AACHEN INVESTMENT CLUB

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News Recap

Volkswagen Revamps China Strategy to Regain Market Share

Volkswagen has announced a major overhaul of its China strategy as it seeks to strengthen its position in the world's largest automotive market. The company presented its updated approach at Auto Shanghai and reinforced it through its future plan, emphasizing locally developed electric vehicles and faster product development. The strategy responds to Volkswagen's declining market share amid intensifying competition from Chinese manufacturers.

China has become the most competitive market for electric vehicles (EVs), where domestic manufacturers such as BYD have gained significant market share through rapid innovation, competitive pricing, and advanced software integration. Volkswagen's share of the Chinese passenger car market has fallen in recent years as consumer demand shifted toward locally developed EVs. To address this challenge, the company is pursuing its "In China, for China" strategy, which focuses on designing vehicles specifically for Chinese customers, accelerating development cycles, and expanding partnerships with local technology companies. According to Volkswagen, more than 30 new models are planned for the Chinese market by 2027, including numerous fully electric and plug-in hybrid vehicles.

The strategic shift reflects China's growing importance for global automotive manufacturers. China accounts for roughly one-third of Volkswagen Group's global vehicle sales, making its performance in the market a key driver of the company's overall financial results. Faster local development, increased digitalization, and closer cooperation with Chinese partners are intended to improve Volkswagen's competitiveness against domestic brands that have significantly expanded their presence in the EV segment. These measures also demonstrate how established international automakers are adapting their business models to rapidly changing market conditions.

Volkswagen's revised China strategy highlights the increasing importance of localization and technological adaptation in the global automotive industry. The initiative illustrates how competitive dynamics in China's EV market are reshaping the strategic priorities of international manufacturers without implying any specific future outcome.

(Sources: Tagesschau, Volkswagen Group)

NATO Allies’ Investment Boost Expected to Create Jobs

NATO members are preparing for a major increase in defence and security investment, a shift that is expected to support job creation across manufacturing, technology, construction and infrastructure. The spending plans reflect growing concerns about European security, Russia’s war against Ukraine and uncertainty over the future distribution of responsibilities between the United States and its European allies.

At the NATO summit in The Hague in June 2025, the alliance’s 32 members agreed to work towards spending 5% of their gross domestic product on defence and security by 2035. Of this amount, 3.5% is intended for core military requirements such as personnel, weapons, ammunition and equipment. A further 1.5% can be directed towards areas including cybersecurity, military mobility, critical infrastructure and the resilience of supply networks. This represents a substantial increase from NATO’s previous benchmark of 2% of GDP.

The investment is likely to create employment well beyond traditional arms production. Defence companies will need more engineers, software developers, technicians and production workers to increase output. Additional demand is also expected in industries supplying electronics, steel, chemicals, vehicles and specialist machinery. Spending on transport networks, energy systems and secure communications could create further jobs in construction and civil engineering.

Evidence of this expansion is already visible in the European labour market. Major defence companies have increased recruitment, while job advertisements have become more geographically distributed across Europe. France remained the largest location for defence-related vacancies among major companies in early 2025, but Germany, the United Kingdom and several smaller European economies also recorded a growing share of hiring activity.

Higher defence expenditure could also provide a broader economic stimulus. European Commission modelling suggests that an increase in defence spending of up to 1.5% of GDP could raise EU economic output by approximately 0.5% above the baseline by 2028. The effect would be stronger when governments purchase equipment from domestic or European suppliers, because more of the spending would remain within the regional economy.

However, the economic benefits are not guaranteed. European defence manufacturers currently face shortages of skilled workers, limited production capacity and fragmented national procurement systems. A significant share of new spending could also flow to American suppliers if European companies cannot deliver equipment quickly enough. In that case, NATO's investment boost may support employment in the United States as much as in Europe.

There are also concerns about public finances. Meeting the new target could require hundreds of billions of euros in additional annual expenditure. Governments with high debt levels may have to borrow more, raise taxes or reduce spending in areas such as education, healthcare and social welfare. European Union defence expenditure had already risen to an estimated €381 billion in 2025, around 11% more than in the previous year.

Politically, supporters argue that stronger defence investment is necessary to rebuild military readiness and reduce Europe's dependence on the United States. Critics question whether the 5% target is financially realistic and warn that spending targets alone do not guarantee better security. The employment impact will ultimately depend on how effectively NATO members coordinate purchases, expand domestic production and invest in workers with the technical skills required by a rapidly changing defence industry.

(Sources: European Commission, European Council, NATO)

German Parliament Approves Health Insurance Cost-Cutting Package

Germany's parliament has approved a wide-ranging cost-cutting package aimed at stabilizing the country's statutory health insurance system and preventing further increases in contribution rates. After passing both the Bundestag and Bundesrat, the legislation marks the first major healthcare reform under Chancellor Friedrich Merz's government and is intended to close a growing funding gap that has placed increasing pressure on employers, employees, and public finances.

The reform introduces spending restraints across several parts of the healthcare system. Key measures include higher mandatory rebates from pharmaceutical companies, tighter limits on hospital cost increases, adjustments to physician reimbursement, and higher copayments for certain services. According to the government, these measures are designed to generate billions of euros in savings and keep statutory health insurance contributions stable despite rapidly rising healthcare expenditures.

Health Minister Nina Warken described the package as a necessary step to ensure the long-term sustainability of the healthcare system, arguing that all stakeholders must contribute to restoring financial stability. Without reforms, the government had warned that the statutory health insurance system faced a multi-billion-euro deficit, which would likely have resulted in higher payroll contributions and increased labor costs for businesses.

The legislation has nevertheless faced strong criticism. Pharmaceutical companies including Merck KGaA, Pfizer, AstraZeneca, and Eli Lilly argue that higher mandatory discounts and pricing restrictions could weaken Germany's attractiveness as a location for research, manufacturing, and investment. Industry representatives also warn that the reforms may reduce incentives for innovation and limit patients' access to new medicines over time.

Overall, the reform reflects the government's attempt to balance fiscal discipline with maintaining universal healthcare coverage. While the package is expected to ease short-term financial pressure on the health insurance system, its long-term success will depend on whether the savings measures can keep pace with demographic change, rising treatment costs, and growing demand for healthcare services.

(Sources: Tagesschau, Reuters, Handelsblatt)

Only 80% of Fuel Tax Relief Reached Drivers

A recent analysis suggests that only around 80% of Germany's temporary fuel tax relief was ultimately passed on to consumers at the pump. While the government introduced the measure to ease the burden of high fuel prices, researchers estimate that a significant share of the tax cut was retained by fuel suppliers and retailers rather than benefiting drivers directly.

According to economists, the incomplete pass-through reflects limited competition in parts of the fuel market and differences in regional pricing. Although motorists did see lower prices, the average reduction fell short of the full value of the tax cut. The findings have renewed concerns about whether broad-based tax reductions are an effective way to provide targeted support during periods of high energy costs.

The results are likely to influence future policy discussions, with some experts arguing that direct financial support for households would be more efficient than temporary fuel tax cuts. As governments continue to balance cost-of-living relief with budget constraints, the effectiveness of similar measures will remain under close scrutiny.

(Sources: Financial Times, ifo Institute, Reuters)

Apple Sues OpenAI Over Alleged Trade Secret Theft

Apple has filed a lawsuit against OpenAI in federal court in Northern California, accusing the AI lab of systematically stealing confidential information to build its own consumer hardware business. The complaint marks a striking turn for two companies that were, until recently, close partners: OpenAI's ChatGPT was integrated into Apple's operating systems in 2024, with Sam Altman appearing at Apple's headquarters for the announcement.

According to Apple's filing, the alleged misconduct extends from junior technical staff to OpenAI's Chief Hardware Officer, Tang Tan, a 24-year Apple veteran who left to help lead OpenAI's device efforts. Apple claims Tan directed job candidates who still worked at Apple to bring physical hardware components to interviews for "show and tell" sessions, and used internal Apple codenames during recruiting. The company also alleges that Chang Liu, a former senior electrical engineer who joined OpenAI, kept an Apple-issued laptop after leaving and used it to access and download confidential technical files, including engineering presentations and unreleased product specifications.

Apple is seeking injunctive relief to stop OpenAI from using or disclosing the alleged trade secrets, the return of any confidential materials, and monetary damages. The lawsuit also names io Products, the hardware startup OpenAI acquired last year for $6.4 billion, though its co-founder Jony Ive, Apple's former design chief, was not named as a defendant.

OpenAI has denied the allegations, saying in a statement that it has "no interest in other companies' trade secrets" and remains focused on its own technology. The company has not yet filed a formal response to the complaint.

The lawsuit lands at a pivotal moment for both companies. OpenAI is preparing for an initial public offering while pushing into consumer hardware, an area long dominated by Apple. Apple, meanwhile, has already shifted its own AI strategy away from OpenAI, turning to Google's Gemini models to power the next version of Siri. The legal dispute does not appear to affect the existing ChatGPT integration in Apple Intelligence, though Apple has not commented on the partnership's future.

Beyond the specific allegations, the case raises a broader question about how competitive boundaries are enforced as AI companies expand from software into hardware, an area historically protected by tight-lipped supply chains and years of institutional knowledge. Trade secret law offers real teeth here: unlike patents, trade secrets can cover process knowledge, vendor relationships, and internal design practices that never appear in public filings, and they remain protected indefinitely as long as they stay confidential.

Litigation of this kind rarely resolves quickly, and settlement is common once discovery narrows the facts. But the case is a reminder that as AI labs compete for talent and diversify into new product categories, the line between recruiting and industrial espionage will be tested in court more often, not less.

(Sources: CNBC, TechCrunch)

M&A/VC News

MasTec to acquire Superior Group in $1.65 billion data center infrastructure deal

Infrastructure engineering company MasTec has agreed to acquire electrical contractor Superior Group in a cash-and-stock transaction valued at approximately $1.65 billion. The acquisition strengthens MasTec's capabilities in electrical systems for data centers, complementing its existing expertise in power generation and energy transmission infrastructure. The deal comes as companies expand capacity to support accelerating demand for AI-driven data centers and related digital infrastructure. MasTec said the transaction is expected to close by mid- to late July, subject to customary closing conditions.

(Source: Reuters)

Vertex Pharmaceuticals to buy Crinetics Pharmaceuticals in $10 billion acquisition

Vertex Pharmaceuticals has agreed to acquire Crinetics Pharmaceuticals in a transaction with a total equity value of about $10 billion. The acquisition adds Crinetics' portfolio of treatments for rare hormonal diseases, including its Phase II antibody candidate targeting BK polyomavirus, further expanding Vertex's specialty medicines pipeline. The deal reflects continued consolidation in the biotechnology sector as large pharmaceutical companies seek innovative late-stage assets to strengthen future growth. The transaction remains subject to customary closing conditions and regulatory approvals.

(Source: Reuters)

ADNOC Distribution to buy Shell's South African downstream business for about $1 billion

ADNOC Distribution has agreed to acquire Shell's downstream business in South Africa for an implied enterprise value of about $1 billion. The transaction represents ADNOC Distribution's largest international acquisition to date and supports its strategy of expanding beyond the Gulf region into high-growth fuel retail markets. The acquisition broadens the company's African footprint while strengthening its international network of fuel stations and commercial operations. The deal is subject to customary regulatory approvals and closing conditions.
(Source: Reuters)

SambaNova raises $1 billion at $11 billion valuation to expand AI infrastructure

AI chip startup SambaNova has raised $1 billion in a Series F funding round led by General Atlantic, valuing the company at $11 billion post-money. The round included investors such as Seligman Ventures, T. Rowe Price Associates, Capital Group, BlackRock-managed funds, Intel Capital and the Qatar Investment Authority. SambaNova develops custom AI chips, hardware systems and cloud services focused on inference, an increasingly important segment of the AI market. The company said the funding will support continued expansion of its AI infrastructure and enterprise offerings as demand for generative AI computing continues to grow.
(Source: Reuters)

Proxima Fusion secures €411 million to accelerate commercial fusion technology

Munich-based fusion energy startup Proxima Fusion has raised €411 million in a funding round led by XTX Ventures and East X Ventures, with strategic investments from Google and German utility RWE. The financing values the company at approximately €2.4 billion and ranks among Europe's largest deep-tech funding rounds. Proxima is developing stellarator-based nuclear fusion technology and plans to work with RWE on building a commercial fusion power plant at a former nuclear site in Germany. The investment highlights growing interest in long-term clean energy technologies as Europe seeks greater energy security and technological leadership.
(Source: Reuters)

Oxmiq raises $35 million to develop lower-cost AI chip architecture

Artificial intelligence startup Oxmiq has raised $35 million in funding to advance chip architecture and software designed to reduce the cost of developing and operating AI applications. The round was led by Samsung Catalyst Fund and Fudomo, with participation from MediaTek and Pegatron Venture Capital. Founded by former Intel chief architect Raja Koduri, the company aims to combine multiple AI computing functions into a single licensable design platform to improve efficiency and lower costs. Oxmiq said the new capital will fund product development and engineering expansion as demand grows for next-generation AI semiconductor technologies.
(Source: Reuters)

Outlook

Earnings and key events

- 13.07.: Volkswagen
- 14.07.: Citigroup, JPMorgan Chase & Co., Mercedes-Benz Group, Wells Fargo
- 15.07.: BlackRock, Johnson & Johnson, Morgan Stanley
- 16.07.: Netflix, Taiwan Semiconductor
- 22.07.: Alphabet, IBM, Tesla
- 23.07.: ECB Meeting, Intel, SAP

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