

Under pressure to increase the velocity of their digital transformation and to enhance their digital capabilities, corporates were particularly active in venture deals, participating in close to $21 billion in investment over nearly 600 deals globally, with many realizing it's quicker to do so by partnering with, investing in, or acquiring fintechs.

"Overall investment in fintech surged to a record high in the first half of 2021 as investors, particularly corporates and VC investors, made big bets on market leaders in numerous jurisdictions and across almost all subsectors," said Ian Pollari, KPMG's Global Fintech Co-Lead. "Large funding rounds, high valuations and successful exits underscore the thesis that digital engagement of customers that accelerated during the pandemic is here to stay."

Investment surges to over $42.1 billion in the US and $51.4 billion across the Americas

Overall fintech investment in the US remained robust in H1'21, reaching $42.1 billion. VC investment in the US was particularly strong, surging past 2020's peak high of $22 billion to reach over $25 billion in H1'21. Big deals included a $3.4 billion raise by Robinhood, a $600 million raise by Stripe, and $500 million raises by Better, ServiceTitan, and DailyPay.

The maturation of the fintech sector was evident in the robust exit activity in the US, including Affirm's successful IPO, the direct listing of Coinbase, the SPAC merger of SoFi with Social Capital Hedosophia Holdings Corp. V, and the SPAC merger of insurtech Clover Health with Social Capital Hedosophia Holdings Corp. III.

> ***"US$98 billion in fintech investment (M&A, PE and VC) in H1'21, compared with $121.5 billion during all of 2020"***

Across the Americas more broadly, fintech investment was also very strong, reaching $51.4 billion in H1'21. VC investment accounted for $31 billion of this total-shattering the previous annual high of $24 billion set in 2020. Continued innovations in financial technology, combined with the dramatic increase in use of digital offerings has made fintech one of the most active sectors of investment, both from a VC perspective and from an M&A standpoint.

The global trend of increasing corporate participation in investment was particularly pronounced in the Americas during H1'21, with $12.8 billion of investment in the first half of the year, compared to $11.4 billion during all of 2020.

Europe sees record-breaking VC investment

Overall fintech investment in the EMEA region continued to surge, with over $39 billion invested in H1'21, compared to 2020's annual total of $26 billion. The region also shattered its previous annual high for fintech-focused VC investment-attracting $15 billion in H1'21, compared to $9 billion during all of 2020.

The UK led the way with $24.5 billion of fintech investment, including a $14.8 billion M&A deal by Refinitiv-followed by the Nordic region ($4.8 billion), Germany ($2.5 billion), and France ($2 billion). The $4.8 billion in total fintech investment in the Nordic region was primarily driven by three deals in Sweden: the $2.6 billion acquisition of trading platform company Itiviti by Broadridge Financial Solutions, and two funding rounds totaling $1.9 billion by 'buy now, pay later' company Klarna.

In H1'21, the EMEA region saw a much broader array of fintech hubs attracting large investments than in the past-from the $800 million PE investment in Abu Dhabi-based Group 42 and the $600 million PE buyout of Ireland-based Fenergo to $100 million+ VC funding rounds in the Netherlands (i.e., Mollie, Bunq), France (e.g., Ledger, Market Pay, Shift Technology, Alan, and others), Austria (i.e., BitPanda), the Czech Republic (Twisto), and Saudi Arabia (Tamara).

Corporate VC-affiliated investment in the EMEA region soared to a record high of $5.2 billion in H1'21, compared to $5.1 billion in all of 2020.

Total investment in Asia-Pacific region rebounds in H1'21

Total fintech investment (M&A, VC and PE) and deals activity in the Asia-Pacific region saw a solid rebound in the first half of 2021. After falling to $4.7 billion across 357 deals in H2'20, H1'21 saw $7.5 billion in investment across 467 deals – in large part driven by venture capital activity.

India led the way with $2 billion in total fintech investment, followed by China ($1.3 billion) and Australia ($900 million). The top ten deals in the Asia-Pacific region reflected incredible geographic diversity in H1'21, including South Korea (toss), Indonesia (Gojek), India (Pine Labs, CRED and Razorpay and KreditBee), the Philippines (Mynt), Australia (86400) and China (MediTrust). This diversity highlights the ongoing evolution and maturation of fintech hubs across the region.

Platform players with strong fintech offerings remained very hot in the Asia-Pacific region. Indonesia-based Gojek raised $300 million in H1'21, while also announcing a merger with payments and eCommerce platform Tokopedia.

Given the explosion of US-based SPACs in recent months, startups-including mature fintechs-in the Asia-Pacific region are expected to see more interest from US-based SPACs over the next six months. During H1'21, Singapore-based super-app company Grab announced the largest SPAC merger ever: a $40 billion deal with US-based Altimeter Growth Corp, which is expected to be finalized in H2'21.

Strong outlook ahead

Looking forward to H2'21, total fintech investment is expected to remain very robust in most regions of the world. While the payments space is expected to remain a dominant driver of fintech investment, revenue-based financing solutions, banking-as-a-service models, and B2B services are expected to attract increasing levels of investment. Given the rise in digital transactions, and the subsequent increase in cyberattacks and ransomware, cybersecurity solutions will likely also be high on the radar of investors.

"Fintech is an incredibly hot area of investment right now-and that's not expected to change anytime soon given the increasing number of fintech hubs attracting investments and growing deal sizes and valuations," said Anton Ruddenklau, KPMG's Global Fintech Co-Lead. "As we head into H2'21, we anticipate more consolidation will occur, particularly in mature fintech areas as fintechs look to become the dominant market player either regionally or globally."

H1'21-Key Highlights

- Global fintech investment reached US$98 billion across 2,456 deals in H2'21 – far outpacing last year's annual total of $121.5 billion across 3,520 deals.
- M&A deals continued at a very healthy pace, accounting for $40.7 billion across 353 deals in H1'21, compared to $74 billion across 502 deals during all of 2020.
- Late-stage venture valuations more than doubled year-over-year, with global median pre-money valuations for late stage deals rising from $135 million in 2020 to $325 million at the end of H1'21.
- Corporate participation in VC investment in fintech was incredibly strong in H1'21, with US$20.8 billion of investment globally. Both the Americas (US$13 billion) and EMEA (US$5 billion) saw record levels of CVC-affiliated investment.
- Global investment in cybersecurity reached a new annual record at mid-year-rising from US$2.2 billion in 2020 to over US$3.7 billion in H1'21.
- Cross-border M&A deal value rose dramatically, from $10.3 billion during all of 2020 to $27.7 billion in H1'21 alone.
- PE firms embraced the fintech space in H1'21, contributing $5 billion in investment to fintech-surpassing the previous annual high of $4.7 billion seen in 2018.
- Total fintech investment in the Americas was very robust with over US$51 billion in investment across 1,188 deals.
- The EMEA region saw US$39.1 billion in fintech investment in H1'21, including a record US$15.1 billion in VC funding.
- Fintech investment in the Asia-Pacific region continued at a more moderate pace, reaching $7.5 billion across 467 deals, compared to $13.4 billion across 714 deals during all of 2020.

> ***"Global VC investment in fintech reached a record $52.3 billion in H1'21 – more than doubling the $22.5 billion seen in H2'20"***

Ankul Aggarwal, Partner of Deal Advisory in KPMG in Kuwait Said:

"Fintech in Kuwait witnessed promising developments in H1'21. With new partnerships forming globally across wealthtech and insurtech, soaring demand among companies looking to diversify their cross-border offerings, and organizations increasingly focusing on accelerated digitalization, it is expected that M&A activity will continue to see a rise in the future."

Harsha Prakash, Associate Directors in Deal Advisory in KPMG in Kuwait added:

"COVID19 boosted e-commerce and fintech adoption in the region as witnessed from the digital payment data and new fintech launches. Progress in Fintech licensing and entry of leading e-commerce players into fintech space have also given a boost to the sector. Fintechs are actively working on product and geographical expansion strategies through organic and partnership routes"