

Global climate risk creates a \$9tn quandary

BIG READ, PAGE 19

Americans earn more, but are they happier?

SIMON KUPER, PAGE 16

Trade mission Xi faces tough talks in France

Xi Jinping is greeted by French prime minister Gabriel Attal at Orly airport in Paris yesterday, as he arrived for his first European visit since 2019.

The Chinese president is seeking to ease escalating tensions that threaten to ignite a trade war between China and the EU. He will face tough talks in France on trade and Ukraine before travelling to Serbia and Hungary.

Xi is intent on countering a litany of investigations by the EU into Chinese companies, including a blockbuster anti-subsidy probe into electric vehicles expected to conclude in weeks.

French President Emmanuel Macron has invited European Commission head Ursula von der Leyen to Paris to meet Xi today. Xi will warn that any new duties would elicit an uncompromising response, Chinese officials and analysts said.

Ready for hardball page 5



Michel Euler/POOL/EPA-EFE/Shutterstock

Tories warn Sunak he needs 'vision' to repair party after poll drubbing

Despair grips MPs • Premier 'owns' disaster • Street defeat hits hard • Damage limitation begins

GEORGE PARKER — POLITICAL EDITOR

Rishi Sunak was told by Conservative MPs yesterday to show some "vision" and start salvaging his party after a disastrous set of local election results.

Although Tory MPs do not expect the prime minister to face a leadership challenge, there was despair across the party and a growing belief that the Conservatives are heading towards a heavy general election defeat.

Mark Harper, transport secretary, insisted that Sunak's plan was "working" and that the prime minister just needed more time, but many Tory MPs believe that will not be enough to save their seats.

Sunak was lying low yesterday after the Tories suffered a battering at the

polls in England and Wales, losing about half of the council seats they were defending, the Blackpool South by-election and a series of mayoral battles, including the flagship West Midlands.

Speaking on terms of anonymity a string of Tory MPs told the Financial Times that Sunak must set out a broader vision of why Britain needed another five years of Conservative rule.

One senior MP said: "Rishi is safe. But one of the biggest problems we face is we

'Rishi is safe. But one of the biggest problems we face is we have no vision, no call to arms to voters'

have no vision, no call to arms to voters as to why they should vote Conservative." A former minister who supports Sunak said: "We need to stop these insane plots and get on with delivering. But Rishi does need a vision of what the next five years looks like."

A former cabinet minister and backer of Boris Johnson said of Sunak: "We need a Conservative vision from him."

Sunak will have a major task to galvanise his party when MPs return to Westminster from the bank holiday break tomorrow after the morale-sapping set of results. The defeat by Labour of Andy Street, the popular Tory mayor of the West Midlands, by a very tight margin has caused psychological damage to the party, with one Conservative MP calling it "an inflection point".

Downing Street began a damage limitation exercise, highlighting an analysis by local government elections expert Michael Thrasher which suggested that the local elections — if projected nationally — gave Labour only a seven-point lead over the Conservatives.

However, other election experts were scornful of the projection, pointing out that people vote very differently in local contests to national ones.

Harper insisted that Sunak would not change tack in response to the election results and would carry on delivering on the economy, seeking to stop small boats crossing the Channel and cutting NHS waiting lists.

"The plan is about delivering, the plan is working," Harper said.

He added that Sunak just needed

more time for the fruits to appear.

Most Tory MPs now expect a general election to be held in the autumn. The latest YouGov voting intention poll has the Conservatives on 18 per cent and Labour on 44 per cent.

Rebel Conservatives admit that the chance of removing Sunak before the election has passed and are now allowing the prime minister to "own" the situation and what they regard as a certain election defeat.

Pat McFadden, Labour's campaign coordinator, said his party had secured a "tremendous set of results" but admitted that it had work to do to "rebuild trust" with Muslim voters angry with its position on the Gaza conflict.

Cracks in the blue wall page 2
FT View page 20



Studios seek happy ending after Hollywood's strikes

The UK has been a choice location for movie productions and TV shows for decades, with attractive tax breaks and talented workers acting as a draw for US studios. But last year's strikes by Hollywood writers and actors has taken a toll, with smaller production companies hit hard by the slowdown in commissioning. Investors are betting that demand will return with hundreds of millions of pounds committed to new studio developments.

Allure of UK — PAGE 3

Heineken bets on British pub revival with plan to reopen closed hostelries

ERI SUGIURA

Heineken is reopening 62 British pubs it had closed in recent years and will put about £40m annually into refurbishing its estate, in the latest sign that pub groups are regaining confidence as cost of living pressures ease.

The move by the world's second-largest brewer, which owns 2,400 UK pubs through its Star Pubs and Bars arm, will restore the number of operating outlets in its estate to pre-pandemic levels.

"Now is clearly a significant moment in terms of the resilience of pubs coming back and showing how they can still work very well for consumers up and down the country," said Lawson Mountstevens, Star Pubs' managing director.

Heineken, which leases out most of its pubs, has spent more than £200m maintaining them over the past five

years and plans to continue investing at a similar level.

This year it will put £39m into the reopenings and makeovers across 94 outlets, mainly in suburban areas where more people work from home. The spending will include increasing kitchen space and improving gardens, as outdoor space has become more popular since the pandemic. A total of 612 pubs will benefit from investment.

"I would envision us investing at around those levels for the next four years or so," Mountstevens said. Continued investment was Heineken's "massive vote of confidence in the longevity of pubs in the UK", he added.

Britain's hostelries have been hard hit by the cost of living crisis. Consumers are spending less in pubs than at any time since Covid lockdowns ended, according to research by Deloitte. The

UK has 45,300 pubs but 530 of them shut their doors last year, according to the British Beer and Pub Association, the industry body. The number of closures was higher than even the height of the pandemic in both 2020 and 2021.

But the bullishness of Star Pubs is the latest sign that big players in the industry are shifting to the offensive. The pub sector expects improvements in trading and financing this year.

Greene King announced last week that it would invest £40m in a new brewery in Bury St Edmunds. Punch Pubs said last week it had acquired 24 pubs from the Milton Three pub group, which was in administration.

"Consumer confidence is beginning to return, which is reflected in the tentative signs of an uplift in pub sales," said Emma McClarkin, chief executive of the BBPA.



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World Markets											
STOCK MARKETS			CURRENCIES				GOVERNMENT BONDS				
	May 3	Prev %Chg	May 3	Apr 26	May 3	Apr 26	Yield (%)	May 3	Apr 26	Chg	
S&P 500	5120.24	5064.20	1.11	\$/€	1.077	1.068	€/\$	0.929	0.936	-0.11	
Nasdaq Composite	16144.44	15840.96	1.92	\$/£	1.255	1.246	£/\$	0.797	0.803	-0.09	
Dow Jones Ind	38651.77	38225.66	1.11	€/£	0.858	0.857	€/€	1.165	1.167	-0.07	
FTSEurofirst 300	2003.06	1994.22	0.44	¥/\$	152.885	157.280	¥/€	164.619	167.975	-0.07	
Euro Stoxx 50	4918.85	4890.61	0.58	¥/£	191.826	195.995	£/index	82.312	82.057	-0.06	
FTSE 100	8213.49	8172.15	0.51	SFr/€	0.974	0.977	SFr/£	1.135	1.140	-0.05	
FTSE All-Share	4469.09	4446.15	0.52	CRYPTO							
CAC 40	7957.57	7914.65	0.54		May 3	Prev	%Chg				
Xetra Dax	18001.60	17896.50	0.59	Bitcoin (\$)	61996.06	59136.13	4.94	JPN 10 yr	0.20	0.90	0.00
Nikkei	38236.07	38274.05	-0.10	Ethereum	3083.52	2987.41	3.22	JPN 30 yr	1.98	1.98	0.00
Hang Seng	18475.92	18207.13	1.48	COMMODITIES							
MSCI World \$	3321.81	3294.01	0.84		May 3	Apr 26	%Week	GER 2 yr	2.99	3.05	-0.06
MSCI EM \$	1052.86	1045.52	0.70	Oil WTI \$	78.36	84.07	-6.79	GER 10 yr	2.49	2.54	-0.05
MSCI ACWI \$	760.52	754.26	0.83	Oil Brent \$	83.17	89.57	-7.15	GER 30 yr	2.62	2.64	-0.03
FT Wilshire 2500	6542.82	6478.91	0.99	Gold \$	2288.85	2318.70	-1.29				
FT Wilshire 5000	50941.60	50438.70	1.00	Prices are latest for edition Data provided by Morningstar							

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NATIONAL

New homes

Housebuilding slowdown spurs warning

Report says debt costs and lack of policy support risk decline across England

JOSHUA OLIVER

The number of homes being built in England could fall to roughly half the official target unless the government steps up financial and policy support for new housing, according to a forecast from Savills.

The property group warned that the number of new home completions would fall from an annual average of about 210,000 over the past five years to 160,000 over the coming year as higher

debt costs hit construction and home sales. Savills said building rates would probably stay low until at least 2030 without a boost from the government.

The projected decline in construction poses a challenge to both main political parties ahead of a general election, expected this year, in which housing will be a big issue. Both the Conservative government and opposition Labour party have committed to building 300,000 homes a year.

Emily William, director of Savills residential research, blamed the fall in homebuilding on uncertainty in the planning system, inflation of building costs and a weaker sales market as buyers struggle with higher mortgages. But

she said the problem had been "compounded by the absence of increased policy support" from the government.

Housebuilding is in decline across England and the wider UK, with the number of new home starts in the final quarter of 2023 half the 10-year average, according to official figures. Large commercial housebuilders, which build the bulk of new homes, have cut their output by about a quarter as buyers are put off by high mortgage rates.

Big developers such as Taylor Wimpey and Persimmon have said they do not expect their output to begin to recover before 2025.

Meanwhile, housing associations, which build and run affordable housing,

have warned that many of their development plans are no longer viable because they rely on private sector debt that is now too expensive.

Kate Henderson, chief executive of the National Housing Federation, which represents housing associations, said the government should provide increased funding to support 120,000 to 140,000 new affordable homes annually to plug the gap in housing supply.

She added that Savills' figures "clearly show that boosting the supply of new affordable homes is not only key to solving the housing crisis, it's also the only way to meet the government's housing targets in the current climate and crucially can help the construction indus-

try recover from the market downturn". The Home Builders Federation trade group has called on the government to provide help to buyers. "The lack of affordable mortgage availability is suppressing demand," it said, adding that "political failure" to address planning and environmental regulation was making it difficult to build.

A spokesperson for the Department for Levelling Up, Housing and Communities said £11.5bn was already being invested in affordable homes, adding "The highest annual rates of housing supply over the past 30 years have all been delivered since 2018, and our long-term plan for housing will drive up building rates even further."

Policy pledge

Labour vows to champion science and heal rifts

MICHAEL PEEL AND ANNA GROSS

A Labour government would pursue a more collaborative science policy than the Conservatives and seek to close damaging rifts with the sector, Chi Onwurah, shadow science minister, has vowed.

Labour planned to boost investment in areas such as life sciences while showing more respect than the current administration for the political independence of research funding bodies, Onwurah said.

The Conservatives have targeted making Britain a science superpower by 2030, but tensions with institutions have risen in areas from immigration fees for overseas researchers to attacks by Michelle Donelan, science secretary, on the "slow creep of wokeism".

In March, the government paid £15,000 to settle a legal complaint brought by a researcher on a UK Research and Investment-affiliated equality and diversity committee whom Donelan had falsely accused of backing or sympathising with Hamas.

"My message to UKRI and to scientists and researchers is that a Labour government would want to work constructively and collaboratively with them and to champion the sector," Onwurah said in an interview.

"So we're not talking so much about being a 'science superpower', we're not talking about kicking 'woke' out of science – and we're certainly not accusing top scientists of supporting Hamas."

Onwurah added that she did not understand the term "wokeness", which she described as Donelan's "specialist subject".

Science and technology would be "at the heart" of Labour's ambition for the UK to achieve the highest sustained economic growth rate among the G7, Onwurah said.

Labour has said it will aim for at least 3 per cent of GDP to be invested in research and development across the public and private sectors, which is roughly the level of investment made today.

A Labour government would seek to boost life sciences, increasing research and development spending by £10bn a year, Onwurah said.

A Labour administration would set strategic priorities but support the so-called Haldane principles that research organisations were best placed to make individual funding decisions, she added.

Labour would engage more substantively with emerging technologies, Onwurah signalled.

She contrasted the party's pledge to regulate the biggest artificial intelligence companies with what she characterised as the laissez-faire approach of Prime Minister Rishi Sunak.

Sunak vowed "not to rush" to set rules for the fast-evolving technology, but the Financial Times reported last month that the government had quietly begun to craft legislation. "He's made his focus AI while saying there's nothing to be done," Onwurah said.

Onwurah, who described herself as a "tech evangelist", studied electrical engineering before working in business on UK and international projects including the rollout of Nigeria's mobile phone network. She later worked for Ofcom, the communications regulator, before becoming the MP for Newcastle upon Tyne Central in 2010.

Local polls. State of the parties

Cracks in 'blue wall' add to Tories' election fears

Labour support widely spread, but Number 10 pins hopes on 'national equivalent vote'

GEORGE PARKER — POLITICAL EDITOR

Over the course of 48 agonising hours, Rishi Sunak saw his Conservative party crushed in elections across England and Wales, culminating in Andy Street's desperately narrow defeat as Tory mayor of the West Midlands.

So what do the results tell us about the state of British politics and the run-up to the next general election?

The Conservatives lost around half of the council seats they were defending, with Labour winning in general election target areas across England and the Liberal Democrats advancing in the "blue wall".

Meanwhile, the Tories lost the Blackpool South parliamentary by-election to Labour on a 26-point swing, the third highest since the second world war, as well as crucial mayoral contests, including London and West Midlands.

One bright spot was Lord Ben Houchen's victory as mayor of Tees Valley, but even he lost votes and campaigned with scant reference to the Conservatives or Sunak, "forgetting" to wear a blue rosette at his count.

Expect to hear a lot more from No 10 about the "national equivalent vote" projection by Professor Michael Thrasher, a local elections expert, which put Labour's vote share on 34 points, just seven ahead of the Tories on 27.

Thrasher said such a performance pointed towards a hung parliament at the general election and No 10 claimed this would force Labour leader Sir Keir Starmer to run an unstable coalition, possibly including the SNP.

With national opinion polls typically giving Labour a 20-point lead, it is easy to see why Downing Street was so keen to seize upon this analysis. "The polls are wrong," said Mark Harper, transport secretary.

Many elections experts are unimpressed. They say that "national equivalent vote" exercises are good for projecting local election results to create a national picture, but are a bad guide to future general elections.

They note that people vote very differently in local elections, often backing smaller parties, such as the Greens and



Downcast: Andy Street, Tory former mayor of West Midlands, after his defeat by Labour's Richard Parker
Jacob King/PA

Lib Dems, while they might vote tactically for Labour at a general election.

Last week's elections did not take place in Scotland – where Labour is hoping to make big gains at the expense of the SNP – while Reform UK, a threat to the Tories, will be a much bigger presence at the general election.

Even if its national vote share was only 34 per cent, psephologists note that Labour support is now being distributed "efficiently" across target areas, instead of piling up in safe seats in urban areas.

For example, Starmer's party won in Hartlepool, scene of a memorable Boris Johnson by-election victory in 2021, Redditch in the crucial West Midlands battleground and Rushmoor in Hampshire. The easy victory in the Blackpool South by-election was also encouraging for Labour, but Starmer's team will be trying to work out why they failed to win the key target of Harlow council, in Essex, where the Tories held on.

Rather unheralded, the local elections represented solid progress for the Lib Dems, who won 522 seats overall, beating the Conservatives with 515 into third place. Worryingly for Sunak, the electoral map showed that the Lib Dems

were advancing in the kind of prosperous "blue wall" seats where they hope to make their gains against the Conservatives at the general election.

Victories in Dorset and Tunbridge Wells confirmed the threat posed by Sir Ed Davey's party. In Woking, a target seat in Surrey, the Lib Dems now have 24 council seats, while the Conservatives have none.

The Greens had a good night, gaining more than 70 seats and narrowly failing to take overall control in Bristol. The party could take key votes from Labour at the general election.

Reform UK, founded by Nigel Farage, won 16.9 per cent of the vote in Blackpool South but failed narrowly to beat the Conservatives into third place – depriving the insurgent party of a psychological breakthrough. Elsewhere, Reform won only a handful of council seats in local elections, but it will pose a bigger threat to Rishi Sunak at the general election when it has vowed to stand candidates against every Conservative.

Pat McFadden, Labour's campaign chief, admitted that the party's stance on the Israel-Hamas war had cost it support in Muslim communities. "We will

With many Tory MPs resigned to defeat at the general election, focus is shifting to what happens after that

work to get people's support back." The problem was manifested in Oldham, where Labour lost control of the local council after ceding seats to independent councillors who had run on a pro-Palestinian ticket.

In the West Midlands, the independent candidate Akhmed Yakoob came third with almost 20 per cent of the vote after running a campaign focused on the Gaza war. Some Labour MPs fear the issue could cost them crucial votes at the general election.

With many Tory MPs resigned to general election defeat, focus is beginning to switch to what happens to the party after polling day and in what direction it might head.

Farage is constantly rumoured to be considering a return to frontline politics and could be a significant influence over the future of rightwing politics in Britain.

But there is also chat about whether former prime minister Boris Johnson might return to the fray. He retains a rare popular appeal for the Tories: intriguingly Johnson's endorsement was welcomed by Houchen and Street, who did not want such backing from Sunak.

Public health

Obesity and low productivity connected, warns think-tank

SARAH NEVILLE

Millions of people are unable to work or are less productive because they are obese, according to a report that suggests the condition helps to explain why economic inactivity rates due to sickness in the UK are at record levels.

The Institute for Public Policy Research, a think-tank, is calling on the government to stop treating obesity as a matter of individual responsibility and to tackle "working conditions, changes in the built environment and our broken food system" to reduce the number who are severely overweight.

The UK has the third-highest proportion of people living with obesity in the OECD, affecting one in four adults. Only the US and Chile have higher levels. The IPPR cited a report from Frontier Economics, a consultancy, which said obesity costs the UK an estimated £98bn every year, including through lower productivity.

Since the coronavirus pandemic, the number of people who were economi-

cally inactive due to long-term sickness had reached historic highs, the IPPR noted, lending urgency to the search for answers. "We find a link between economic participation and rates of obesity; areas with high rates of obesity also have high rates of economic inactivity," the researchers added.

The IPPR found four out of five of the parliamentary constituencies with the highest levels of obesity and economic inactivity were in the North, while four out of five of the those with the lowest levels were in the South.

There was also a clear link with poverty, the IPPR's study showed, with more than three in 10 adults who were severely overweight in the most deprived parts of England compared with close to two in 10 of adults in the least deprived.

The government said obesity costs the NHS about £6.5bn a year "and we are taking firm action to promote healthier options, while our landmark Soft Drinks Industry Levy has been estimated to have prevented 3,000 cases of obesity

Agriculture

Farmers' business confidence plunges to new low in survey

MADELINE SPEED

The National Farmers Union has warned the government that it cannot import its way to food security, as it reported business confidence among UK farmers hitting an all-time low this year.

Farmers have cautioned that food production is being eroded as the sector struggles to maintain crop yields amid record rainfall and crushing input costs, while navigating the transition to a new farming subsidy scheme.

"Simply believing we can import our way out of this problem is naive at best and foolish at worst," said the new president of the NFU, Tom Bradshaw, who took over from Minette Batters this year. Speaking at the launch of the NFU's annual farmer confidence survey, he added that the government had taken food security for granted.

Business confidence among farmers is at its lowest since the NFU began surveying for the measure in 2010. In the poll of nearly 600 farmers and growers

released today, 65 per cent of respondents said their profits were declining or their business would not survive.

Eighty-six per cent of farmers surveyed said the phaseout of the EU subsidy payment would negatively affect their business. The government has replaced the subsidy with a scheme that rewards farmers for greener practices.

Since 2019, 8,000 farming businesses have closed, constituting a more than 5 per cent drop to 141,000, according to official statistics, as farmers failing to maintain profitability have sold to larger farms that have capital to reinvest in technology to boost efficiency.

"Those family farms are at the heart of our rural economies. If we lose the family farm we will never get it back," said Bradshaw.

Food production, meanwhile, has been hammered by extreme weather as a result of climate change. England has just experienced its wettest 18 months since 1836, leaving swaths of agricultural land flooded and farmers struggling to harvest or plant new crops.

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NATIONAL

Britain battles to retain allure for film and TV

Strikes by actors and writers across the Atlantic last year and financial issues facing UK broadcasters have hurt a once-booming industry

DANIEL THOMAS

At Sky's new Elstree Studios near London, workers will soon be busy switching sets from the movie adaptation of *Wicked* to the next Jurassic Park instalment, the latest Hollywood blockbuster to be produced in the UK.

Last year alone, half of the top 20 film releases were made at least partly in the Britain, including *Barbie*, *Wonka*, *Mission: Impossible – Dead Reckoning*, *Napoleon*, and *Indiana Jones And The Dial of Destiny*.

But British film and TV executives say this activity puts a gloss on an industry still struggling to recover from the combination of the Hollywood strikes and financial issues hitting the UK broadcasters and US streamers that pumped money into new productions over the past decade.

"Production is recovering this year but the big streamers – which had driven expansion – are not going to get back to peak. They are all now trying to get to profitability and pulling in their belts," said Sir Peter Bazalgette, the former chair of ITV.

In 2023, more than £4.2bn was spent on film and high-end TV production in the UK, supporting thousands of jobs, but this was almost a third lower than spending the previous year.

Production is only slowly returning this year, media executives say. Winners Film Studios, which recently helped make *Ghostbusters: Frozen Empire*, went into administration last month, citing "cash flow problems" caused by last year's writers and actors strikes in the US. Smaller production companies are closing or selling to larger rivals due to the slowdown in commissioning.

This drop in production has been felt most acutely among those employed in the sector, many of whom work as freelancers or through fixed-term contracts based on a show or film.

A survey of more than 4,000 UK film and TV workers by media and entertainment union Bectu in February found that 68 per cent of respondents



Last year alone, half of the top 20 film releases were made at least partly in Britain, including 'Indiana Jones And The Dial of Destiny' and 'Barbie', while Sky's new Elstree Studios near London is producing the next Jurassic Park instalment

FT mortgage/Lucasfilm/Warner Bros/Netflix

were not working, only marginally more than during last year's Screen Actors Guild-American Federation of Television and Radio Artists industrial action in the US.

"I didn't work for six months which is bad – but I know people who haven't worked for more than a year," said Antonia Hinds, a London-based producer who recently started a new project. "We're all experienced, skilled professionals but there are now so many people applying for so few jobs. People are leaving the industry in droves."

Ed King, who has produced films including *His House* and *Gnomeo & Juliet*, said: "I can't remember a quieter time in the UK in film and TV. I've been told things won't start cranking up until the beginning of next year."

Even the BBC – long the stalwart of the UK production industry due to its taxpayer funding – has been forced to impose cuts due a licence fee freeze.

"We always felt that the return to production would be slow; six to nine

months before we got back to about 80 per cent of normal levels. There will be fewer titles but not necessarily less budget," said Sir William Sargent, founder of visual effects group Framestore. "The market will stabilise this year and grow again in 2025."

The UK has been a choice location for movie productions and TV shows for decades, with attractive tax breaks and talented workers acting as a draw for Hollywood studios. Bazalgette said those benefits have not changed and Britain remains among the most competitive locations for filming in the world.

Jan Koeppen, president of Disney in Europe, said: "Disney has been investing substantially into the UK creative industry for decades; spending £3.5bn here over the past five years, making major movies and series for TV and streaming and creating over 30,000 jobs in the process."

Investors hope they are have gambled that demand will rebound in the UK in

the wake of the Hollywood strikes, with hundreds of millions of pounds committed to new studio developments planned before the labour dispute began. These could deliver more than 3mn square feet in sound stages for filming, offices for post-production processes and workshops.

Sky opened 585,000 sq ft in new studio space in Elstree in September last year, and estimates it will produce £3bn-worth of movie productions over a five-year period. Warner Bros is expanding its studios in Leavesden, and is expected to create 4,000 jobs across Britain.

Shepperton Studios in Surrey has recently been expanded to house new productions from Amazon MGM Studios and Netflix, with an additional 17 sound stages, and 548,000 sq ft of production and workshop spaces, making it the second-largest film studio in the world. In Sunderland, the authorities hope a planned £450mn Crown Works Studios will give the region a foothold in global film production. The developers,

'I didn't work for six months which is bad – but I know people who haven't worked for more than a year'

which have been given government funds to help prepare the site but still need planning permission, want to create one of Europe's largest studio complexes across 20 sound stages by 2028.

Meanwhile, in Marlow, Buckinghamshire, to the west of London, developers want to transform a former landfill area into film studios, creating more than 4,000 jobs. The site, which also requires planning permission, is backed by director James Cameron.

Robert Laycock, chief executive of the development company behind the project, said that bespoke studio space in the UK had not caught up with the demand from the large producers. He predicted that Hollywood studios would continue to make films in the UK in a "flight to quality".

Executives also say the UK is staying ahead of competition from other countries through financial incentives. Hundreds of millions in tax relief was awarded to creative industries in the chancellor's Spring Budget to encourage production, and included extra relief on business rates for studios and expenditure on visual effects.

Extra funding also went to the independent film-making sector, a boon to executives worried the UK will become known as a place for outsourcing for international studios rather than adding to its long heritage as a producer of its own world-leading shows and films.

But industry leaders added that the UK's public service broadcasters, such as BBC, ITV and Channel 4, also require support to produce important, domestically focused TV shows such as *Mr Bates vs The Post Office*, which highlighted the plight of victims of the Post Office's Horizon IT scandal.

Caroline Norbury, chief executive of Creative UK, a financier and independent network for the UK's creative industries, said supporting the local production sector would be crucial.

"It is really tough right now. But at the same time, we are experts, and we have a global product that the international market wants and we continue to create new amazing stuff."

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INTERNATIONAL

Middle East media

Israel votes to block Al Jazeera broadcasts

Netanyahu says network is ' Hamas mouthpiece ' and threatens national security

NERI ZILBER — TEL AVIV
ANDREW ENGLAND — LONDON

Israel's far-right government has voted to shut down Al Jazeera, the Qatari-funded satellite channel, and prevent it from operating in the country, accusing it of being a " Hamas mouthpiece " and a threat to national security.

The motion was passed unanimously during a cabinet meeting yesterday, with Prime Minister Benjamin Netanyahu stating: " Al Jazeera reporters harmed Israel's security and incited

against [Israel Defense Forces] soldiers. It's time to remove the Hamas mouthpiece from our country."

Israel's communication minister Shlomo Karhi said the decision would take effect immediately, with authorities expected to close the channel's offices and cancel permits for several dozen journalists and employees, as well as confiscate broadcasting equipment.

Al Jazeera, one of the few international networks broadcasting from Gaza, described the decision as a " deceptive and slanderous " move, while rejecting Netanyahu's allegations.

" Al Jazeera Media Network strongly condemns and denounces this criminal act that violates human rights and the basic right to access of information," it

said in a statement. " Israel's ongoing suppression of the free press, seen as an effort to conceal its actions in the Gaza Strip, stands in contravention of international and humanitarian law."

In one of the most lethal rocket attacks launched by Hamas in months, the Palestinian militant group on Sunday fired 10 mortars and rockets towards the Kerem Shalom crossing — the main entry point for aid into Gaza from Israel. According to authorities, the barrage injured more than 10 Israelis and originated from Rafah, several hundred metres from civilian shelters.

Israeli forces responded with tank fire and airstrikes, and closed the crossing.

The cabinet's move against Al Jazeera came as Israeli officials stepped up their

criticisms of Qatar, which hosts Hamas's political office and is playing a key role in mediating hostage negotiations between Israel and Hamas.

Qatari officials have increasingly expressed their frustration with Israel. Qatar's prime minister, Sheikh Mohammed bin Abdulrahman al-Thani, said last month that the Gulf state was re-evaluating its role as a mediator in the conflict, lamenting that Doha's efforts were being undermined and exploited by politicians with " narrow interests ".

Al Jazeera's English and Arabic-language channels are expected to be blocked from Israeli cable providers. It was not yet clear how the move would affect the outlet's operations and availability in the occupied West Bank. The

move is likely to spur condemnations in western and Arab capitals.

Qatar founded the satellite network, which is popular across the Arab world, in 1996. Qatar, along with the US and Egypt, has been a key mediator between Israel and Hamas since the militant group's October 7 attack triggered the war in Gaza. These efforts continue, although Netanyahu has insisted that Israel's war in Gaza would not end regardless of whether a new ceasefire-for-hostage deal is reached, as mediators await an official response to the latest proposal for a deal from Hamas.

Reports in Arab media outlets indicated that Hamas was set to respond favourably to a proposed agreement brokered by Egypt, Qatar and the US.

Ukraine war

US military aid will help Kyiv turn the tide in 2025, says Sullivan

JAMES POLITI — WASHINGTON
ISOBEL KOSHIW — KYIV

Ukraine will look to mount a new counter-offensive in 2025 after receiving a \$61bn infusion of US military aid to help it stop Russia from making additional gains this year, Jake Sullivan, the US national security adviser has said.

Speaking at the FT Weekend Festival in Washington on Saturday, Sullivan said he still expected " Russian advances in the coming period " on the battlefield, despite the new US funding package approved last month, because " you can't instantly flip the switch ".

But he said that with the new aid from Washington, Kyiv would have the capacity to " hold the line " and " to ensure Ukraine withstands the Russian assault " over the course of 2024.

And pointing to the scenario for the war next year, Sullivan said Ukraine intended to " move forward to recapture the territory that the Russians have taken from them ".

His comments about a potential counter-offensive by Ukraine represent the White House's clearest articulation of how it views the conflict evolving if President Joe Biden wins re-election in November.

Any new offensive in 2025 by Ukraine would be dependent on more funding from Congress and approval by the White House. But Donald Trump, the former president and presumptive Republican nominee, has been sceptical of Ukraine aid and has vowed to try to end the conflict quickly and seek a negotiated settlement.

Ukrainian officials have expressed hope that the country's armed forces may be able to turn the tide next year.

In an address to Ukrainians to mark the third Orthodox Easter since Russia's full-scale invasion in February 2022, President Volodymyr Zelenskyy thanked the soldiers on Ukraine's front line and said Russia had broken " all the [Bible] commandments, demanded our home, came to kill us ".

" God has a chevron with the Ukrainian flag on his shoulder [and] with such an ally, life will definitely win over death," he said yesterday.

Residents of Kyiv lined the city's churches to receive Easter blessings, as fighting continued in the southern and eastern front lines and Russia continued to target key infrastructure with missile and drone barrages.

Attacks on Ukraine's energy infrastructure have caused \$1bn in damage since March 22, according to energy minister German Galushchenko.

Delays to the US aid package compounded by Ukraine's existing manpower shortages has weakened Ukraine's ability to hold the line.

But while much-needed supplies and weapons are on their way to the front lines after the US aid was approved last month, resolving Ukraine's personnel shortages is crucial to its chances against Russia. Many Ukrainian men have been unwilling to join the mobilisation drive that began almost a year ago, citing fear of poor commanders and a lack of weaponry.

Ukraine's leadership has been attempting to solve these issues with a mix of more liberal recruitment methods and better conditions for soldiers.

Intelligence. State-backed attacks

Spy chiefs warn of surge in Russian sabotage

Evidence mounts that Kremlin is preparing for ' intensifying campaign ' of Europe violence

SAM JONES — BERLIN
JOHN PAUL RATHBONE — LONDON
RICHARD MILNE — OSLO

European intelligence agencies have warned their governments that Russia is plotting violent acts of sabotage across the continent as it commits to a course of permanent conflict with the west.

Russia has already begun to prepare covert bombings, arson attacks and damage to infrastructure on European soil, directly and via proxies, with little apparent concern about causing civilian fatalities, intelligence officials believe.

While the Kremlin's agents have a long history of such operations — and launched attacks sporadically in Europe in recent years — evidence is mounting of a more aggressive and concerted effort, according to assessments from three different European countries shared with the Financial Times.

Intelligence officials are becoming increasingly vocal about the threat in an effort to promote vigilance.

" We assess the risk of state-controlled acts of sabotage to be significantly increased," said Thomas Haldenwang, head of German domestic intelligence.

Russia now seems comfortable carrying out operations on European soil " [with] a high potential for damage", he told a security conference last month hosted by his agency, the Federal Office for the Protection of the Constitution.

Haldenwang spoke just days after two German-Russian nationals were arrested in Bayreuth, Bavaria, for allegedly plotting to attack military and logistics sites in Germany on behalf of Russia.

Two men were charged in the UK in late April with having started a fire at a warehouse containing aid shipments for Ukraine. English prosecutors accuse them of working for the Russian government. In Sweden, security services are meanwhile investigating a series of recent railway derailments, which they suspect may be acts of state-backed sabotage. Russia has attempted to destroy the signalling systems on Czech railways, the country's transport minister told the Financial Times last month.

In Estonia, an attack on the interior minister's car in February and those of



Moscow is preparing for further covert bombings and arson attacks, intelligence officials believe

FT montage

journalists were perpetrated by Russian intelligence operatives, the country's Internal Security Service has said.

France's ministry of defence also warned this year of possible sabotage attacks by Russia on military sites.

" The obvious conclusion is that there has been a real stepping up of Russian activity," said Keir Giles, senior consulting fellow at Chatham House, the think-tank. " One cannot tell if that's a reflection of the fact that the Russians are throwing more resources at it, whether they are being more sloppy or whether western counter-intelligence has simply become better at detecting and stopping it," he added.

One senior European government official said that information was being shared through Nato security services of " clear and convincing Russian mischief ". The time had come to " raise awareness and focus " about the threat of Russian violence on European soil, the official added.

Nato issued a statement on Thursday

declaring its deep concern about growing " malign activities on allied territory " by Russia, citing what it said was an " intensifying campaign ... across the Euro-Atlantic area ".

The growing fears over Russia's appetite for physical damage against its adversaries follow a spate of accusations against Russia over disinformation and hacking campaigns.

On Friday, Germany vowed consequences for Moscow — in a statement backed by the EU and Nato — over a 2023 hacking attack on the social democratic party of Chancellor Olaf Scholz.

A scandal exposing Russian attempts to co-opt far-right European politicians ahead of upcoming European elections is meanwhile still unfolding.

One intelligence official said that Moscow's sabotage efforts should not be seen as distinct from other operations, saying that the ramp-up in activity reflected Russia's aim to exert maximum pressure " across the piece ".

Increased aggression from Russian

' The obvious conclusion is that there has been a real stepping up of Russian activity '

Keir Giles, Chatham House

intelligence also reflects the desire for the country's spymasters to reassert themselves after their most serious setback since the collapse of the Soviet Union.

In the weeks following Russia's full-scale invasion of Ukraine, more than 600 Russian intelligence officers operating in Europe with diplomatic cover were ejected, dealing serious damage to the Kremlin's spy network across the continent.

In a recent report, analysts at the UK's Royal United Services Institute highlighted the efforts to which Russia had gone to reconstitute its presence in Europe, often using proxies.

Those include members of the Russian diaspora as well as organised crime groups with which the Kremlin has long-standing ties.

A key strategic shift has also occurred, with so-called " Committees of Special Influence " co-ordinating intelligence operations on a country-by-country basis for the Kremlin, drawing together what were previously piecemeal efforts by the country's security services and other Kremlin operators.

With Russia stepping up operations, security services have been on high alert over threats and are looking to identify targets that they may have missed.

There have been questions, for instance, over a so-far unexplained explosion at a BAE Systems munitions factory in Wales that supplies shells used by Ukraine. In October 2014 a Czech arms depot where weapons for Kyiv were being stored was destroyed; Russian military intelligence agents were later revealed to have planted explosives at the site.

A huge fire broke out on Friday at a factory in Berlin owned by the arms company Diehl, which also supplies Ukraine. More than 160 specialist firefighters were called to tackle the blaze, with residents in a huge swath of the west of the capital told to keep windows closed owing to possible toxic fumes.

" As ever with Russia, it's wise not to look for a single explanation of why they are doing anything. There's always a combination of things going on," said Giles. " These pinprick attacks we've seen so far are of course to create disruption, but they can also be used for disinformation. And then there is what Russia learns from these attacks if they want to immobilise Europe for real ... They're practice runs."

Banking crackdown

Moscow's trade flows slump as US targets Putin war machine

MAX SEDDON AND CHRIS COOK — RIGA
ANASTASIA STOGNEI — TBILISI

A US crackdown on banks financing trade in goods for Vladimir Putin's invasion of Ukraine has made it much more difficult to move money in and out of Russia, according to senior western officials and Russian financiers.

Moscow's trade volumes with key partners such as Turkey and China have slumped in the first quarter of this year after the US targeted international banks helping Russia acquire critical products to aid its war effort.

A US executive order, implemented late last year, prompted lenders to drop Russian counterparties and avoid transactions in a range of currencies, said western officials and three senior Russian financiers.

" It has become harder for Russia to access the financial services that it needs to get these goods," said Anna Morris, deputy assistant secretary for global affairs at the US Treasury.

Getting around the restrictions now required a growing network of middlemen to avoid regulatory scrutiny even if the transactions had nothing to do with

Russia's war machine, the officials and financiers said, while increasing currency conversion and commission costs.

" It's getting harder and harder every month. One month it is dollars, the next month it is euros; within six months you basically won't be able to do anything. The logical endpoint of this is turning Russia into Iran," said a senior Russian investor, referring to strict financial sanctions against Tehran.

The US executive order is designed to target banks in countries that recorded sharp rises in trade with Russia after the west imposed sanctions following Moscow's full-scale invasion of Ukraine more than two years ago.

Turkey's exports of " high-priority " goods — items mainly for civilian use but identified as critical for the war effort — to Russia and five former Soviet countries soared after the invasion. According to Trade Data Monitor volumes hit \$586mn in 2023, a fivefold rise from before the war.

But in the first quarter of this year, Turkey's exports to Russia fell by a third year-on-year to \$2.1bn. The value of its reported exports of high-priority goods to Russia and its neighbours has fallen

fell 40 per cent to \$93mn in the first quarter from the previous quarter.

The sharp drops were attributable to banks' fear of repercussions from the US, which can track any dollar transaction and cripple lenders by cutting them out of the dollar-based financial system, US officials and experts said. " The US really has leverage over the financial sector," said Elina Ribakova, a non-resident senior fellow at the Peterson Institute for International Economics.

The restrictions on payments have had a chilling effect far beyond the shadow trade in components for Rus-



Vladimir Putin: restrictions on banks are hitting his Ukraine war machine

sia's war machine, as banks cut off entire categories of transactions with Moscow rather than fall foul of US sanctions.

Traders selling goods to Russia, including restricted goods, were less likely to be deterred than banks, said Jane Shvets, a partner and sanctions expert at US law firm Debevoise & Plimpton. " The question is whether [trade] will bounce back as these ' shadow ' alternatives for moving money proliferate," she said.

Vladimir Potanin, the oligarch who controls Norilsk Nickel metals group, recently said sanctions had cut the company's revenue by at least 15 per cent since 2022, in part because of 5 to 7 per cent commissions to middlemen on export transactions.

Russian importers and exporters are also settling more trades in roubles because of the difficulties of swapping the currency for dollars and euros, according to financiers involved.

" This is a sanctions loophole," said a senior Russian banker, adding that foreigners were permitted to buy roubles on the Moscow Exchange for use with Russian counterparties.

Martin Sandbu page 21

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INTERNATIONAL

Xi ready to play hardball behind the scenes of EU charm offensive

Chinese leader's first Europe visit since 2019 is focused on easing trade tensions

JAMES KYNGE — LONDON
JOE LEAHY — BEIJING
SARAH WHITE — PARIS
MARTON DUNAI — BUDAPEST

Xi Jinping arrived in Europe yesterday on a mission to ease escalating tensions that threaten to ignite a trade war between China and the EU.

On his first trip to the region since 2019, China's president will face tough talks in France over trade and Ukraine before enjoying a warmer welcome in Serbia and Hungary, where soaring Chinese investment underlines both the benefits of close ties with Beijing and EU divisions on international policy.

"China is determined not to let its relationship with Europe slide further towards the direction of its ties with the US," said Yu Jie, an analyst at UK think-tank Chatham House. "There will be a renewed charm offensive from Beijing, but it will equally give the EU tough warnings on trade protectionism."

Xi's top priority for his six-day visit would be damage limitation, Chinese officials said. The president is intent on countering a litany of trade investigations into Chinese companies by the EU, including an anti-subsidy probe into electric vehicles expected to conclude in weeks.

EU officials have told the Financial Times that preliminary duties on EVs could be imposed in May, while permanent tariffs that need the support of a majority of member states could follow in November.

"China cannot afford the closure of the European market to Chinese com-

panies," said Abigaël Vasselier at Merics, a Berlin-based think-tank. "The main question is . . . how successful President Xi can be in altering the current trajectory on Europe-China relations."

Emmanuel Macron, France's president, has invited European Commission president Ursula von der Leyen to Paris to meet Xi today.

Macron said in a weekend interview with La Tribune newspaper that he wanted to secure greater reciprocity in trade with China in order to reinforce France's economic security. "I'm arguing for an *aggiornamento* because China now has excess capacity in many areas and exports massively to Europe," Macron said, noting that not all the continent's leaders were in agreement on this point, with some still viewing China as a "market of opportunities".

He said: "Let's be clear, I'm not proposing we distance ourselves from China . . . Whether on climate or security, we need the Chinese. However, I think we must better protect our national security, our sovereignty . . . and be much more realistic in defending our interests."

Von der Leyen has advocated "de-risking" Europe's commercial relationship with China and has blamed the EU's huge bilateral trade deficit — €291bn in 2023 — partly on Beijing's limits on market access for European companies. In recent years, the EU has fallen behind south-east Asia, becoming China's second largest regional trade partner.

Xi intended to play hardball, Chinese officials and analysts said. Behind the



Xi Jinping and his wife, Peng Liyuan, arrive in France ahead of a six-day visit to Europe where the priority for China's leader will be damage limitation amid tough talks over tariffs and the Ukraine war
Stephane de Sakutin/Pool/APF via Getty Images

expected displays of public bonhomie and promises of Chinese investment, he would warn European leaders that duties on Chinese exports would elicit an uncompromising response, they added.

"China could impose restrictions on the export of materials needed to make microchips and on French exports to China and several other items," said one Chinese analyst who asked not to be named.

Beijing has also signalled increasing willingness to impose its own retaliatory tariffs. Macron is expected to take up with Xi the cause of French cognac-makers after China in January began an anti-dumping investigation into French brandy imports.

While the talks in Paris were expected to be challenging, Xi's visits to Serbia and Hungary would strike a much more positive tone, Chinese officials said. China sees Hungary as a genuinely loyal friend in the EU and has been showering the country with investment promises.

According to official Chinese estimates, accumulated foreign direct investment by Chinese enterprises in Hungary could reach €30bn by the end of this year — suggesting several addi-

tional billions of euros in investment are in the pipeline. One project under discussion was a potential investment by China's Great Wall Motor to build an EV plant, Chinese officials said.

"Hungary is greatly over-represented in Chinese FDI into the region, amassing more volume in the past two to three years than in the preceding decades," said Daniel Hegedüs at the German Marshall Fund in Berlin. "This is politics. Hungary has been loyal and reaps the rewards."

But Xi's visit to Hungary is sure to antagonise many leaders in western Europe. "Hungary is considered a pariah," said one senior western European diplomat.

Even as the EU increasingly views China as a "systemic rival", Hungary has become the main defender of Beijing's interests. Between 2016 and 2022, it has used its veto power on several occasions to block European Council decisions condemning Chinese actions.

In addition, Xi's visit to Serbia tomorrow, the 25th anniversary of Nato's accidental 1999 bombing of the Chinese embassy in Belgrade, could also alienate opinion in western Europe, the diplomats said. After Russia's full-scale inva-

'China is determined not to let its relationship slide further towards the direction of its ties with the US'

sion of Ukraine in 2020, the Chinese mission to the EU cited the 1999 bombing to explain Chinese sympathy for Russia's argument that the western military alliance was responsible for the more recent conflict.

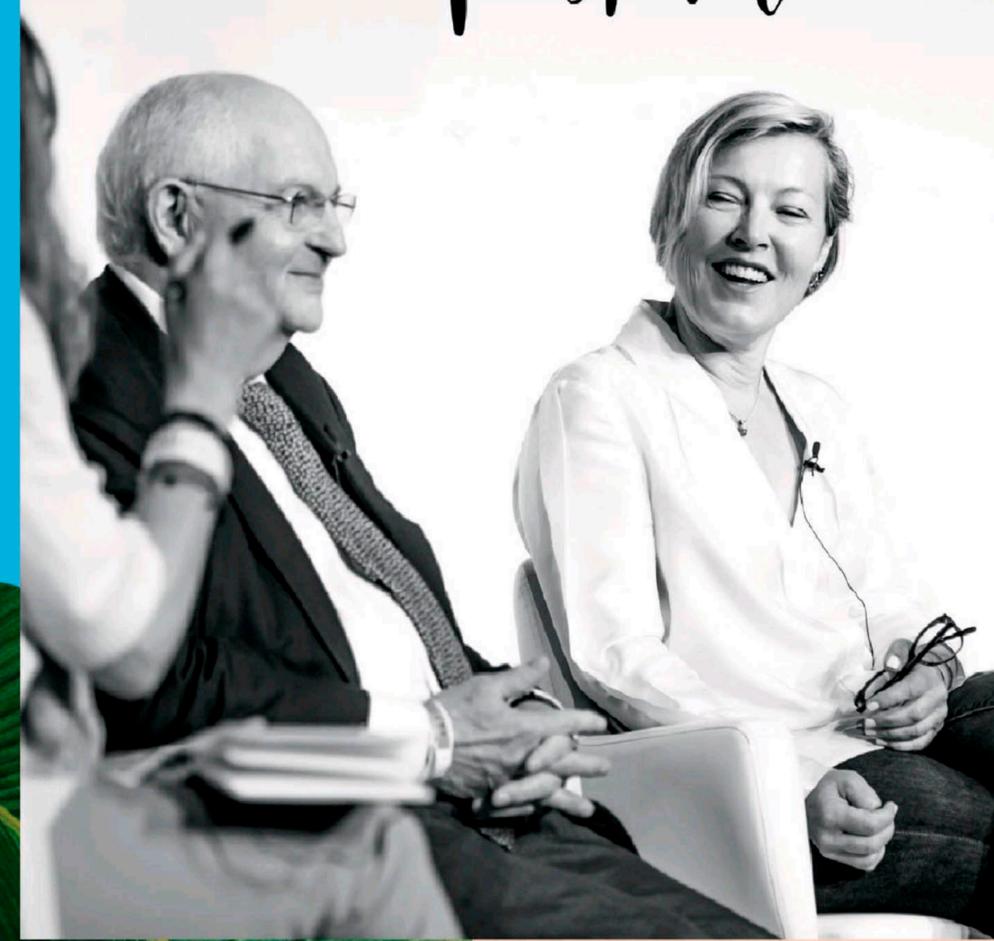
Indeed, the Ukraine war is set to loom large over Xi's Europe trip. Chinese academics said that Beijing viewed the US as using the war to extend its hegemony over Europe, while putting pressure on China for its alleged role in supporting Russia.

They said that Chinese leaders believed Macron wanted Europe to exercise more strategic autonomy from the US, an aspiration Beijing shared.

But Xi's friendship with President Vladimir Putin of Russia means anything he says on Ukraine will be viewed with deep distrust in much of Europe.

Still, Macron is expected to try to convince the Chinese leader to use his influence with Putin to change the course of the war, even though similar efforts during a visit to China last year did not bear fruit. "Our aim is to encourage China to use the levers at its disposal with Moscow to influence Russia's calculations and try to contribute to a resolution of this conflict," an Elysée official said.

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INTERNATIONAL

Academic endowments

Colleges ignore calls to divest from Israel

Officials cite practical and legal hurdles in spite of an almost 20-year BDS push

ANDREW JACK — NEW YORK

No US university endowment has divested from companies linked to Israel despite intensifying demands from pro-Palestinian students in countrywide protests, says the network that has long championed the move.

Legal and practical obstacles to divestment and the difficulties of building a consensus on the issue have constrained action in response to a campaign launched nearly two decades ago.

Omar Barghout, an alumnus of

Columbia University and a co-founder of the Boycott, Divestment and Sanctions movement for Palestinian rights in 2005, said that he was unaware of any higher educational institutions that had sold shares, although several have held faculty and student votes in favour of doing so and some have introduced academic boycotts.

His assessment confirmed tracking by the American-Israeli Cooperative Enterprise, which shows that despite 50 US universities' staff or student bodies passing some form of BDS resolution, none were binding and many administrations have explicitly said that they would not divest.

Over the weekend, Vassar College in New York said that it would review "a

proposal for divestment from defence-related investments", but stopped short of pledging to take action.

Meanwhile, protests continued around the country. Pro-Palestinian activists disrupted graduation and commencement ceremonies on several campuses over the weekend, and police arrested dozens more demonstrators, including at the Art Institute of Chicago.

Daniel Diermeier, president of Nashville's Vanderbilt University, which took early action to prosecute students who occupied a building in March calling for divestment, said: "Our investment committee has a clear policy not to divest for political reasons. It is inconsistent with our values to engage in boycotting specific entities or countries. That would

violate our institutional neutrality." Some question divestment on more practical grounds.

Usha Haley, a professor at Wichita State University who studied the anti-apartheid boycotts of South Africa in the 1960s-80s, said: "Boycotts and sanctions had minimal effect on multinationals' operations and actually lessened the influence of the boycotters."

Since then, greater use of private equity vehicles and managed-investment funds by endowments has increased the opacity of stock holdings along with the difficulty in divesting from them.

Minouche Shafik, Columbia's president, said last week that the university had proposed a mechanism for disclos-

ing direct investments and reviewing student demands through its Advisory Committee for Socially Responsible Investing, but also stressed "the university will not divest from Israel".

Other US universities, including Brown, Northwestern, Rutgers and Minnesota, have agreed similar processes without committing to divestment.

Barghout said that BDS "strategically focuses on a relatively smaller number of carefully selected complicit companies and products for maximum impact... that play a clear and direct role in Israel's crimes and where there is real potential for winning".

That included arms companies supplying military equipment to Israel.

Presidential election

Chad's leader looks to shore up position and build new alliances

AANU ADEGOYE — LAGOS
DAVID PILLING — NAIROBI

Chad's leader will seek to shore up his fragile position in today's presidential election amid signs of his desire to dilute alliances with the west and pivot towards Russia and the United Arab Emirates.

Mahamat Idriss Déby Itno took over as president from his father three years ago, after he died on the battlefield, in what opponents say was an unconstitutional power grab. He is expected to win the election comfortably, though few observers expect the vote to be fair. A prominent opposition leader was killed in the run-up to the poll.

Yet even as Déby seeks to legitimise his regime, his grip on power is weak, with some even within his own ethnic group not supportive of his leadership. The 40-year-old has also increasingly shown an interest in forging different alliances than his father, who was a staunch western ally during his three-decade rule.

The UAE has provided Chad with aid and military equipment, and opened two field hospitals in the country. At least one of these was being used as cover to supply weapons to the Rapid Support Forces, a Sudanese paramilitary force fighting a civil war against the government, according to diplomats and security officials. The UAE has denied arming the RSF.

Déby also flew to Moscow this year at the invitation of Russia's Vladimir Putin, who said there were "great opportunities to develop our bilateral ties".

"I do think the Emiratis have bought the Chadians," said Cameron Hudson, an analyst at the Center for Strategic and International Studies think-tank. "Déby is in a weak position internally and deciding that some combination of Emirati backing, RSF backing and now Russian backing, is a more secure hold on power for him than trying to be part of a western alliance," he said.

One former senior US official said he had received reports of dozens of Russian soldiers arriving in Chad this month to protect the president ahead of the poll, though there was no independent verification of their presence.

But coming as dozens of American service personnel leave Chad after a disagreement with the Déby government, it would fit a pattern in the region of the withdrawal of western troops followed by the arrival of Russian soldiers.

Russian troops belonging to Africa Corps, the new name for the Wagner group, are present across the Sahel region, including in the Central African Republic where they provide security for President Faustin-Archange Touadéra. They are also deployed in Mali and arrived in Niger last month, taking the place of US soldiers previously based there.

Chad is the first of several military-led governments in the region to hold elections.

Daniel Eizenga, a Chad expert at the Africa Center for Strategic Studies think-tank, said the president's aim was to "shroud himself in a self-made veil of political legitimacy by executing this highly orchestrated election at a time when the country is under enormous pressures and strains."

"The gamble Déby seems to be making is that he can distract from the fragility inherent within his regime."

Politics. White House race

Trump ahead of Biden in crucial swing states

Small poll lead marks stunning reversal for former president who faces criminal indictments

ALEX ROGERS — WASHINGTON
OLIVER ROEDER AND
EVA XIAO — NEW YORK

Donald Trump has a small polling lead over Joe Biden in critical swing states with six months to go before voters elect the next US president on November 5.

It marks a stunning reversal for Trump, who left the White House in 2021 with a record-low approval rating of 29 per cent after a mob of his supporters stormed the Capitol on January 6 in a bid to overturn his electoral loss.

More registered voters now view Biden's presidency to be a failure compared with Trump's, according to a recent CNN poll — 55 per cent of US respondents said Trump's presidency was a success compared with 39 per cent for Biden.

Biden's approval rating has dropped 19 per cent since the start of his presidency, to 35 per cent in April, according to Pew Research.

Still, the 2024 election looks to be an exceptionally close rematch of the 2020 race, when just 43,000 votes out of 155mn cast delivered victory for Biden.

With six months to go, here is where the race stands.

National polling has been tight. Trump and Biden are both polling just above 40 per cent, with Trump currently holding a slender edge of 0.8 percentage points, well within bounds of statistical error, according to FiveThirtyEight's averages.

The independent candidate Robert F Kennedy Jr has been polling at about 10 per cent, though support for such candidates tends to be higher in pre-election polling than in actual elections.

But US presidential elections are not decided by a national vote. Rather they are decided by winner-takes-all contests in the 50 states, which send electors to the Electoral College. Whichever candidate secures 270 of the 538 Electoral College votes becomes president.

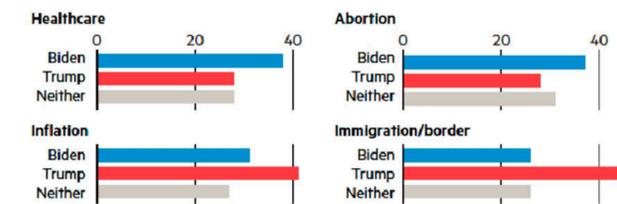
In seven crucial "swing states" — Arizona, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin — Trump leads Biden by between one and six points.

The top priority for US voters remains the economy — an issue that has boosted Trump against Biden.

Overall, 41 per cent of voters trust

Voters see Biden as better on abortion issues but prefer Trump on inflation and immigration

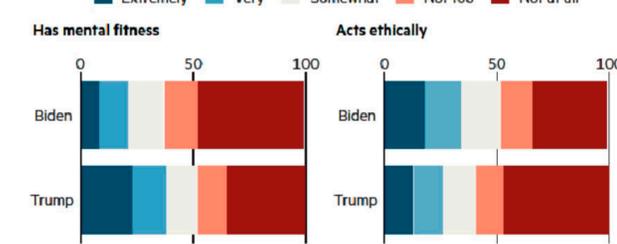
% of respondents who think Joe Biden or Donald Trump would be better at handling different issues



Source: ABC/Ipsos poll • Polls of 528 adults interviewed February 9-10; margin of error ±4.5pp. Graphic does not include the minority of respondents who said both candidates would perform equally on issues

Biden's mental fitness vs Trump's ethics

% of voters who are ___ confident that Biden/Trump ...



Source: Pew Research

1-6 points

Donald Trump's lead over Joe Biden in the key states of Arizona, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin

Trump with the economy, compared to just 35 per cent for Biden, according to the latest FT poll conducted with the University of Michigan Ross School of Business.

A recent CNN poll found that 65 per cent of registered voters called the economy "extremely" important to their vote — higher than any other issue — and near levels not seen since October 2008.

While inflation has certainly hurt Biden, political views of the economy also play a role. Of those who said the economy was "poor", 41 per cent said a change in political leadership in Washington would improve their perception of the economy, while 37 per cent said lower inflation and 14 per cent said better personal finances.

Other top issues include immigration — where polling suggests voters believe Trump is more competent than Biden — and protecting democracy, preserving abortion rights and lowering healthcare costs. Biden is stronger on the last three.

Most Americans do not vote on foreign policy. But voters have consistently said they think the US is spending too much on military and financial aid to

Ukraine and Israel, according to monthly FT-Michigan Ross polling. This could help Trump.

Though Trump has not said that he would cut funding for either country, the former president has made clear that he expects other countries in Europe to step up their defence spending when it comes to countering Russia. Republicans have also stalled congressional efforts to approve aid to the two countries — only relenting in mid-April after months of deadlock.

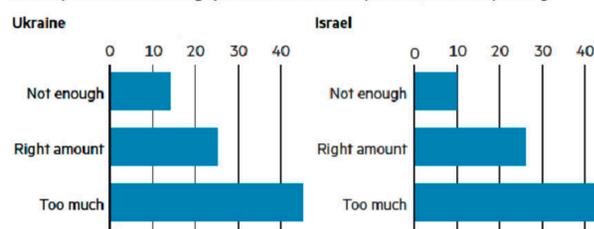
Perhaps even more important than the issues is how voters view Biden and Trump as people.

A majority of voters say Trump, 77, is more physically and mentally fit than Biden, 81, but are less confident that Trump will act ethically in office. According to an April poll by Pew Research, 62 per cent of registered voters said they were not confident Biden was mentally up to the job, compared to 59 per cent who said they were not confident that Trump would act ethically.

Trump is facing four criminal indictments, including federal and state charges that he conspired to overturn the 2020 election. A majority of inde-

Many Americans think the US is spending too much on military aid for Ukraine and Israel

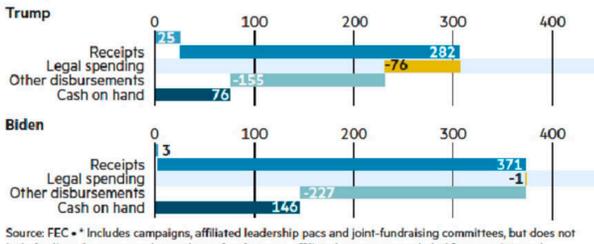
% of respondents answering questions on what they think about US spending



Source: FT-Michigan Ross poll • Polls of about 1,000 registered voters conducted Apr 4-8; margin of error ±3.1pp. Those who responded 'don't know' were not included

Trump's legal spending is larger than his cash deficit to Biden

Topline figures for Trump- and Biden-affiliated political action committees, from the start of 2023 to the end of Q1 2024 (\$mn)



Source: FEC • * Includes campaigns, affiliated leadership pacs and joint-fundraising committees, but does not include aligned super pacs. Internal transfers between affiliated groups are excluded from receipts and disbursements

A majority of voters say Trump, 77, is more fit than Biden, 81, but are less confident he will act ethically

pendent Americans believe Trump is guilty in the four cases, according to a Politico Magazine/Ipsos poll. And some 24 per cent of registered voters who support Trump said that if the former president was convicted, they might reconsider, according to a CNN poll.

Biden has raised much more than Trump in the money race, leaving Biden groups with \$66mn more on hand than Trump groups by the end of March.

Trump's coffers have been drained by his legal fees. His donors have spent \$76mn on Trump's lawyers since January 2023 — 26 per cent of the total raised for the ex-president.

Biden's campaign has already spent more than \$39mn on ads this year, according to AdImpact, compared to \$25mn for Trump. But much of Trump's ad spend went towards the presidential primary, as he fought off well-funded Republican challengers, including Nikki Haley and Ron DeSantis.

Future Forward Pac, a pro-Biden super Pac that can raise unlimited sums, has already booked \$130mn in ads beginning in September, targeting the seven swing states and Nebraska's one electoral vote in Omaha.

Commercial capacity

US probe into China shipbuilding to boost South Korea and Japan more than home producers

CHAN HO-HIM — HONG KONG
JOE LEAHY — BEIJING
SONG JUNG-A — SEOUL
KANA INAGAKI — TOKYO

Joe Biden's attempt to challenge Chinese supremacy in commercial shipbuilding will probably do little to revive US shipyards, analysts say, but it could help producers in South Korea and Japan resist competition from Beijing.

President Biden last month opened an investigation into alleged unfair Chinese economic practices in shipbuilding and maritime logistics, a move that could lead to duties for Chinese-built ships calling at US ports.

While designed to aid US shipbuilders, the probe could boost producers in South Korea and Japan, the only two countries apart from China that still have significant commercial shipbuilding capacity, as they fight to defend their market share from lower-priced Chinese rivals.

"The demand for China-built vessels should go down if there are imposition

of port fees on China-built vessels" by the US, said Rahul Sharan, senior manager of bulk research at maritime consultancy Drewry.

"Whether there is enough capacity elsewhere to replace China is a big question," he added. "But in the long run, there would certainly be some impact on choice of yard location."

Chinese shipbuilders, led by the China State Shipbuilding Corporation and its subsidiaries, control about 46 per cent of the global shipbuilding market as of 2023 by total order book value for container ships, bulk carriers and tankers, as well as liquefied petroleum gas and liquefied natural gas carriers, according to data compiled by consulting firm Reddall.

They are followed closely by South Korea, at 41 per cent. The total global order book value is more than \$244bn. CSSC did not respond to a request for comment.

Biden's action comes amid fears that China could, in shipbuilding, match the

related sectors. Chinese companies make more than 95 per cent of the world's containers, and the country is home to seven of the world's top 10 container ports by volume.

But with the US shipbuilding industry producing less than 1 per cent of the world's commercial vessels, analysts described the notion that the country could win back significant market share as "ridiculous".

Stuart Nicoll, a director at Maritime Strategies International, a consultancy, said that while comparisons between shipyards were difficult, it cost broadly three to four times as much to build a vessel in the US as elsewhere. "Realistically, they haven't built for the international market for decades," Nicoll said.

By contrast, Beijing had "invested huge amounts in building up brand new shipyards that can build ships very efficiently", said Rob Willmington, markets editor at Lloyd's List. "They've got a very agile, low-cost and skilled workforce that works very long hours."

Increasing Chinese competition has

already pushed South Korean producers, which include Hyundai Heavy Industries, Samsung Heavy Industries and Hanwha Ocean, to climb up the value chain, focusing on LNG carriers and low-emission vessels. South Korea's efforts paid off in the first quarter of this year, with Korean shipbuilders amassing \$13.6bn in total shipbuilding orders,



President Biden's probe will look at alleged unfair practices by Beijing

up 41.4 per cent against a year earlier, while China's rose 8.6 per cent over the same period to about \$12.6bn, industry figures show.

Drewry data showed that South Korea's pipeline of orders for LNG and LPG carriers also exceeded China's in terms of the number of vessels.

"Demand for LNG carriers is so strong that we can't digest all the orders, because of our limited capacity and manpower," said a shipbuilding industry executive in South Korea.

Another executive said: "It is unavoidable that China will catch up with us on LNG tankers, so we're trying to develop something new to stay ahead; for example, ammonia-powered ships."

In March, the South Korean government announced a Won9tn (\$6.5bn) five-year package for the shipbuilding industry to increase its technology gap and ease labour shortages.

Japanese producers such as Imabari Shipbuilding and Japan Marine and

these orders are for bulk carriers, their shipyards often directly competing with Chinese rivals. Some Japanese shipyards have also begun moving into higher technology ships, with Shin Kurushima Dockyard, a group of five shipbuilders, launching a four-year project for low-emission ships. Other Japanese shipbuilders have merged to maintain their competitiveness.

While Japan and South Korea might benefit from US port fees for China-built ships, imposing them would increase costs for American consumers and would be a "very tricky lever" for Washington to use against China, said Kun Cao, deputy chief executive of consulting firm Reddall.

Global demand for new ships was "increasing and it will go on increasing because of this decarbonisation", pointed out Willmington, referring to the appetite for eco-friendly ships.

"I don't think China wants to build 100 per cent of the world's ships." Additional reporting by Robert Wright, Christian Davies and Leo Lewis

Analyst beauty parade The annual rankings is a flawed process that persists, though no one can really explain why **LEX, PAGE 22**

Companies & Markets

Berkshire cash pile hits record \$189bn after dumping stock

- Group sheds 13% of its holding in Apple
- High yields on US debt prove attractive

ERIC PLATT — OMAHA, NEBRASKA

Berkshire Hathaway's cash pile swelled to a record \$189bn in the first quarter of 2024 as Warren Buffett's sprawling conglomerate continued to dump stocks, including Apple, one of its largest positions.

The figure, disclosed in results published on the same day as Berkshire's annual general meeting on Saturday, underscores the difficulty the billionaire investor and his team have had in trying to find worthwhile investments, as well as the relative allure of the high yield on US government debt.

The company said that it had sold just

The figure underscores the difficulty Buffett and his team have had in trying to find worthwhile holdings

under \$20bn worth of stocks in the first three months of the year, buying \$2.7bn over the same period. As a result the value of its stock portfolio slipped from \$354bn at year-end to \$336bn.

In the first quarter of this year, filing with US securities regulators indicated that Berkshire had sold a significant portion of its stake in Apple, which had become a core holding for the Omaha-based business since one of Buffett's deputies first invested in 2016.

Berkshire said that its position in the iPhone maker was worth \$135.4bn in the first quarter, down from \$174.3bn at the end of 2023, indicating that it had sold roughly 115mn shares in the company at the start of the year, or 13 per cent of its holdings.

At the meeting in Omaha, Buffett gave his most direct answer yet on how

responsibilities would be doled out among the executive team that would one day lead the company, giving Greg Abel responsibility for how hundreds of billions of dollars were allocated.

Buffett said Abel should have the final decision on investments at Berkshire Hathaway, making clear that his successor would have authority over not just takeovers but the conglomerate's mammoth stock portfolio as well.

"I think the responsibility ought to be entirely with Greg," Buffett said from the stage at the CHI Health Center in downtown Omaha. "I used to think differently about how that would be handled, but I think that the responsibility should be that of the CEO."

Many had expected that future management of Berkshire's \$336bn stock portfolio would fall to Buffett's two investment deputies, Todd Combs and Ted Weschler, and that they could play a large role in how the company's \$189bn cash pile was deployed.

However, Buffett said at the meeting: "I think the chief executive should be somebody that can weigh buying businesses, buying stocks, doing all kinds of things that might come up at a time when nobody else is willing to move."

It was unclear if Abel would want to run the common stock portfolio himself, or simply have the investment managers report to him, allowing them to make their own trades.

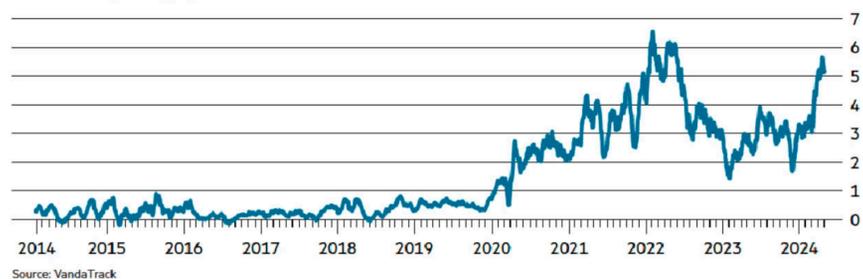
Compared with previous years, Abel took on a larger role at Saturday's meeting, the first since Buffett's longtime business partner and Berkshire vice-chair Charlie Munger died in November.

Buffett also turned the official portion of the day — when shareholder proposals were voted on — over to Abel to lead, citing trouble with his own voice and eyesight.

In the bag Retail investors rush to snap up highly leveraged equity exchange traded funds



Retail net purchases of leveraged equity ETFs surge 1-month rolling sum (\$bn)



Source: VandaTrack

GEORGE STEER — LONDON
WILL SCHMITT — NEW YORK

Yield-hungry retail investors piled into highly leveraged US exchange traded funds in April, drawn to volatile markets stoked by uncertainty over the outlook for interest rates.

Investors have pushed about \$5.2bn into the top 22 leveraged ETFs, which can magnify potential gains and losses alike, in the year to the end of April, according to VandaTrack, a data company which monitors retail trading flows.

The inflows marked a reversal from the first quarter as investors pulled money out of passive funds while the benchmark S&P 500 repeatedly hit record highs.

But fresh tensions in the Middle East and uncertainty about the path of US interest rates acted as a "catalyst" for investors to snap up leveraged ETFs "to speculate on the market falling or hedge long exposures", said Ben Slavin, global head of ETFs at BNY Mellon Asset Servicing.

Data from Morningstar Direct,

which covers a broader range of leveraged ETFs, indicated that a surge in retail interest in the past two months has also wiped out the outflows of \$4.2bn in January and February. Altogether there were inflows of nearly \$4.4bn in March and April, it found.

"Market timing is often the Achilles heel of day traders, and this time was no different," said Bryan Armour, Morningstar's director of passive strategies research. "Most of the top ETFs by March and April inflows had their worst monthly performance of the year in April."

Although the inflows represent a sliver of the more than \$200bn that has poured into the \$8.9tn US ETF market this year, it has reawakened concerns that retail investors will be most exposed to sharp falls. Typically they use derivatives to deliver multiples of the daily performance of the benchmark or index they track.

Following their introduction in 2006, leveraged ETFs have proliferated across US stock markets. Issuers offer double or triple-leveraged funds that can track a range of assets, from

other ETFs, or specific indices such as home construction or banks, bitcoin futures and popular individual securities such as Tesla and Nvidia, among dozens of other securities.

There are also leveraged inverse ETFs, which allow investors to hedge their exposure to sharp falls. Leveraged single stocks tend to be more volatile than indices.

The US Securities and Exchange Commission last year warned investors that over long periods of time the performance of leveraged and inverse ETFs could differ "significantly" from the products they track, especially in unstable markets. They have the potential to create "significant and sudden losses", it added.

Unlike traditional ETFs, leveraged versions must rebalance at the end of every trading day to deliver their targeted returns. If the price of the underlying asset rises 5 per cent on one day, the value of a corresponding double leveraged ETF would rise 10 per cent and be required to increase its market exposure before trading starts the next day.

Shell sold millions of 'phantom' carbon credits

KENZA BRYAN AND CLARA MURRAY LONDON

Shell sold to Canada's largest oil sands companies millions of carbon credits tied to CO₂ removal that never took place, raising new doubts about a technology seen as crucial to mitigating greenhouse gas emissions.

As part of a subsidy scheme to boost the industry, the Alberta provincial government allowed Shell to register and sell carbon credits equivalent to twice the volume of emissions avoided by its Quest carbon capture facility between 2015 and 2021, the province's registry shows. The subsidy was reduced and then ended in 2022.

As a result of the scheme, Shell was able to register 5.7mn credits that had no equivalent CO₂ reductions, selling these to top oil sands producers and some of its own subsidiaries. Credits are typically equivalent to one tonne of CO₂.

Some of the largest buyers of the credits were Chevron, Canadian Natural Resources, ConocoPhillips, Imperial Oil and Suncor Energy.

Keith Stewart, a senior energy strategist with Greenpeace Canada, criticised these "phantom credits". He added: "Selling emissions credits for reductions that never happened... literally makes climate change worse."

Shell said carbon capture played "an important role in helping to decarbonise industry and sectors where emissions cannot be avoided" and that realising its potential "requires creating market incentives now".

Alberta's environment ministry said the crediting support scheme had not resulted in "additional emissions" by industrial polluters. Chevron, Canadian Natural Resources, ConocoPhillips, Imperial Oil and Suncor Energy declined to comment.

The Quest plant is operated by Shell Canada and owned by Canadian Natural Resources, Chevron and Shell Canada, and is part of the Scotford processing and refining complex.

Canada has among the most generous incentive schemes for carbon capture and storage, according to energy research group Wood Mackenzie. But the industry still struggles to be commercially viable even there. According to Quest's annual report, its total cost per tonne of carbon avoided was \$167.90 in 2022, against a carbon price for Alberta's big industrial emitters that year of \$50. *Additional reporting by Harry Dempsey*

Technology. Computing

Investment signals hope for quantum breakthrough

The decades-old dream edges closer with an Australian push to build a full-scale machine

RICHARD WATERS — SAN DIEGO

A new wave of confidence — and capital — is sweeping through the quantum computing industry.

The government of Australia and the state of Queensland last week committed A\$940mn (US\$620mn) between them to back the construction of a full-scale quantum computer near Brisbane by US start-up PsiQuantum.

The deal was just the latest sign that a decades-old dream of a form of computing that takes advantage of the unusual properties of quantum mechanics may finally be coming to fruition.

The system in Australia will be "the first machine that crosses over the threshold into [being a] really useful computer — the first quantum system in the world that will be commercially useful", claimed Pete Shadbolt, Psi's chief scientific officer.

He is not alone in making grand claims for a generation of computers that are scheduled to be built before the end of this decade, signalling a relatively short sprint for a field that has had its share of setbacks in the 65 years since professor Richard Feynman first laid out the idea of quantum computing.

One of the biggest challenges has been that the quantum bits — or qubits — used in today's machines are highly unstable and only hold their quantum states for extremely short periods, creating "noise". As a result, faults accumulate during any quantum calculation

making the computer essentially useless.

Recent advances in error correction, a technique for encoding information into qubits that compensates for this, have promised a way past this problem far sooner than most in the industry had expected.

Other companies that have set their sights on a new finish line in the quantum race include IBM, which has been building experimental quantum systems for years. In late 2023 it laid out a road map for reaching a fully functional, practical system.

"I feel like we have a path to scaling to demonstrate a fault-tolerant quantum computer" by 2029, said Jay Gambetta, vice-president of quantum computing at IBM.

"No one's ever integrated a system with millions of qubits before, the most is a few thousand," said Scott Aaronson, director of the Quantum Information Center at the University of Texas.

For years, predicting exactly when quantum computing will reach practical utility has seemed like a fool's errand.

When Google claimed in 2019 that it had reached "quantum supremacy" — the point at which quantum systems leap ahead of traditional computers — it turned out that new ways of programming existing machines could erase the advantage.

But many in the industry now believe that in recent months, a clear route has opened up to building large-scale systems that will bring real technical and business advantages.

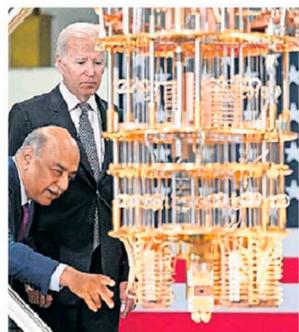
A series of research breakthroughs, starting with Google last year, has brought major advances in error correction

Research results from Harvard University and Boston-based group QuEra late in 2023, along with a paper this year from Microsoft and US- and UK-based Quantinuum, have added to the hopes.

"Over the past year, we've seen a large amount of progress in the industry, and in particular around error correction," said Steve Brierley, head of Riverlane, a UK quantum start-up. That has reduced the number of technical breakthroughs that still need to be made, he said. "It increasingly seems less like a science problem and much more like an engineering problem."

One result has been a new race to scale up today's quantum hardware systems to be able to handle the useful algorithms that companies such as IBM now believe will be soon be produced.

Australia's investment in Psi, in the form of equity in the company as well as grants and loans, marks an unusual bet on qubits based on photons, rather than the superconducting qubits used by IBM



President Joe Biden examines a quantum computer at an IBM plant

and Google. Photons have been shown to provide a stable base for a quantum system, but Psi has in the past published little research to show what progress it has made to overcome the many hardware challenges, said UT's Aaronson.

With attention turning to the practicality of manufacturing large numbers of qubits and quantum chips, as well as other hardware needed to link them together in larger systems, Psi also claims advantages for photonic technology that will get it to a 1mn-qubit system faster than others in the industry.

In one positive sign for the industry as it moves towards commercial manufacturing, a more developed supply chain in quantum hardware has been forming as the technology moves out of the lab, said Brierley.

Despite the new hopes, experts such as IBM's Gambetta admit that their plans to get to full quantum computing could still be derailed. Predicting when necessary algorithmic breakthroughs will be made to make error correction practical is harder to predict than creating a road map for scaling up hardware, he said.

Gambetta added, though, that if IBM could show the first, very early practical results from quantum computing in the next two years — a point it calls quantum advantage — it could trigger a new wave of interest from the corporate world.

"People have these plans on paper — the things the experimentalists predict always take longer than they think," said Aaronson.

But after recent advances, the nascent quantum computing industry seems for the first time to have a real shot at reaching practical usefulness, he added.

SAINT-GOBAIN
COMPAGNIE DE SAINT-GOBAIN
A French société anonyme with a share capital of €2,025,752,048
Registered Office at Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie (France)
542 039 532 R.C.S. Nanterre

NOTICE OF MEETING
Participating stocks April 1984 of €1,000 each

The holders of participating stocks (*titres participatifs*) issued by Compagnie de Saint-Gobain (the "Company") in April 1984 are convened to the General Meeting to be held on Wednesday, May 29, 2024 at 9:30 a.m. (Paris time) at the registered head office of the Company, Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie Cedex (France), and in case of lack of a quorum on this occasion, on Thursday, June 27, 2024 at 12 p.m. (Paris time) at the same place, for the purpose of considering the following agenda:

Agenda

- Board of Directors report on the Company's operations for fiscal year 2023;
- Auditors' report on the financial statements for fiscal year 2023 and elements for determining the remuneration of the participating stocks;
- Determination of the annual remuneration of the holders' representative; Powers to carry out formalities.

To attend or to be represented at this Meeting:

- The holders of registered participating stocks must be registered in the account kept by the Company no later than the date of the General Meeting.
- The holders of bearer participating stocks must prove within the same deadlines to the financial intermediary responsible for managing their securities accounts, that their participating stocks are registered by means of a certificate (*attestation de participation*) issued by said intermediary.

The holders of participating stocks may request a proxy or postal voting form from Uptevia - Assemblées Générales - 90-110 Esplanade du Général de Gaulle 92931 Paris La Défense Cedex (France).

The shareholding certificate (*attestation de participation*) and proxy or postal voting form must be returned and received by Uptevia at the address indicated in the previous paragraph no later than Tuesday, May 28, 2024 at 3:00 p.m. (Paris time).

In accordance with Articles R. 22-10-24 and R. 225-79 of the French Commercial Code, notification of designation and revocation of a proxy, may also be done by e-mail (in addition to by mail), as follows:

- For the holders of registered participating stocks:** by sending an e-mail with an electronic signature obtained by them from an authorized third party certifier to the following e-mail address: Paris.cts.france.mandats@uptevia.com. This e-mail must contain the following information: name of the Company, date of the Meeting, last name, first name, address and identifier of the holders of participating stocks (available from Uptevia in charge of managing the participating stocks service) as well as the last name and first name and, if possible, the address of the appointed or revoked proxy;
- For the holders of registered participating stocks held through an intermediary and for the holders of bearer participating stocks:** by sending an e-mail with an electronic signature obtained by them from an authorized third party certifier to the following e-mail address: Paris.cts.france.mandats@uptevia.com. This e-mail must contain the following information: name of the Company, date of the Meeting, last name, first name, address and full bank account details of the holders of participating stocks, as well as last name, first name and, if possible, address of the designated or revoked proxy. Then, they will have to ask their financial intermediary managing their securities account to send a written confirmation to Uptevia - Assemblées Générales - 90-110 Esplanade du Général de Gaulle 92931 Paris La Défense Cedex (France) or an e-mail to: Paris.cts.france.mandats@uptevia.com.

For the due process of electronic designations or revocations of proxies, confirmation will have to be received by Uptevia at the latest on Tuesday, May 28, 2024 at 3:00 p.m. (Paris time). Designations or revocations of proxies processed by paper will have to be received by Uptevia at the latest on Tuesday, May 28, 2024 at 3:00 p.m. (Paris time).

The Board of Directors.

COMPANIES & MARKETS

Goldman marks 25 years of change since IPO

Chief executives past and present reflect on bank's growth and culture a quarter of a century after seminal moment in its history

JOSHUA FRANKLIN — NEW YORK

Goldman Sachs is celebrating 25 years as a public company. The Wall Street investment bank has not always wanted to act like one.

In the early years after the initial public offering, longtime chief financial officer David Viniar was said to privately joke that "disclosing the weather is too much information".

Goldman's IPO in May 1999 was a seminal moment for the then 130-year-old investment bank and its 221-strong partnership, which had already spent almost 15 years debating whether to seek public equity capital.

The firm plans to mark the occasion by assembling a replica of the New York Stock exchange balcony where then chief executive Hank Paulson rang the opening bell, so employees can take their own picture.

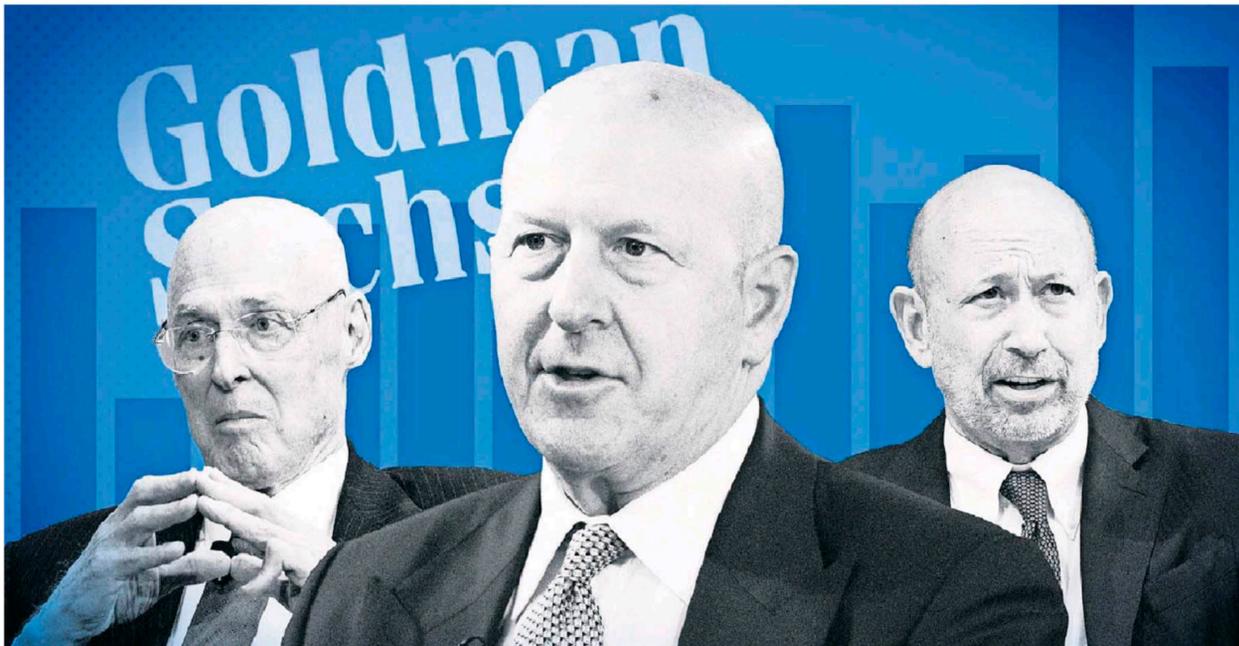
"The need for permanent capital made it inevitable we would go public," said Lloyd Blankfein, the second of just three chief executives of the bank since its IPO, and a partner before the float.

"We feared we would lose our distinctive partner culture that had propelled our success. Miraculously, that culture has largely survived, and still affects how people conduct themselves and meet their responsibilities," Blankfein told the Financial Times. "And the title still has cachet on the Street."

But being a partner in Goldman Sachs in 2024 no longer means what it once did. In the quarter of a century since the bank called time on its partnership structure and handed ownership of one of New York's most prestigious financial institutions to stock market investors, Goldman's bankers have sometimes struggled with the shift in accountability to outside shareholders.

In addition to Viniar's private joking, chief executives Paulson and Blankfein would not speak on earnings calls, while the bank did not set regular public financial targets.

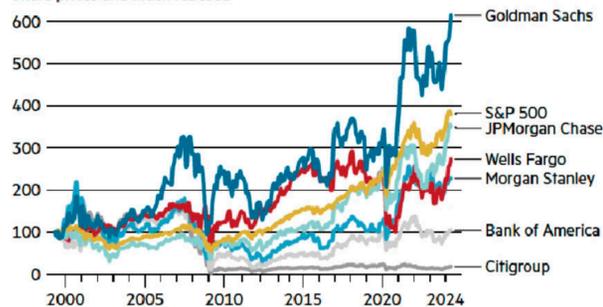
"The disclosures of Goldman after it became public would be laughable if it



The big three: from left, Hank Paulson, CEO at the time of the listing, current chief David Solomon and his predecessor Lloyd Blankfein — FT montage/Bloomberg/Getty Images

Goldman has been by far the best performer of the big six US banks

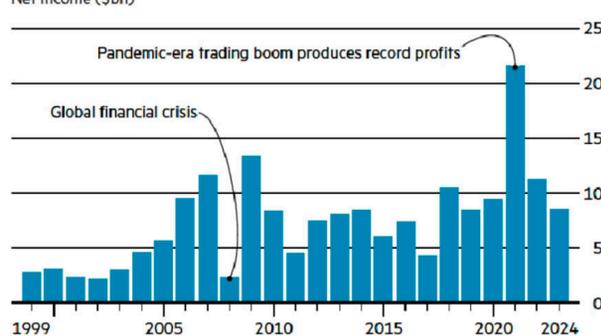
Share prices and index rebased



Sources: LSEG, S&P Capital IQ

Goldman's profits have been bumpy, but rising

Net income (\$bn)



In 2008, Goldman changed its fiscal year end from November to December

an opportunity for the stock to rise in the pricing, we had to show we had priced it responsibly," said Dan Dees, who as a young investment banker worked on Goldman's IPO and now co-runs its banking and markets division.

Another person familiar with the roadshow said Paulson had made clear that the deal could never trade below its IPO price. "Lehman, Morgan Stanley, Bear [Stearns] were all waiting to say these guys couldn't even do their own IPO," the person said.

In other ways the firm — and Wall Street — have changed far more fundamentally over the past 25 years. Of the 13 underwriters on its equity offering, only three — Morgan Stanley, JPMorgan and Goldman itself, which led the float — have avoided being subsumed into other financial institutions.

"Look at how many of our competitors don't exist any more," said Goldman partner Tim Ingrassia, one of only six current Goldman employees who was a partner at the time of the IPO.

The firm still bestows the title of partner on its 400-odd most senior employees, with a new class made up every two years. But even after 25 years, only 19 per cent of its partners are women — up from 6 per cent at the time of the IPO.

The float handed a windfall to the class of pre-IPO partners that not even Solomon, who joined the bank months after Goldman listed, can rival.

Solomon told the FT that his predecessors Paulson, Jon Corzine "and the partners at the time made the right decision".

He said: "You have to evolve and grow, but the remarkable thing is how they set us up to retain our partnership culture. We worked very hard to ensure that being a partner here is aspirational and that partners continue to contribute to our culture of excellence."

But for selling the bank, the pre-IPO partners received just under 265mn shares, worth about \$14bn in total or \$63mn for the average partner. Paulson's stake was worth \$219mn at the IPO price, while the shares of Corzine were worth more than \$230mn.

"The result was there were partners that were worth more than they ever expected," said one Goldman banker who worked at the firm during the IPO. Goldman's stock has since risen around eightfold. The \$14bn of shares would be worth about \$113bn today.

By comparison, Solomon's shares in Goldman are worth about \$66mn.

Perks for new partners today include special access to funds managed by Goldman, a guaranteed salary of \$1mn, plus a bonus, an annual private gathering, and funds to donate to charity through the bank's philanthropic arm.

The IPO bred a dynamic of "haves and have nots" between the partners who had benefited from the public share sale and the more junior employees who had no equity interest in the firm, according to people who worked at Goldman at about that time.

Part of the work by Paulson was to reward younger employees who were top performers.

Another ex-Goldman employee said: "There was a clear emphasis from [Paulson] to make sure the organisation benefited from the talent that was there that had not benefited from the windfall of the IPO."

Paulson told the FT: "Goldman Sachs needed to grow significantly to meet the needs of our investing and corporate clients — the elephant was becoming too big for the partnership tent. We were solving for size and capital, and we needed to do so in a way that maintained our culture."

"We created a partnership structure within the public company and broadly shared the economic benefits across the firm," said the man who served as chief executive for seven years before he left to become US Treasury secretary.

"It went seamlessly. In the ensuing years, we increased our position as the leading investment bank in the US, Europe and Asia, and we did so while maintaining a one-firm, teamwork culture."

Additional reporting by Mari Novik

THE BANKER

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An event from the Financial Times

wasn't so awful for investors," said Mike Mayo, research analyst at Wells Fargo who has tracked Goldman's stock for around two decades.

Insiders said Goldman's level of disclosure at the time was not particularly bad compared with peers such as Bear Stearns or Lehman Brothers, both of which failed in the financial crisis.

Still, "their disclosures lagged peers for a while, many years even after the IPO", said Jason Goldberg, a research analyst at Barclays who has covered Goldman for more than 10 years.

The bank's early success meant that it could afford to be more opaque. It wooed potential IPO investors in glitzy hotels including the Ritz. "That just shows the aspirational multiple they were looking for," recalled one investor.

For its first decade as a public company, it handed investors swashbuckling profits from its money-spinning investment banking and trading businesses. Profits tripled between 2000 to 2007. It is alone among the big six US banks in outperforming the S&P 500 over the past 25 years.

In the early years after its float, Wall Street analysts struggled to understand how the bank made its money. "It wasn't until John Waldron [bank president since 2018] that I actually had... a good meeting at Goldman Sachs," said Mayo. "Very nice and smart people, don't get me wrong. David Viniar is a star CFO. He just wouldn't answer questions in meetings. He'd talk and then at the end, like what did we get out of that? I don't think we got anything out of it. I think that was their goal."

The start of Goldman's second decade as a public company, in the depths of the 2008 global financial crisis, paled in comparison with the first — and opened it up to a far harsher regulatory spotlight as it switched from a brokerage firm to a bankholding company.

When David Solomon became chief in 2018, his "mandate was to make Goldman function more as a public company

even though it had been public already for two decades", said Mayo.

Solomon has tried to make the bank more shareholder friendly, hosting its first investor day four years ago and speaking on quarterly results calls.

Still, if analysts now understand how Goldman makes its money, in recent years it is the bank that has grappled with how best to generate it for investors. Following the 2008 financial crisis, the bank wound down its proprietary trading arm. For several years, Goldman kept wagering its own capital on investments such as private equity and real estate. It is now in the process of paring back that business to make its earnings less volatile.

Instead, it has sought more predictable earnings elsewhere. A foray into

'Goldman Sachs needed to grow significantly... the elephant was becoming too big for the partnership tent'

consumer lending, with the launch of its Marcus brand in 2016 and the subsequent \$1.7bn purchase of online lender GreenSky, later written down, proved an expensive misjudgment. The bank is now emphasising its growth in asset and wealth management franchise: a move its longtime rival Morgan Stanley made more than a decade ago.

Goldman makes money today largely as it did before its IPO: from investment banking, trading and managing money for the wealthy.

It also managed its own IPO in the way it has managed countless others for clients in the years since. It priced the shares astutely, towards the top of its target range, but sufficiently low to allow a pop of more than 30 per cent on the first day of trading on the New York Stock Exchange on May 4, 1999.

"After years of telling clients to leave

The top seat Those leading the way since the bank went public

Hank Paulson

Henry "Hank" Paulson started at Goldman in 1974 having worked in Washington at the Department of Defense and in the Nixon administration. An investment banker, he was early in pushing Goldman into expanding its presence in China.

He became co-chief executive with Jon Corzine in 1998 but the partnership was shortlived — Corzine quit Goldman within the year, leaving Paulson alone at the helm when Goldman completed its IPO in 1999. Paulson left Goldman in

2006 to become Treasury secretary under George W Bush.

Lloyd Blankfein

Lloyd Blankfein entered Wall Street with the commodities trading business J Aron, which Goldman bought. He became a partner in 1988 and president in 2003, emerging as Paulson's heir apparent. Barely a year after he was appointed chief executive in 2006, Blankfein steered the bank through the mortgage market crisis, when Goldman was accused of profiting from the turmoil through a "big short".

He won credit internally for defending Goldman from public criticism but Blankfein's bet that the trading business would bounce back

failed to materialise during his tenure, which ended in 2018.

David Solomon

After stints at Drexel Burnham and Bear Stearns, David Solomon joined Goldman in 1999 as a partner to help run the firm's leveraged finance business. He later co-ran investment banking before becoming co-president in 2017 alongside Harvey Schwartz in what was viewed as a two-way battle to succeed Blankfein. Solomon won in 2018 and set about making Goldman a more shareholder-friendly company with more durable earnings. But his misjudged push into consumer lending and DJ-ing appearances have been controversial inside the bank.

COMPANIES & MARKETS

Energy

Mubadala plans Brazilian biofuels project

Abu Dhabi asset manager's \$13.5bn investment comes amid wider bet on country

MICHAEL POOLER — SÃO PAULO
CHLOE CORNISH — DUBAI

Abu Dhabi's Mubadala Capital intends to invest about \$13.5bn in a biofuels project in Brazil over the next decade, under broader plans for the country that include the creation of a new stock exchange.

The asset management arm of the Emirati sovereign wealth fund is increasing its bets on Latin America's largest economy, where its holdings span metro lines and medical universi-

ties to a majority stake in the local owner of the Burger King brand — alongside former US president Donald Trump's son-in-law, Jared Kushner.

In an interview with the Financial Times, Mubadala Capital's head of Brazil, Oscar Fahlgren, revealed for the first time the full budget of its flagship scheme to produce renewable diesel and "sustainable" aviation kerosene, mainly using non-food plant matter.

The development by its energy company Acelen will comprise five \$2.7bn "modules", with the first due to begin production by the end of 2026. Each will consist of a new biorefinery with capacity to process 20,000 barrels of fuel per day, associated infrastructure and planted areas to grow the input crop.

"It's all about feedstock, [which] in reality is agriculture. And Brazil is probably the best-placed country on the planet when it comes to agricultural proficiency because of the climate and the fertile soil," said Fahlgren. "Brazil is to agriculture what Abu Dhabi is to oil."

The initiative will also include the conversion of an existing oil refinery in the north-eastern Brazilian state of Bahia acquired from state-controlled Petrobras in 2021.

An expected total amount of \$13.5bn is to be funded through a mix of equity and debt over a period of five to 10 years, said Fahlgren.

The group had previously only announced the estimated cost for the development's initial module.

Mubadala Capital's bioenergy play will build on its \$6bn of investments in the country, which represents about a quarter of the group's global portfolio.

Two-thirds of its capital in Brazil is from outside investors, with the remainder from parent organisation Mubadala. Its focus there is on businesses in situations of complexity or distress.

The eponymous sovereign fund first entered the South American nation in 2012 with a \$2bn investment backing former tycoon Eike Batista, once one of the world's wealthiest people before the meltdown of his energy and commodities empire the following year.

In the fallout, Mubadala ended up as the main creditor of Batista's holding group EBX and took ownership of

several of his assets, including stakes in ports and mines. Today its portfolio includes a company that organises the São Paulo Formula One Grand Prix. Fahlgren described Mubadala's approach in the country as "contrarian", having remained through economic and political crises in the past decade.

"We've been very active investing in Brazil, for the past 10-plus years, in an environment where most foreign investors have been shying away," he said.

Another focus is Zamp, which franchises Burger King restaurants in Brazil. Mubadala Capital has steadily increased its stake to 58 per cent and recently elected a majority of seats on the board.

It is also involved in talks for a proposed new football league in Brazil.

Sport

Everton FC bidder 777 accused in fraud lawsuit

SAMUEL AGINI, IAN SMITH
AND DAN MCCURRY — LONDON

Everton Football Club bidder 777 Partners has been accused by one of its lenders of a fraud running into hundreds of millions of dollars, as two insurers sued a specialist rating agency in an effort to prevent a downgrade linked to their exposure to the group.

A lawsuit filed in a federal court in New York on Friday by Leadenhall Capital alleges that 777 owes more than \$600m in debt to the London asset manager and a related investment company, Leadenhall Life.

Leadenhall is seeking damages after accusing 777 and co-founder Josh Wander of pledging more than \$350m in assets that "either did not exist, were not actually owned by Wander's entities, or had already been pledged to another lender". A spokesman for 777 declined to comment.

Leadenhall said its "primary consideration has been and continues to be maximising return for our investors, which is why we are taking formal legal action on behalf of our investors against 777 Partners and its affiliated companies".

The lawsuit raises further questions about 777's ability to close the Everton deal following months of delays. Backed by Bermudian reinsurer 777 Re, 777 has acquired a portfolio of football club investments, including Genoa in Italy, Vasco da Gama in Brazil, Hertha Berlin in Germany and Standard Liège in Belgium. 777 had aimed to complete the acquisition of Everton by the end of last year but it is yet to obtain approval from the Premier League.

The group has come under scrutiny from regulators, rating agencies and the media. The firm's ties to A-Cap, an insurance group led by Kenneth King, have also raised concerns.

Leadenhall's complaint alleged that A-Cap was the "Wizard of Oz behind the 777 Partners' curtain". Wander allegedly "disclosed on calls" that A-Cap had a first-priority "all asset lien" over 777's assets.

However, A-Cap, which has been told by US regulators to slash its exposure to 777, said Leadenhall's claims were "sensational and unfounded" and represented "yet another desperate attempt by Leadenhall to elevate its collateral seniority and seek payment from A-Cap while undermining A-Cap policyholders". The insurance group said it would "vigorously defend itself against these baseless allegations".

In a separate lawsuit filed last month, Atlantic Coast Life Insurance and Sentinel Security Life Insurance, part of A-Cap, asked a New Jersey court to stop specialist insurance rating agency AM Best from "issuing the rating it has prepared" and to force the agency to recalculate it. The insurers accused the rating agency of a "fixation" with 777 Re, the Bermuda reinsurer linked to the Miami investment group.

A-Cap has been rushing to take back assets that it ceded to 777 Re through reinsurance transactions, after AM Best raised concerns about the quality of assets held by the reinsurer.

In a separate letter to the court, the plaintiffs' lawyers argued that the "very existence of [the insurers'] business hangs in the balance". AM Best did not respond to a request for comment.

Market questions. Week ahead

BoE inflation split ignites debate over rate-cut timing

How divided is the Bank of England's policy committee?

The Bank of England is expected to keep interest rates steady at a 16-year high of 5.25 per cent on Thursday but traders will be on the lookout for signs of a possible cut next month.

Rob Wood, chief UK economist at Pantheon Macroeconomics, expects the BoE to signal that it plans "to cut interest rates faster and by more than markets are currently pricing".

Swaps markets have sharply scaled back their expectations for interest rate cuts this year, removing nearly 1.5 percentage points' worth of cuts by the end of 2024, on fears that inflation may linger. But the Monetary Policy Committee has been split over how soon to lower rates, with members Sir Dave Ramsden and Huw Pill offering different assessments over the outlook for inflation.

Sanjay Raja, economist at Deutsche Bank, expects Ramsden to vote for a rate cut after he said inflation could hold around the BoE target of 2 per cent for the next three years. That forecast is more benign than the BoE's current inflation outlook, which forecasts a rise by the end of the year. The meeting will "set the stage for a June rate cut", said Raja.

Official data released on Friday is also expected to show that the BoE's February forecast about economic growth in the first three months was too gloomy. While the bank forecast the economy at near stagnation with a 0.1 per cent increase compared with the previous quarter, analysts polled by Reuters forecast a stronger 0.4 per cent expansion.

Either way, a positive change in GDP would officially mark the end of last year's technical recession.

Valentina Romeli

Will Australia signal a change in interest rate outlook?

Economists are expecting a change of tone from the Reserve Bank of Australia when its meeting ends tomorrow, after economic data all but erased hopes of early interest rate cuts.

The annual consumer price inflation figure of 3.6 per cent for the first quarter provided further evidence that price growth was easing towards the RBA's target band of 2-3 per cent. However, it was above market expectations of 3.5 per cent. That prompted some economists to argue that the central bank's



The Bank of England's February forecast on UK growth may have been too gloomy, data released this week is expected to show

Charlie Bibby/FT

strategy was not working. Judo Bank's Warren Hogan, who called the RBA's moves in 2023 better than his peers, now expects that there will be three interest rate rises in 2024. That would push Australia's 4.35 per cent interest rate above 5 per cent, and closer to rates in the UK, US and New Zealand.

Rabobank also joined the hawks with a forecast of two more hikes to 4.85 per cent. HSBC said that the inflation data had moved the calculus of an interest rate change towards up rather than down.

Others were less sure, citing the impact of demand for tickets to Taylor Swift's Australian tour this month on retail data. That would give the RBA more time to sit on its hands.

Yet for all the excitement, the May

meeting is likely to leave rates where they are, with economists pencilling in potential hikes from August. Instead, all eyes will be on the outlook and how the RBA manages expectations. Nic Fildes

What will corporate earnings tell us about US consumer confidence?

First-quarter earnings reports will continue this week, and updates from companies including AB InBev, Tyson Foods and Disney should give investors some insight into the health of US consumer spending and the economy.

Corporate earnings for the first three months of the year have been relatively strong, with big blockbuster reports from the likes of technology giant Apple. But elsewhere there are some signs of stress. Starbucks last week

Earnings reports in the US suggest consumer spending in some segments may be weakening

reported a big miss in sales and profit, with same-store sales down 5 per cent. The company's stock has fallen by roughly 16 per cent since the release.

While the chief executive blamed bad weather and a weak economic outlook, the results suggested that consumption — at least in some segments of the economy — may be starting to weaken. Reports in mid-May from Walmart and Target, two of the biggest US retailers, will give more evidence of consumer trends.

Other consumer-facing brands, including AB InBev, the maker of Budweiser beers, and Tyson Foods, one of the largest meat producers in the US, may offer some insight. Both companies are expected, by Zack's Research, to report strong earnings. Kate Duguid

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UK COMPANIES

Retail & consumer

Asda owners' deal added £1.5bn in liabilities

Issa brothers and TDR used leasebacks and property sales to finance EG buyout

ROBERT SMITH

Asda's owners created nearly £1.5bn of new liabilities, which are not counted in the supermarket chain's headline debt figures, to finance a buyout of a petrol-stations business that they also control.

Asda last year announced a £2bn takeover of the UK and Irish operations of EG Group.

Both businesses are owned by private

equity firm TDR Capital and the billionaire Issa brothers.

While Asda described the EG deal as "leverage neutral" – meaning it would not increase its debt-to-earnings ratio – documents accompanying a new bond sale show this was achieved by creating other forms of liabilities that do not count towards its £4.84bn debt load.

This included raising £646mn from selling off properties and leasing them back, £400mn from borrowing against ground rents and a further £401mn from a shareholder loan that recycled proceeds from a previous property deal.

These transactions all happened last

year and were in addition to a £684mn loan from private capital firm Apollo that did count towards Asda's debt figures. The deals are the latest examples of the financial engineering that TDR and the Issa brothers have used to build their retail and petrol-pump business, having bought Asda in 2021.

Asda told the Financial Times that the "structure of the [EG] deal was clearly communicated to all financial stakeholders at the time", that its financial reporting was "very consistent" and followed an accounting convention of subtracting lease and ground rent payments from its earning figures. The pro-

spectus for the new bond sale also confirms that £401mn of equity contributed by TDR and the Issa brothers towards the EG deal was in fact a loan they extended to Asda using proceeds from an earlier sale and leaseback.

Lenders and rating agencies consider it as equity because it would rank behind other debt in an insolvency.

Asda said that it "clearly told investors that the ground rent would be treated as a lease adjusted from debt", while confirming that the equity came from "cash proceeds" of "sale and leaseback of warehouse assets in 2021".

The group has also made increasing

use of supply-chain finance, a technique that has attracted scrutiny for creating debtlike obligations that are not classed as borrowing.

Its outstanding supply-chain finance liabilities have risen from £324mn in 2021 to £426mn in 2023.

Asda said that its disclosure on supply-chain finance "is very comprehensive and transparent", adding that this type of financing was also used under its previous owner, Walmart.

Last week, the company borrowed £2.85bn to refinance debt raised in its 2021 buyout, in a deal that will reduce its overall debt load by £340mn.

Financials

BlueCrest set to expand trading teams after strong performance

COSTAS MOURSELAS — LONDON

Billionaire Michael Platt's BlueCrest Capital is planning to expand its number of trading teams by 10 per cent by the end of the year after a run of performance in which the family office has trounced many of its macro hedge fund rivals.

The secretive investment firm is in talks with 30 portfolio managers across the industry, according to a person close to the matter, as a war for talent rages with multi-manager hedge funds such as Citadel and Millennium.

BlueCrest was once one of the world's biggest hedge funds, managing as much as \$36bn at its peak, before it returned investor capital and became a family office in 2015 after suffering losses and investor withdrawals in the early 2010s.

Without investors to answer to, the firm has been able to take more risk in the markets, an approach that has reaped rewards with performance that has beaten many of its hedge fund rivals. BlueCrest was up more than 20 per cent last year, according to the person, after gaining more than 150 per cent in 2022 by betting higher inflation and rates would hit bond values.

The family office is now hiring people to join its trading teams in macro, commodities, systematic strategies that involve trading with computers, and other areas.

BlueCrest now has roughly 170 "pods", industry jargon for trading

The popularity of multi-manager hedge funds has resulted in an escalating war for talent

teams, up from about 150 halfway through last year, according to the person. Pods can range from a single portfolio manager to a bigger team with multiple analysts, with an average size at BlueCrest of two investment staff.

The popularity of multi-manager hedge funds has resulted in an escalating war for talent, which could make it tricky for BlueCrest – which shares some characteristics with such firms – to hit its target for additional trading teams.

Multi-managers typically employ tens or hundreds of portfolio managers to trade a wide variety of strategies, all supervised by a centralised risk team, and have been the fastest-growing part of the hedge fund industry for the past few years.

One BlueCrest insider said that because the firm keeps the gains on its bets rather than using them to pay investors, it is able to pay more than competitors. While about two-thirds of the firm's trading teams are focused on macro-related strategies, Platt has worked to diversify its capabilities into other areas such as commodities.

Huge volatility in commodities including natural gas, nickel and oil during the pandemic convinced many hedge funds that it was a growth area. BlueCrest has outposts that trade commodities in Houston, Austin and Dubai.

BlueCrest employs about 600 people, including non-investment staff, with offices in locations such as London, New York, Jersey and Singapore.

BlueCrest declined to comment.

Oil & gas. Energy tariff

Levy steers North Sea producers into choppy waters

Small independent operators say they have taken brunt of pain from 75% tax on profits

LUKANYO MNYANDA

Investment in the North Sea has been hurt by a windfall tax on producers that also threatens to derail mergers needed to help the sector survive, industry bosses and analysts have said.

Shares in UK-focused producers have slumped despite a 30 per cent rise in the MSCI's global energy index since Russia invaded Ukraine in early 2022, and government data shows a big drop in their profitability.

While there has been an 8 per cent rise in the price of crude oil since the end of 2021, the gross operating surpluses of North Sea operators fell from £11.1bn in the third quarter of 2022 to £2.3bn in the final three months of 2023.

Britain brought in an "Energy Profits Levy" on oil and gas producers in 2022 with the aim of raising an initial £5bn, after an outcry over record profits at BP and Shell. In March, it was extended by a year to end in 2029. Including this 35 per cent levy, industry profits are now taxed at 75 per cent in the UK.

The smaller independent operators that mainly work the North Sea – after the majors retreated in recent years – say they have taken the brunt of the pain from the high tax rate because UK waters account for a bigger proportion of their operations. They argue that benefits from oil price movements since the start of the Ukraine war have generally accrued to the majors, which have diversified businesses, and trading companies. Many in the industry are worried about the future for investment in the UK's ageing basin.

"When I started out in this industry there were only major companies operating in the North Sea but in recent years they have all been moving out," said Mark Lappin, chair of Deltic Energy, who has spent more than 40 years in the industry.

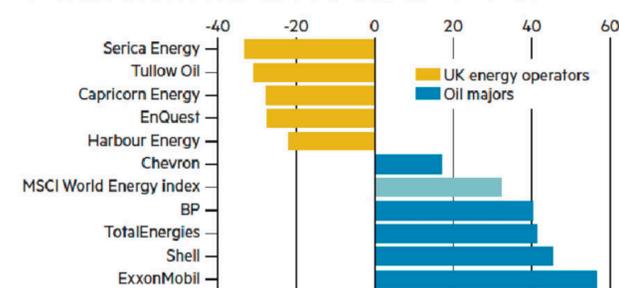
UK oil and gas production was a little more than 1.2mn barrels a day equivalent last year, its lowest since 1977, according to trade body Offshore Energies UK, which estimates that a further loss of investment in the sector could cost 40,000 jobs by the end of 2030. The body estimates that the industry supports 200,000 jobs, down from about 500,000 a decade ago.

"There are many [producers] that have exited, or are exiting the UK," said



UK energy operators have lagged behind oil majors since Russia invaded Ukraine

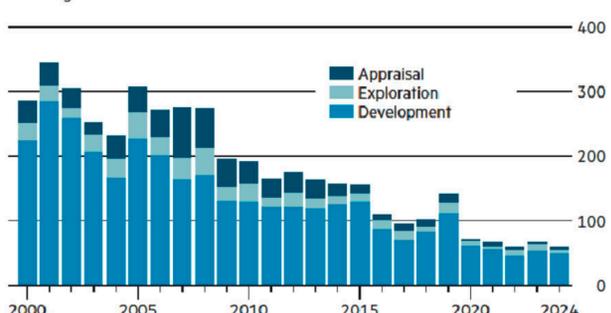
Share price performance in local currencies (% change since Feb 24 2022)



Sources: LSEG, OEUK

North Sea drilling activity has continued to decline

Oil and gas wells drilled



Uncertain tides: pessimism about future taxation changes has affected investment in the North Sea

Matthew Lloyd/Bloomberg

Amjad Bseisu, chief executive of independent operator EnQuest and a former UK business ambassador for energy. "The continuous decline in production and jobs isn't good from a macro perspective."

Energy consultancy Wood Mackenzie said buyers had shown "little appetite" to expand in or to enter the UK continental shelf and estimated that £16bn in potential investment could be lost because of uncertainty about tax policy.

The Labour party, which is currently favourite to win the next general election, has proposed increasing the total tax rate to 78 per cent and removing tax relief on new projects. The industry is likely to feature in election campaigning in Scotland as a weakened Scottish National party seeks to ward off challenges to its dominance.

In one of the few major deals in the UK North Sea since the introduction of the windfall tax, London-listed Ithaca Energy last month agreed to buy almost all of the UK upstream operations of

Italian major ENI for about £750mn. This includes the UK assets of Neptune Energy, which ENI agreed to buy last year for \$4.9bn.

Under the deal, ENI will receive a 38 per cent stake in the enlarged group. Chris Wheaton, oil and gas analyst at Stifel, said consolidation in the sector was an essential "defensive move" that would allow companies to combine resources and fund the decommissioning of old assets.

"The UK needs a national champion to manage the decline [in oil and gas production]," he said, adding that while two Norwegian groups – Equinor and Aker BP – accounted for about four-fifths of production in Norway, the top five in the UK were responsible for 45 per cent.

While Labour's proposed tax rate is the same as that in Norway, analysts argue that Norway has a less mature basin, which makes it cheaper to exploit, generous investment allowances and a tax regime that has not

'The continuous decline in production and jobs isn't good from a macro perspective'

changed for more than three decades.

UK-focused producers are trailing a 30 per cent rise in the MSCI World Energy Sector Index since the start of Russia's Ukraine invasion. Shares in Serica Energy are down 37 per cent, while Harbour Energy, the biggest independent UK producer, has lost 23 per cent.

Gilad Myerson, executive chair of Ithaca, said the prospect of unexpected changes in taxation meant it was "easier to do mergers" than pursue acquisitions that are funded with cash.

Australia-listed Hartshead Resources, one of the smallest producers in the North Sea, said this year that it had cut jobs on a gas project in the North Sea because of uncertainty about taxes. Chris Lewis, chief executive, told the Financial Times the group had delayed awarding contracts for the project. "That has a direct impact on jobs, on supply chain companies in the UK, and on receipts to the exchequer because if you delay our gas production, you delay us paying tax on it."

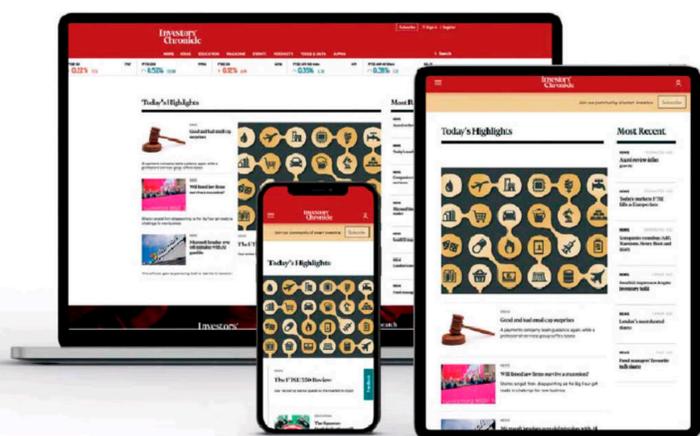
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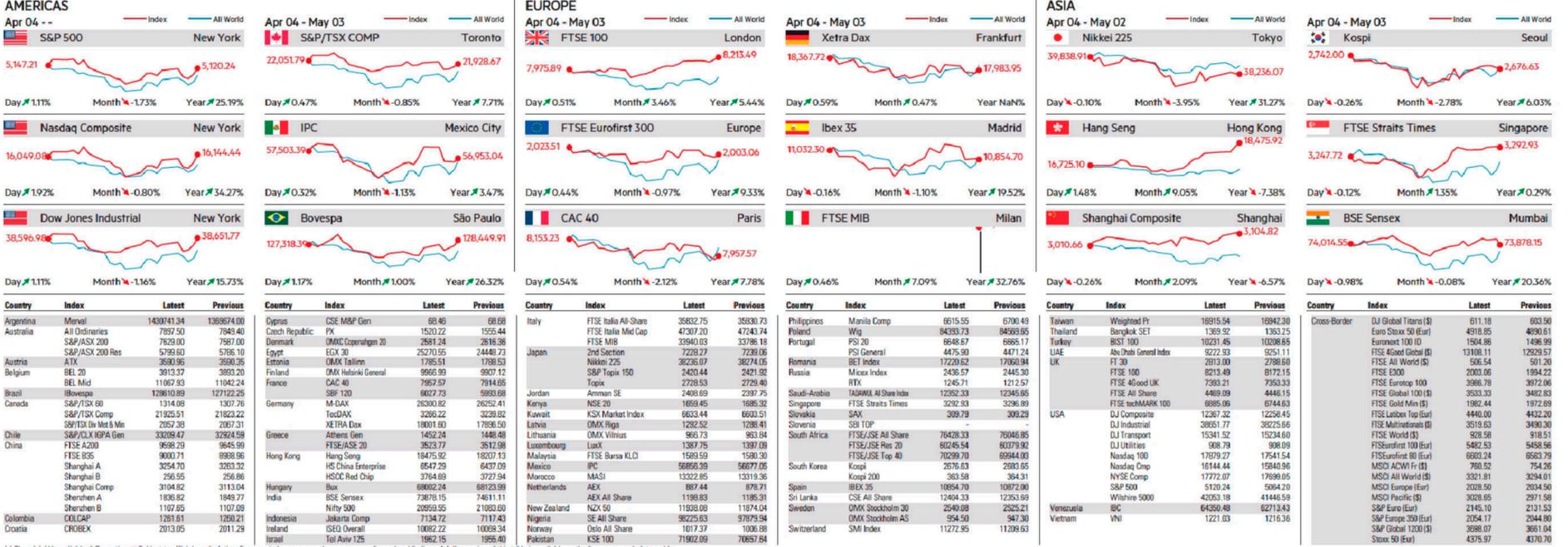


*Excluding Alpha, Opinion and Ideas articles

WORLD MARKETS AT A GLANCE



Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison



(U) Unavailable. (D) Down. * Subject to official verification. For more index details please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

Table with columns for AMERICA, LONDON, EURO MARKETS, and TOKYO, listing stock symbols, prices, and percentage changes.

UK MARKET WINNERS AND LOSERS

Table with columns for FTSE 100, FTSE 250, FTSE SmallCap, and Market Sectors, listing company names and percentage changes.

CURRENCIES

Table showing currency exchange rates for DOLLAR, EURO, and POUND against various global currencies.

FTSE ACTUARIES SHARE INDICES

Table listing FTSE Actuarial Share Indices with columns for index name, closing price, and daily change.

FT 30 INDEX

Table showing FT 30 Index performance metrics including closing price, daily change, and volume.

FTSE SECTORS: LEADERS & LAGGARDS

Table listing FTSE Sector Leaders and Laggards with columns for sector name and percentage change.

FTSE 100 SUMMARY

Table providing a summary of FTSE 100 performance, including closing price, weekly change, and volume.

UK RIGHTS OFFERS

Table listing UK Rights Offers with columns for company name, offer type, and amount.

UK COMPANY RESULTS

Table listing UK Company Results with columns for company name, turnover, and profit.

UK RECENT EQUITY OFFERS

Table listing UK Recent Equity Offers with columns for company name, offer type, and amount.

UK STOCK MARKET TRADING DATA

Table listing UK Stock Market Trading Data with columns for market index, volume, and turnover.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table with 10 columns: Stock, Price/Week, High, Low, Yld, P/E, MCap. Lists top 500 companies across various regions including Australia, Brazil, Canada, China, Europe, India, Japan, Korea, Latin America, Middle East, North America, and South America.

FT 500: TOP 20

Table with 5 columns: Stock, Price, Prev price, Change, Day, Week, Month. Lists top 20 companies by market cap.

FT 500: BOTTOM 20

Table with 5 columns: Stock, Price, Prev price, Change, Day, Week, Month. Lists bottom 20 companies by market cap.

BONDS: HIGH YIELD & EMERGING MARKET

Table with 10 columns: May 03, Red date, Coupon, Ratings, Bid, Bid chg, Day's chg, Mth's spread, Prev, Mth's yield, Spread vs. Lists high yield and emerging market bond data.

BONDS: GLOBAL INVESTMENT GRADE

Table with 10 columns: May 03, Red date, Coupon, Ratings, Bid, Bid chg, Day's chg, Mth's spread, Prev, Mth's yield, Spread vs. Lists global investment grade bond data.

BONDS: BENCHMARK GOVERNMENT

Table with 10 columns: Red date, Coupon, Bid, Bid chg, Day's chg, Wk chg, Mth's yield, Prev, Mth's yield, Spread vs. Lists benchmark government bond data.

GILTS: UK CASH MARKET

Table with 10 columns: May 03, Price, Yield, Change in Yield, Change in Month, 52 Week, Mth's yield, Ann. Lists UK gilt market data.

INTEREST RATES: OFFICIAL

Table with 5 columns: May 03, Rate, Fed Funds, Treasury, Since, Last. Lists official interest rates.

BOND INDICES

Table with 5 columns: Index, Day's change, Month's change, Year, Returns, Return. Lists various bond indices.

COMMODITIES

Table with 5 columns: Energy, Brent, Natural Gas, Base Metals, Precious Metals. Lists commodity prices.

BONDS: INDEX-LINKED

Table with 5 columns: Price, Yield, May 03, Yield, Return, No of. Lists index-linked bond data.

BONDS: TEN YEAR GOVT SPREADS

Table with 5 columns: Bid vs, Spread, Bid vs, Spread, Bid vs, Spread. Lists ten-year government spreads.

GILTS: UK FTSE ACTUARIES INDICES

Table with 5 columns: Price Index, Price, Yield, Return, Yield. Lists UK FTSE actuaries indices.

INTEREST RATES: MARKET

Table with 5 columns: May 03, Over, Change, One month, Three month, Six month, One year. Lists market interest rates.

MARKET INDEXES

Table with 5 columns: Index, Day's change, Month's change, Year, Returns, Return. Lists market indices.

COMMODITIES

Table with 5 columns: Energy, Brent, Natural Gas, Base Metals, Precious Metals. Lists commodity prices.

BONDS: INDEX-LINKED

Table with 5 columns: Price, Yield, May 03, Yield, Return, No of. Lists index-linked bond data.

BONDS: TEN YEAR GOVT SPREADS

Table with 5 columns: Bid vs, Spread, Bid vs, Spread, Bid vs, Spread. Lists ten-year government spreads.

GILTS: UK FTSE ACTUARIES INDICES

Table with 5 columns: Price Index, Price, Yield, Return, Yield. Lists UK FTSE actuaries indices.

COMMODITIES

Table with 5 columns: Energy, Brent, Natural Gas, Base Metals, Precious Metals. Lists commodity prices.

BONDS: INDEX-LINKED

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FINANCIAL TIMES SHARE SERVICE

Main Market

Main Market table with columns for Sector, Price +/- Week, High, Low, Yld, P/E, and Vol. Includes sub-sections for Aerospace & Defence, Automobiles & Parts, Banks, Chemicals, Construction & Materials, Electronic & Electrical Equip, Financial General, Food & Beverages, Health Care Equip & Services, House, Leisure & Prg Goods, Industrial Equipment, Insurance, Leisure, Media, Mining, Pharmaceuticals & Biotech, Real Estate, Retailers, Support Services, Tech - Software & Services, Telecomunications, Tobacco, Travel & Leisure, and Utilities.

AIM

AIM table with columns for Sector, Price +/- Week, High, Low, Yld, P/E, and Vol. Includes sub-sections for Aerospace & Defence, Banks, Basic Resource (Ex Mining), Chemicals, Construction & Materials, Electronic & Electrical Equip, Financial General, Food & Beverages, Health Care Equip & Services, House, Leisure & Prg Goods, Industrial Equipment, Insurance, Leisure, Media, Mining, Pharmaceuticals & Biotech, Real Estate, Retailers, Support Services, Tech - Software & Services, Telecomunications, Tobacco, Travel & Leisure, and Utilities.

Investment Companies

Investment Companies table with columns for Conventional (Ex Private Equity), Price +/- Week, High, Low, Yld, NAV, and Div. Includes sub-sections for Conventional (Ex Private Equity), FT Global 500 company, FT Global 100 company, FT Global 250 company, FT Global 500 company, FT Global 1000 company, FT Global 1500 company, FT Global 2000 company, FT Global 2500 company, FT Global 3000 company, FT Global 3500 company, FT Global 4000 company, FT Global 4500 company, FT Global 5000 company, FT Global 5500 company, FT Global 6000 company, FT Global 6500 company, FT Global 7000 company, FT Global 7500 company, FT Global 8000 company, FT Global 8500 company, FT Global 9000 company, FT Global 9500 company, FT Global 10000 company.

asset value estimates and closing price. Discounts, premiums, gross redemption yield (GRY), and hurdle rate (HR) for share price (SP) and net asset value (NAV) are displayed as a percentage of the share price (SP) or net asset value (NAV) in pence.

The FT Share Service is a paid-for print listing service and may not be fully representative of all FTSE-listed companies. This service is available to all listed companies, subject to the Editor's discretion. For now sales enquiries please email data@ft.com.

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Closing prices are shown in pence unless otherwise indicated. Highs & lows are based on intra-day trading over a rolling 52 week period. Price/earnings ratios (PER) are based on latest annual reports and accounts and are updated with interim figures. PER is calculated using the company's diluted earnings from continuing operations. Yields are based on closing price and on dividends paid in the last financial year and updated with interim figures. Yields are shown in net terms; dividends on UK companies are net of 10% tax; non-UK companies are gross of tax. Highs & lows, yields and PER are adjusted to reflect capital changes where appropriate.

Trading volumes are end of day aggregated totals, rounded to the nearest 1,000 shares. Net asset value per share (NAV) and split analytics are provided only as a guide. Discounts and premiums are calculated using the latest cum fair net

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MANAGED FUNDS SERVICE

SUMMARY FT.COM/FUNDS

Summary table with columns: Winners - Europe ex-UK Equity, Losers - Europe ex-UK Equity, Morningstar Star Ratings, Global Broad Category Group - Commodities. Includes fund names, returns, and ratings.

Advertising Feature for TROY ASSET MANAGEMENT. Includes performance chart for Trojan Global Equity O Acc (May 2021 - May 2024), weightings as of 31/03/2024, and risk measures as of 30/04/2024.

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Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Lists various funds and their performance metrics.

Algebris Investments logo and branding.

Blue Whale Growth Fund logo and branding.

Brooks Macdonald logo and branding.

Dragon Capital logo and branding.

Dodge & Cox logo and branding.

Guinness Global Investors logo and branding.

Table of Algebris Investments funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Blue Whale Investment Funds ICAV with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Brooks Macdonald International Fund Managers Limited (JER) with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Dragon Capital funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Dodge & Cox Worldwide Funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Guinness Global Investors funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Antares European Fund Limited with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Brooks Macdonald International Fund Managers Limited (JER) with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Cantab Asset Management Ltd with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Edentree investment management logo and branding.

Findlay Park logo and branding.

Janus Henderson Investors logo and branding.

Table of Artemis Fund Managers Ltd (1200)F with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Brown Advisory Funds plc with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of CP Global Asset Management Pte. Ltd. with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Edentree Investment Management Ltd with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Foord Asset Management logo and branding.

Table of Janus Henderson Investors funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Ashmore logo and branding.

Table of CG Asset Management Limited with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of CP Capital Asset Management Limited with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Euronova Asset Management UK LLP with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Fundsmith Equity Fund logo and branding.

Table of Foord Asset Management funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Ashmore Group funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Candriam logo and branding.

Table of DWS funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Fidelity International logo and branding.

Table of Fundsmith LLP (1200)F with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

LAZARD ASSET MANAGEMENT logo and branding.

Table of Atlantias Sicav funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Candriam Investors Group funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Dodge & Cox Worldwide Funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Fidelity International funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Fundsmith LLP (1200)F funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

Table of Lazard Fund Managers Ltd (1200)F with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

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MANAGED FUNDS SERVICE

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
LGT Wealth Management (CI) Limited (JER) Sir Walter Raleigh House, 48-50 Esplanade, St Helier, Jersey, JE2 3QB FCA Recognised						
Volare Offshore Strategy Fund Limited						
Bridge Fund	£2.3164	-	0.0116	2.37	7.53	2.03
Global Equity Fund	£3.7027	-	0.0215	1.40	12.42	4.68
Global Fixed Interest Fund	£0.7457	-	0.0016	4.88	6.23	-3.10
Income Fund	£0.6692	-	0.0033	3.03	8.86	3.15
Sterling Fixed Interest Fund	£0.6844	-	0.0009	4.72	5.34	-4.78
UK Equity Fund	£1.9230	-	0.0128	3.31	0.50	-0.06



Mirabaud Asset Management (LUX)
www.mirabaud.com, marketing@mirabaud-am.com
Please find more details on our website: www.mirabaud-am.com

Regulated

Mir. - Glob Strat. Bd I USD	\$124.09	-	0.38	0.00	6.29	0.25
Mir. - DiscEur D Cap GBP	£185.78	-	0.57	0.00	10.55	-3.99

Lothbury Property Trust (UK)
155 Bathurstgate, London EC2M 3TD +44(0)20 3551 4900

Property & Other UK Unit Trusts

Lothbury Property Trust GBP	£1491.66	1470.96	-7.01	3.95	-10.58	-7.77
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M & G Securities (1200IF) (UK)
PO Box 90303, Cincinnati, OH 45290-0303
www.mandg.co.uk/charities/eng/Dealing: 0800 917 4472

Authorised Inv Funds

Charfund Inc	1500.45	-	9.79	5.71	7.69	5.54
Charfund Acc	2018.39	-	209.57	4.99	7.86	5.53
M&G Charities Investment Fund (UK) Inc	£1.08	-	0.00	-	3.38	-1.44
M&G Charities Investment Fund (UK) Ltd	£40.73	-	0.04	-	3.39	-1.44
M&G Charities Multi Asset Fund Inc	£0.91	-	0.00	4.25	6.37	5.54
M&G Charities Multi Asset Fund Acc	£115.76	-	0.37	3.84	6.38	5.54

MMIP Investment Management Limited (GSY)
www.mmip.com, marketing@mmip.com

Multi-Manager Investment Programmes PCC Limited

UK Equity Fd CIA Series 01	£3080.40	3080.41	-231.75	-	-2.98	13.94
Diversified Absolute Ret Fd USD D A2	£1988.02	-	45.93	-	-1.51	1.32
Diversified Absolute Return Sdg Call A2	£1573.00	-	-1.96	-	0.70	2.45
Global Equity Fund A Lead Series	£1742.16	1742.16	-5.31	-	-1.04	6.13

Marwyn Asset Management Limited (CYM)
www.marwyn.com

Marwyn Value Investors	£329.72	-	6.14	0.00	-	-7.17
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McInroy & Wood Portfolios

McInroy & Wood Portfolios Limited (UK)
Easter Alderston, Haddington, EH41 3SF 01820 825867

Authorised Inv Funds

Balanced Fund Personal Class Units	£182.50	-	10.00	1.40	2.78	4.25
Income Fund Personal Class Units	2940.30	-	3.60	2.40	4.70	4.89
Energy Markets Fund Personal Class Units	2067.50	-	6.50	1.48	-5.57	-1.85
Smaller Companies Fund Personal Class Units	£112.40	-	28.30	1.30	0.63	-5.34

MILLTRUST INTERNATIONAL

Milltrust International Managed Investments (ICAV) (IRL)
mim@milltrust.com, +44(0)20 8123 8316 www.milltrust.com

Regulated

Milltrust Global Emerging Markets Fund - Class A	£91.05	-	0.09	0.00	-1.19	-10.44
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Milltrust International Managed Investments SPC
mim@milltrust.com, +44(0)20 8123 8316, www.milltrust.com

Regulated

Milltrust Alaska Brazil Fund SFA	\$ 92.07	-	-3.29	0.00	14.08	5.86
Milltrust Laurium Africa Fund SFA	\$ 96.21	-	-1.40	0.00	-5.38	-4.36
Milltrust Marcellus India Fund SP	\$ 142.71	-	0.96	0.00	16.83	5.34
Milltrust Singular ASEAN Fund SF Frontiers	\$ 139.49	-	0.05	0.00	6.24	-6.71
Milltrust SPARK Korea Equity Fund SFA	\$ 132.30	-	1.80	0.00	21.05	-8.28
Milltrust Xingtai China Fund SFA	\$ 90.43	-	0.34	0.00	-11.40	-17.92
The Climate Impact Asia Fund SFA	\$ 69.77	-	-0.18	0.00	-12.91	-10.79



Ministry of Justice Common Investment Funds (UK)
Property & Other UK Unit Trusts

The Equity Index Tracker Fd Inc	2066.00	-	12.00	2.37	10.28	5.28
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Distribution Units

Ram Active Investments SA
www.ram-ai.com

Other International Funds

RAM Systematic Energy Markets Eq	€ 240.32	240.32	2.49	-	13.16	0.12
RAM Systematic European Eq	€ 587.80	587.80	-1.00	-	9.12	2.77
RAM Systematic Long Short European Eq	€ 169.96	169.96	0.69	0.00	13.91	3.94
RAM Systematic Long Short European Eq	€ 165.09	165.09	-0.05	-	11.43	5.16

Royal London (UK)
30 Finchhugh Street, London EC3M 4BY

Authorised Inv Funds

Royal London Sustainable Diversified A Inc	£ 2.57	-	0.01	1.33	10.24	2.23
Royal London Sustainable World A Inc	396.20	-	0.60	0.70	14.35	4.27
Royal London Corporate Bond Mkt Income	76.02	-	0.12	4.89	6.39	-2.45
Royal London European Growth Trust	227.10	-	0.40	1.61	7.01	6.70
Royal London Sustainable Leaders A Inc	851.80	-	7.50	1.44	7.45	5.96
Royal London UK Growth Trust	673.20	-	5.60	2.13	9.75	4.81
Royal London UK Income With Growth Trust	213.70	-	1.10	4.68	8.04	5.66
Royal London US Growth Trust	477.30	-	1.30	0.00	27.56	12.88

Additional Funds Available
Please see www.royallondon.com for details



Ruffer LLP (1000)F (UK)
2nd floor, 20-22 Bedford Row, London, WC1R 4EB
Order Desk and Enquiries: 0345 601 9610

Authorised Inv Funds

WS Ruffer Diversified Rtm C Acc	100.80	-	0.31	1.15	-1.97	-
WS Ruffer Diversified Rtm C Inc	97.81	-	0.31	1.17	-1.98	-
WS Ruffer Equity & General C Acc	608.56	-	-2.59	1.27	5.00	2.98
WS Ruffer Equity & General C Inc	542.42	-	-2.31	1.28	5.00	2.98
WS Ruffer Gold C Acc	296.54	-	-10.26	0.35	11.37	1.66
WS Ruffer Gold C Inc	178.72	-	-8.18	0.34	11.38	1.66
WS Ruffer Total Return C Acc	535.51	-	-2.00	1.99	-4.16	-0.50
WS Ruffer Total Return C Inc	323.03	-	-1.21	2.02	-4.16	-0.49



Rubrics Global UCITS Funds Plc (IRL)
www.rubrics.com

Regulated

Rubric Energy Markets Income UCITS Fund	\$ 140.56	-	0.43	-	1.07	-0.06
Rubrics Global Credit UCITS Fund	\$ 17.47	-	0.02	0.00	3.16	-0.75
Rubrics Global Fixed Income UCITS Fund	\$ 171.84	-	0.29	0.00	-0.73	-1.57

Scottish Friendly Asset Managers Ltd (UK)
Scottish Friendly Hse, 18 Blythwood Sq, Glasgow G2 4HJ 0141 275 5000

Authorised Inv Funds

Managed Growth	389.70	-	2.10	0.00	13.32	5.90
UK Growth	447.90	-	3.10	-	9.70	3.22



Prusik Investment Management LLP (IRL)
Enquiries: 0207 493 1331

Regulated

Prusik Asian Equity Income B Dist	£170.57	-	1.63	6.01	0.02	0.67
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SICO BSC (c) (BHR)
www.sicobank.com
+973 17515031

Regulated

Khalwa Equity Fund	\$ 652.21	-	-6.54	0.00	15.17	12.53
SICO Kingdom Equity Fund	\$ 40.85	-	-1.73	0.00	22.63	13.95
SICO Gulf Equity Fund	\$ 166.62	-	-0.93	0.00	8.63	10.02



Purisma Investment Fds (UK) (1200)F (UK)
2nd floor, 20-22 Bedford Row, London, WC1R 4EB
Order Desk and Enquiries: 0345 322 0044

Authorised Corporate Director - Waystone Management (UK) Limited

Global Total Fd PCG A	594.39	-	2.77	0.27	29.39	10.27
Global Total Fd PCG B	497.46	-	2.73	0.07	29.57	10.00
Global Total Fd PCG INT	486.95	-	2.67	0.00	29.34	9.72

Purisma Investment Fds (CI) Ltd (JER)

PCG B *	388.98	-	-1.99	0.00	28.09	6.00
PCG C *	375.34	-	-1.93	0.00	27.81	5.77

Stonehage Fleming Investment Management Ltd (IRL)
www.stonehagefleming.com/gbi
enquiries@stonehagefleming.com

Regulated

SF Global Best Ideas Eq B USD ACC	€ 267.91	-	1.78	0.00	10.10	0.45
SF Global Best Ideas Eq D GBP INC	€ 325.54	-	2.36	0.00	9.88	3.97



Superfund Asset Management GmbH
www.superfund.com, +43 (0) 247 00

Other International Funds

Superfund Green Gold	\$ 1084.12	-	-33.31	0.00	4.10	-9.12
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Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Superfund Green Silver	\$990.97	-	-23.91	0.00	-4.91	-15.84
Regulated						
Superfund Green USS	\$ 720.56	-	-24.36	0.00	-2.87	-13.63
Superfund Black Blockchain EUR	€ 16.88	-	-1.06	0.00	60.46	-
Superfund Gold Silver & Mining EUR	€ 10.77	-	-0.35	-	-	-

Thesis Unit Trust Management Limited (UK)
Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP

Authorised Funds

TM New Court Fund A 2011 Inc	£ 20.44	-	-0.03	0.24	9.23	1.36
TM New Court Fund - A 2014 Acc	£ 20.67	-	-0.03	0.26	9.25	1.36
TM New Court Equity Growth Fund - Inc	£ 22.75	-	-0.02	0.06	11.15	1.55



Toscalfund Asset Management LLP (UK)
www.toscalfund.com

Authorised Funds

Aptus Global Financials B Acc	£ 5.85	-	-0.01	3.80	12.86	10.89
Aptus Global Financials B Inc	£ 3.58	-	-0.01	3.93	12.86	11.22

Toscalfund Asset Management LLP (UK)
www.toscalfund.com

Tosca A USD	\$ 426.59	-	1.22	0.00	-9.14	7.51
Tosca Mid Cap GBP	£ 117.80	-	-0.64	0.00	29.93	-21.59
Tosca Opportunity B USD	\$ 252.81	-	-15.03	0.00	29.95	-19.96
Pegasus Fund Ltd A-1 GBP	£ 27.03	-	-0.23	0.00	-32.66	-22.42



Troy Asset Mgt (1200) (UK)
2nd floor, 20-22 Bedford Row, London, WC1R 4EB
Order Desk and Enquiries: 0345 608 0950

Authorised Inv Funds

Troyan Investment Funds						
Troyan Ethical Global Inc D Acc	106.09	-	-0.05	2.54	2.11	-
Troyan Ethical Global Inc D Inc	89.47	-	-0.04	2.59	2.11	-
Troyan Ethical O Acc	134.95	-	0.13	1.25	5.12	3.23
Troyan Ethical O Inc	132.86	-	0.12	1.46	5.33	3.30
Troyan Ethical Income O Acc	146.00	-	0.81	2.72	2.23	1.44
Troyan Ethical Income O Inc	117.19	-	0.66	2.79	2.23	1.44
Troyan Fund O Acc	400.47	-	0.38	1.03	2.60	3.00
Troyan Fund O Inc	319.94	-	0.31	1.04	2.61	3.00
Troyan Global Equity O Acc	574.98	-	1.45	0.22	15.42	6.44
Troyan Global Equity O Inc	472.84	-	1.20	0.22	15.42	6.43
Troyan Global Income O Acc	156.33	-	-0.18	3.08	-0.13	4.23
Troyan Global Income O Inc	124.59	-	-0.14	3.14	-0.13	4.22
Troyan Income O Acc	355.20	-	2.24	2.97	0.55	1.14
Troyan Income O Inc	167.49	-	1.06	3.05	0.55	1.14

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Guide to pricing of Authorised Investment Funds: (compiled with the assistance of the IMA, The Investment Association, Camomile Court 23 Camomile Street, London EC3A 7LL. Tel: +44 (0)20 7831 0898.)

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Different share classes are issued to reflect a different currency, charging structure or type of holder.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

Treatment of manager's periodic capital charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

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WORK & CAREERS

Grab your trainers, the non-doms are getting ready to run



Rutherford Hall
Critical Comms

Messages from the archive of Rutherford Hall, critical communications strategist

WhatsApp to Stephen: How was the meeting with Adidas?

WhatsApp to Stephen: Yes I can see how Rishi Sunak, Keir Starmer and Nigel Farage all being photographed wearing your trainers might be brand damage. It's the kind of publicity Nike just can't buy.

WhatsApp to Stephen: Well if they really want to put our politicians off we could play up the company's Nazi past.

WhatsApp to Stephen: Obviously I'm kidding. But is this really such a problem. No one pays attention to politics and anyway it's easily fixed with a few shots of fashionable people wearing them. Who cares about the British PM when a global figure like that bloke from *Love Island* wore them outside a nightclub? A dozen young celebs and it's job done.

WhatsApp to Stephen: But not Kanye
WhatsApp to Stephen: They could also spin it. Present all the polls with a new pair as they run for election. Make it into a joke. "So great even your dad will want to wear them." Or maybe just ignore it.

WhatsApp to Stephen: Speaking of

flashy trainers, I was at a dinner with three very high net worth types – all foreign of course – and all they could talk about were new non-domiciles' tax regimes. Both parties are promising a crackdown but the Labour one has really spooked them as it goes after their trusts and whacks them with inheritance tax. Apparently the City is facing the greatest emptying since 28 Days Later.

From: Rutherford@monkwellstrategy.com
To: Don@JohnGalt.net

Hi Don, Were happy to help. I like your ideas about appealing to people's sense of fairness but, truthfully, I don't think this is a public sympathy play. Political parties are not worried about a voter backlash over very rich foreigners paying more tax, even if the plans are absurdly simplistic. It needs to be sold as a threat to the economy. I'll speak to Henrik and Rohan too and work up a plan.

BTW that bike behind you wasn't a Lamborghini Impec was it? Sweet.

Best Rutherford
Find me on Strava, KoM Sydenham Hill, PR Al Jubailah/Bawdah Loop – 42 mins

WhatsApp to RichDon: You bastard. You stole my King of the Mountain title. Challenge accepted.

From: Rutherford@monkwellstrategy.com
To: Rohan@Ragnar.net.uk; Henrik@Ragnar.net.uk

Hi guys, we see this as about the damage to the UK's competitiveness and appeal to international money. These are globally mobile people who can live anywhere and could walk, taking their money, jobs and investment with them. Our first job is playing up that threat. Can you find some names of people leaving?

Best, Rutherford
Find me on Strava, PR Al Jubailah/Bawdah Loop – 42 mins

WhatsApp to RichRohan: Bloody hell, you too and 25 seconds faster than me.

WhatsApp to RichHenrik: Bad luck. Stick to the Peloton.

WhatsApp to Stephen: Will call later, got to take down these competitive hedges trying to steal my cycle crown.

WhatsApp to RichDon and RichRohan: [Screenshot] When you come at the king . . .

WhatsApp to Stephen: WFH today. Can barely move.

From: Rutherford@Monkwellstrategy.com
To: Richlist

Honestly, we cannot mobilise public sympathy. No one feels even slightly sorry for you. There is no sob story that

Labour has really spooked them. The City is facing the greatest emptying since '28 Days Later'

begins "Don is down to his last house in Kensington". But there is a play that worries politicians, Labour especially, if it seems they don't understand finance.

If we can't get people to go public with threats to leave, we need investment advisers talking about how many of their clients are already planning their exit, and relocating to Ireland or Italy. They'll want to help, as it's their business walking away.

But nothing will change before the election. Both sides need the revenue this won't actually raise to make their sums look like they add up. So we will work quietly for change afterwards. We have good contacts in Labour and we'll push for a fresh Treasury consultation and review of the likely impact. We can also commission outside research to show it won't make as much as they think because people will leave.

Goal one is to get them to revert to the Tory plan, which was their original idea before Jeremy Hunt stole it. This is a slow burn but, as with cycling, those who show early often fade early. Speaking of which, maybe stick to running. I know a guy at Adidas if you need some Sambas! Best, R
Find me on Strava, still KoM Sydenham Hill . . .

Messages recovered by Robert Shrimley

Work-life balance

US wages are higher but Europeans view time as more than money

Happiness, sustainability, innovation and life expectancy are among the factors shaping attitudes to jobs, writes *Simon Kuper*

Comparing Europeans and Americans is dangerous terrain, but recently Nicolai Tangen, head of Norway's giant oil fund, went there.

He told the Financial Times there was a difference in "the general level of ambition. We [Europeans] are not very ambitious. I should be careful about talking about work-life balance, but the Americans just work harder."

This has been said often before. In Franz Kafka's novel *Amerika*, published posthumously in 1927, the main character, Karl, travels from Europe to the US, where he meets a man who studies by night and is a salesman by day. "But when do you sleep?" asks Karl.

"Yes, sleep!" said the student. "I will sleep when I'm done with my studies. For the time being I drink black coffee."

Europeans and Americans do things differently.

Europeans have more time, and Americans more money. It is a cop-out to say which you prefer is a matter of taste. There are three fairly objective measures of a good society: how long people live, how happy they are and whether they can afford the things they need. A society must also be sustainable, as measured by its carbon emissions, collective debt and level of innovation. So which side does it better?

Americans, who typically have less paid holiday, notch up the equivalent of more than an hour of extra work every weekday, compared with Europeans: 1,811 annual hours per American worker in 2022, versus about 1,500 across northern Europe, bottoming out at 1,341 in Germany, according to the OECD. Because Americans are also more productive per hour worked than most Europeans, their average incomes are higher than in all European countries bar Luxembourg, Ireland, Norway and Switzerland.

Earning more is, in part, an American choice that is not shared by other nations. As economies advance, Americans have opted for more money. Europeans have stuck with the historical trend: once people rise above subsistence level, and have covered their needs, they tend to prioritise free time, rather than devoting their lives to maximising wealth.

As if making Tangen's point for him, HSBC's British chief executive, Noel Quinn, unexpectedly announced last week that he was stepping down, saying he needed "rest and relaxation" and a "better balance between my personal and business life" after an "intense five years" in the job.

In 1870, the average worker in industrialised countries put in more than 3,000 hours a year, calculated economic historians Michael Huberman and



FT montage/Dreamstime

Chris Minns. Today's Europeans do about half that.

Average hours per European worker have slipped further since the pandemic. "Men – particularly those with young children – and youth drive this drop," reported a recent IMF paper by Diva Astinova and others. It also noted: "Declines in actual hours match declines in desired hours." Today's young fathers seem to want to spend more time with their children (or at least feel they ought to). And surveys repeatedly show that millennials and Gen Z-ers want shorter hours.

This displeases strivers at the top of society such as Tangen, who tend to want everyone else to strive too. These people love their jobs, are well paid, employ home help and probably die wishing they had spent more time in the office. Emotionally, I have to admit, I am in this team. Through a recent series of ill-advised decisions, I am working seven days a week, and started writing this on a sunny Sunday afternoon.

However, workaholic strivers are

exceptions. Most people do not particularly like their jobs. Gallup, the pollster, publishes large-scale international studies of workplace engagement. American workers do express more enthusiasm about their jobs than Europeans. Yet even in American companies, reported Gallup last year, "only about 30 per cent of employees are truly engaged. Another 20 per cent are miserable and spreading their misery in the workplace, and 50 per cent are just showing up – wishing they didn't have to work at all – especially in this job."

Many Americans end up overworked and unhappy, albeit in big houses and cars

In short, most Americans would probably prefer European working hours. It is just that their employers, and the cost of health insurance, get in the way. The US offers big prizes for finishing top, and big punishments for finishing bottom. That is partly why Europe exports its most ambitious strivers there.

But few Americans win the big prizes. Many others end up overworked and unhappy, albeit in big houses and cars. In the latest World Happiness Report – a partnership between Gallup, the Oxford Wellbeing Research Centre and the UN – the US finished 23rd for self-reported happiness. Nordic countries took the top spots. As the Swedish political scientist Bo Rothstein observed: "It is now clear that, from the many societal models that have been tried since the breakthrough of industrialism, social research can point to a winner in terms of human wellbeing and this is the Nordic model."

Even Tangen seems to like it. He has taken enough leisure time to build up

the world's largest collection of Nordic modernist art (the sort of activity the typical New York hedge-funder would not do alone), and enjoys holidays in his summerhouse. It was from there or some other vacation spot that he posted an idyllic photograph on LinkedIn of a pizza poised above a fjord, beneath the text: "My hobby this summer is to recycle leftovers into lunch pizzas! Today is the all time favourite with prawns in garlic and chilli. Wow! Any suggestions for the rest of the week?" Life doesn't get more European than that.

Europeans also win on the most important indicator of societal success: longevity. Spaniards, for instance, are much poorer than Americans, yet live on average to 83, versus 77.5 for Americans. Even super-rich Americans only live about as long as the wealthiest Britons, despite being much richer.

There is a rightwing belief that the European good life of short hours and long pensions is unsustainable. European states will go bust, the argument goes, and then Europeans will have to work like Americans. The facts suggest otherwise. The US has a higher government debt-to-GDP ratio than almost all European countries: 123 per cent, nearly double that of work-shy Germany, and triple Norway, Sweden and Denmark, reports the IMF.

And the US is unsustainable in the most fundamental sense: carbon emissions. Americans use their extra wealth to buy more stuff than Europeans, and to drive more, use more air conditioning and so on. Consequently, the US's emissions were 13.3 tonnes per capita in 2023, against 5.4 for the EU, estimates the International Energy Agency.

True, the US produces more innovation, some of it beneficial. There is no European Google, Tesla or Facebook. Perhaps the global economy needs the US, or at least a few inventive bits of it – as long as you don't have to live there

Work Watch

Could ketamine be the next fix for workplace depression?



Emma Jacobs

Liz Kost had "never experimented" with ketamine, an anaesthetic with a reputation for being a party drug. But she decided to give it a try when she was offered it by her employer. "It was awesome," she says.

The experience was not for fun, but for therapeutic reasons. Dr Bronner's, the California-based organic toiletries company, where Kost is a marketing operations manager, provides fully paid-for ketamine therapy as part of its benefit package.

The offer coincides with a "dramatic growth in interest in ketamine-assisted psychotherapy over the past few years," says Jeffrey Zabinski, assistant professor of psychiatry at Columbia University Medical Center.

Ketamine has been approved by the US Food and Drug Administration for use as an anaesthetic since the 1970s. But more recently, specialist clinics have begun touting it as a mental health treatment. While it has not been widely approved by the FDA for these new purposes, it is legal for doctors, psychiatrists or in some states nurse practitioners to prescribe the drug "off label".

The perk arrived at a "desperate time" for Kost. "I had a pretty traumatic time as a child. I'd suppressed my emotions but when Covid hit . . . that uncertainty unearthed my traumas." She had anxiety attacks and couldn't sleep.

Kost initially sought more conventional psychotherapy, but after watching her company's founder Mike Bronner talk about the new benefit, she decided to give it a go. "He'd been open about depression in the past and [spoke about] how ketamine had helped."

Patients usually have three to six sessions through a specialist clinic, sometimes after being referred by another medical professional. Kost had six over a couple of weeks, with a booster session later.

More companies are looking to help employees with mental health, offering access to therapy or apps. Said Business School professor Sally Maitlis says employers' interest in ketamine is at best motivated by "real

concern" for depressed employees. But she warned it could also be part of a "scattergun approach", that avoids tackling complex root causes of mental ill health.

Kost first took the ketamine in lozenge form at home, supervised by a trusted adult and virtually-connected therapist. "I was terrified, I'd never done anything like this. Ketamine immobilises you. When you come from trauma you're not excited to be immobilised," Kost says. The home setting wasn't helpful. "All I could do was think about the laundry." Next, she had it intravenously in a clinic. "You sit in a big comfy armchair, they give you a weighted blanket, they hook you up, and play music. You spend an hour thinking about your life and people you love."

Ketamine, she says, helped her overcome her tendency to ruminate. "I call it a massage for the soul. It helps kick you out of your trauma," she says. "It puts you in a positive mood and mindset."

Allan Young, director of the Centre for Affective Disorders at King's College London, says there is evidence ketamine helps treatment-resistant depression. Among his patients suffering from it, up to half improved after taking a nasal spray derivative of ketamine, which is approved for use in many countries.

Sherry Rais, head of Enthea, a health insurance administrator that offers employers psychedelic treatment for staff, says new uses of ketamine are "widely considered normal, safe, and effective" – an example of "off-label" prescribing common in cases such as the drug propranolol, approved for heart conditions but often given for anxiety.

However ketamine comes with risks. The FDA warns of "sedation, dissociation, psychiatric events or worsening of psychiatric disorders". Abuse has been linked to bladder and heart problems. Last year, actor Matthew Perry, who had had ketamine-assisted therapy in the past, died accidentally from "acute effects of ketamine" according to the Los Angeles coroner. Young says this means it must "be part of a well formulated care package" following a "thorough assessment" by professionals.

Kost suspects most companies are too cautious for ketamine to become "a big business trend". But she remains an evangelist. "It's definitely worth it."



Nicolai Tangen, head of Norway's giant oil fund, still finds time to enjoy summer holidays

WORK & CAREERS

The CEO. József Váradi, Wizz Air

‘Crisis management became a constant’

Wars, soaring oil prices and engine troubles have thrown European airline off course, writes Philip Georgiadis

As Covid plunged the airline industry into chaos in 2020, the boss of Wizz Air made an audacious move. Sensing an opportunity for the European low-cost airline, József Váradi decided to expand – taking on new aircraft, scooping up take-off and landing slots and opening new bases – just as rivals were retrenching.

“I actually quite liked it,” Váradi remembers. “Yes, of course, we were not immune from the impact and our employees were affected, our consumers were affected, our operation was affected. But the strategic opportunity enlightened all of us that, you know, this is our time. The industry is moving backwards, we need to push forward.”

Váradi started his career in the “extraordinary, unprecedented opportunities” of the fall of communism in his native Hungary and spent 10 years working for US consumer goods company Procter & Gamble before briefly running his country’s state airline.

The entrepreneurial spirit that led him to launch Wizz in 2004, with backing from US investors, was evident from a young age. Váradi excelled at maths at school, and remembers, aged about nine, selling the answers to the day’s tests to classmates. “I bought my first soccer ball as a result, and I was so proud of it, because I don’t think the family could afford that.”

As London-listed Wizz expanded during the pandemic, it was dubbed “the last great growth story in European aviation” by one investment bank. In 2021, with its shares rising, the airline offered Váradi a £100mn bonus if he could more than double the stock price and curb Ryanair’s supremacy in Europe.

Then the problems started. Just as the rest of the industry was taking off again, Wizz was hit with multiple headwinds that combined to thwart its plans. “Too

‘I don’t think we gave sufficient credit for the morale impact of [staff redundancies]’

many black swans,” as Váradi puts it.

The airline has been disproportionately affected by the wars in Ukraine and Israel, as these countries make up a higher portion of its flight schedules than its rivals. Váradi had four planes stuck on the ground in Ukraine as the Russian assault began (one has been returned, two cannibalised for parts and one is still sitting in Kyiv).

Unlike other airlines, Wizz decided not to hedge against swings in the price of oil before Russia’s full-scale invasion sent prices soaring, meaning the airline was exposed to rocketing fuel bills.

But the final, and biggest, of the “black swans” hit last year when Airbus engine supplier Pratt & Whitney began recalling planes for inspections, amid concerns over contaminants in the powdered metal used to make their engines. Again, Wizz Air was the worst-hit airline in Europe.

“Everything almost felt unprecedented, relative to what we had been going through before. And the real issue was that most of these matters actually were unique to us, unlike Covid that affected the entire industry,” reflects the chief executive.

Váradi, who is now a long way from securing that £100mn bonus, with Wizz’s share price languishing at about £20, compared with the £120 target, says the company’s management team has been put through a “very steep learning process”, but has become more agile in responding to shocks. “Crisis management became a constant in the company. We used to be a very focused business, very focused management team . . . but we became even more focused, almost laser focused on some of the issues. We really became micro-managers,” Váradi says.

Wizz’s leaders held calls seven days a week at the start of the Ukraine crisis.

With the aircraft shortage expected to last two years, nearly as long as the pandemic disruption, Wizz has been forced to slow its growth plans and rip up flight schedules, carefully choosing how to deploy its remaining aircraft to fulfil the routes that are most profitable and have



József Váradi, who launched Wizz Air two decades ago, says that recent crises were a ‘very steep learning process’, but the airline has become more agile in responding to shocks — Akos Siller/FT

the strongest strategic advantages.

Some City analysts now doubt the growth plans are realistic, and Wizz’s troubles have been seized on by its rivals. Ryanair’s boss Michael O’Leary has written Wizz off as a challenger, and has taken to announcing “rescue fares” whenever Wizz retreats from a route.

Váradi is still working to a long-term target to grow Wizz’s passenger capacity by 20 per cent a year and have 500 aircraft by 2030, and has not ruled out hitting his bonus target. (Helpfully, the board gave him another two years, until 2028, last year.)

The chief executive, who says he recently calculated he was “in the air almost the same amount of hours per year as an average pilot”, admits he regrets the decision to sack 20 per cent of its workforce during the pandemic and has not laid off any more staff during the recent crises.

He stresses he has learnt the value of “people, loyalty and experience” – a tricky balance in an industry known for trying to keep its staff costs low and avoid unionisation.

“I think [the redundancies] kind of dented the morale of the company. We looked at it as an economic issue, or a financial issue. And I don’t think we gave sufficient credit for the morale impact of it. So that’s clear early learning, we have not fallen into the trap again,” he says.

Wizz employs about 8,000 pilots, cabin crew and other staff, up from

4,000 in 2020-21. It is still hiring, although this has slowed since the engine troubles.

Váradi has almost 25 years of experience in the airline industry but still casts himself as an outsider who benefits from a mix of entrepreneurial zeal and commercial nous, forged through his time at P&G. “It was an outstanding learning school. I still define myself as P&G, to be honest, and I’m still using most of my learning, most of the skills I picked up there in the business today.”

Váradi believes this background has given him an edge over executives who have spent their lives in aviation. He does not name anyone, but reading between the lines, under the Váradi school of management, most of his rivals are not perfectly suited to the job.

Chief executives who trained as pilots cannot make “objective decisions”, while engineers have been brought up in a “narrow, focused, deep-diving discipline” and do not have strategic experi-

‘I still define myself as P&G, to be honest, and I’m still using most of the skills I picked up there’

ence. “Finance guys . . . don’t have the entrepreneurial spirit, they tend to be conservative.”

Willie Walsh, the former boss of British Airways owner International Airlines Group; Lufthansa chief Carsten Spohr; current IAG boss Luis Gallego and O’Leary all fall into one of these categories. Váradi concedes “lots of people” will not share his views, but is adamant “you really need to put up a commercial guy”.

Váradi rarely discusses how his background in communist Hungary shaped him. He was born into relative poverty after his father was ostracised from stable work over his role in the Hungarian uprising in 1956, which was crushed by Soviet troops in less than two weeks.

“Those 10 days probably cost him 30 years,” Váradi says. “He was put in jail, beaten up, he was prohibited from proper jobs.”

His mother worked in a factory, and Váradi won a scholarship to one of Hungary’s top universities, which he estimates was worth more than his parents’ salaries at the time.

He is clear he had a happy childhood with a supportive family, but believes he has been motivated by the opportunities his father missed out on because of government repression.

“He had a lot more potential than he was able to materialise given those circumstances, and maybe that kind of became a driver in me. I felt that I ought to do something for the blood, to prove that we are worth more than what he ended up with.”

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Hip-hop masters of time and space

DANCE

Boy Blue
Barbican, London
★★★★★

Louise Levene

Hip-hop dominated the London dance menu last week. Sadler's Wells staged the 20th anniversary edition of the Breakin' Convention festival at the weekend but first came Boy Blue, whose *Cycles* premiered at the Barbican in London on Tuesday.

The two-part, 90-minute show is pitched as both a history and an analysis of the art form, focusing on the way the individual connects with the group in order to transmit (or acquire) new techniques. The piece showcases the company's phenomenal talents but the deliberate lack of formal structure – no complication, no resolution – can make it feel a bit like a floorshow.

Cycles, a co-production by the Barbican and New York's Lincoln Center, is choreographed by Olivier award-winning Kenrick "H2O" Sandy and former Boy Blue performer Jade Hackett, incorporating input from the dancers themselves.

The soundtrack by Sandy's co-director, Michael "Mikey J" Asante, supplies a drip-feed of pulsing drivetime rhythms. These are regularly interspersed with lyrical passages of keyboards and cooing voices which vary the mix and allow the seemingly tireless cast a welcome gasp of oxygen, but Asante's music, like the choreography, seems to resist any obvious shape.

The tight-knit group do a lot of close-order moshing, forming circles that unspool into lines and back again. Everyday gestures – a nod, a shrug, an interrogatory jerk of the head – are scaled up, repeated and nailed to the beat to become vital components in the dance.

The richly varied group dances and floor patterns are consistently interesting but hip-hop is all about its virtuosi. Sandy deploys Boy Blue's idiosyncratic



'Cycles', premiered at the Barbican by Boy Blue
Camilla Greenwell

talents with enormous skill, weaving their solo variations into the fabric of the dance rather than using them as applause machines.

The almost ritualistic ensembles are regularly interrupted by a soloist breaking ranks to display a move whose pace or direction is echoed and reworked by the surrounding ensemble. Kelsey "Hydro" Miller erupts into a horizontal spin, Corey Owens and Kyron "Nykro"

Jake fast-forward, rewind and freeze-frame with an almost CGI-like control of time and space, earning squeals of appreciation from a keen and responsive crowd.

The show is dressed by fashion stylist Matthew Josephs in quirky leisurewear – as if he had shuffled and dealt two dozen paper patterns among the nine performers. Jackets have two hoods; random tails and stray sleeves poke out from between multiple layers of fabric, a mad mix of sheers, matts and solids. The street references are clear but these outfits are always costumes, never merely clothes.

Lee Curran's slightly hyperactive lighting is a combination of sidelights and roving spots which create an ever-changing series of zones on the black floor, like the markings for an unknown game. Sudden shifts from yellow to chilly blue-white effect instant changes of mood and the constant expansion and contraction of the beams highlight the interaction between soloist and ensemble.

A lesser man – and a more cynical showman – would have capitalised on his dancers' skills with an encore of party pieces (a regular feature of hip-hop curtain calls) but Sandy closes with a *diminuendo* rather than a bang.

barbican.org.uk

On the trail of the people smugglers

PODCASTS

Fiona Sturges



was scared. It was so cold... I want[ed to] maybe die," says Marianne, who travelled to the UK with her parents after they paid smugglers to transport them across the English Channel in a dinghy. She was seven years old. When the vessel started to sink, they were rescued and taken to hospital where they were treated for hypothermia and burns caused by leaking engine fuel.

Marianne and her father are among the interviewees in a powerful and compassionate new BBC podcast *Intrigue: To Catch a Scorpion*, in which BBC journalist Sue Mitchell joins forces with ex-soldier and aid worker Rob Lawrie to investigate the booming trade in people smuggling. Their aim is to track down Barzan Majeed, who goes by the code name of Scorpion and who is head of a gang of international people smugglers. In 2022, in a court in Bruges, the Iraq-born Majeed was convicted in absentia of trafficking offences and sentenced to 10 years in prison.

But this is about more than one kingpin. Along with documenting the activities of traffickers who stand to make tens of thousands of pounds from each perilously overloaded boat, the series hears from the individuals and families who risk their lives to make the journey for the chance of a better life.

They include a young woman, now living in the UK, who spent

nine hours in the dark at sea after the boat she was on was blown off course; a passing ferry nearly caused them to capsize. She recalls the smugglers having guns and giving the youngest children sleeping medication so they wouldn't cry.

In recent years, Scorpion is said to have shifted his focus from boats to lorries, paying drivers vast sums to hide illegal migrants in their vehicles. "They're classed as VIPs because they're paying £16,000 each," says Lawrie. And so, in the third episode, we listen as our hosts stake out a pick-up point outside Calais where they find migrants hiding in the bushes waiting to be secreted inside a truck.

Mitchell and Lawrie make a terrific team: as well as bringing clear knowledge and a storytelling flair, their contacts – gathered over many years of reporting on the migrant crisis – are quite remarkable. They speak not just to asylum seekers but to police, who share transcripts of tapped phone calls, and to smugglers, whose testimony is voiced by actors.

The series is certainly timely, arriving less than a fortnight after five people, among them a child, died trying to reach the UK in a boat from Wimereux, south of Calais, and after the British government passed legislation to deport asylum seekers to Rwanda. I look forward to seeing whether Mitchell and Lawrie catch up with Scorpion, though if they don't, it won't be a wasted effort. That they have captured the intrigue, desperation and unfathomable danger of the people smuggling business is enough.

bbc.co.uk/sounds



A dinghy crossing the Channel in March — Getty Images

Rattle's magical new partnership

CLASSICAL MUSIC

Bavarian Radio Symphony Orchestra
Kennedy Center, Washington DC
★★★★★

Clemency Burton-Hill

It felt like a surprising, yet inspired, choice for the Bavarian Radio Symphony Orchestra under its new chief conductor, Simon Rattle, to present Alexander von Zemlinsky's rarely heard cycle *Symphonische Gesänge* (*Symphonic Songs*) between transcendent interpretations of two warhorses – the Prelude and Liebestod of Wagner's *Tristan und Isolde* and Beethoven's Sixth Symphony. Their concert at the Kennedy Center in Washington DC this week – part of a four-city American tour – was the first time the Liverpool-born maestro had conducted in America's capital in more than 20 years.

Composed in 1929 by von Zemlinsky, who had lost his wife Ida not long before, this haunting and evocative opus is based on texts from *Afrika Singt*, a Viennese anthology of poems from the Harlem Renaissance. In seven jangly movements, it takes verses, principally by Langston Hughes, and explores their aching heart, their jagged edges. Although von Zemlinsky was a persistently tonal composer – despite his friendship with Arnold Schoenberg and his influence on Alban Berg – it is not the easiest listen. The composer in reflective mood – less jazzy, less witty, less lyrical than normal – is a much more interesting figure.

and raw music is hugely enjoyable too, especially when given life by musicians of such penetrating intelligence as this. Joining them on stage was the charismatic American soloist Lester Lynch, whose technically assured, powerful yet poignant baritone and stage presence were something to behold. There was a moving moment, for example, when he had breezily put his hands in his pockets and opened his mouth to sing, then paused, as if a painful memory had just bubbled up.

As for the orchestra, I was trying hard to think if I had seen or heard a finer ensemble than this in recent times. Rattle, who will celebrate his 70th birthday next year, looks – silver curls notwithstanding – as puppyish and joy-emitting as ever. He was extraordinary throughout. Preferring to not use a score, he elicited from his players – and especially those gleaming strings and magnificent brass and wind players –

utter magic: flexibility, technical refinement, beauty, mirth, love for what they were doing.

A rapturous standing ovation was rewarded with a rendition of Dvořák's Slavonic Dance in C (op 72 no 7), whose verve-dispensing sparkle had us all filing into the District's balmy night with renewed cheer in our spirits and momentum in our steps.

The native Londoner in me still feels a little mournful (OK: basically furious) that Rattle's tenure with the LSO couldn't have been a *lot* longer; that his gigantic presence at the heart of British classical music could not, in the end, help with the parlous state of support for the arts there. But experiencing this stellar, symbiotic new partnership on their first tour together, I couldn't but concede that, in Rattle's own words: "I am in the right place."

brso.de



Simon Rattle, new chief conductor of the Bavarian Radio Symphony Orchestra — Getty

FT FINANCIAL TIMES

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FT BIG READ. RENEWABLES

The money required to build energy infrastructure and adapt buildings and systems to meet climate goals will run to trillions of dollars. Governments are trying to figure out where it will come from.

By *Attracta Mooney*

In Falls County, Texas, about 30 minutes' drive from Waco, clean energy company Avangrid is building its largest ever solar project.

Due to be completed early next year, the True North solar project will have a capacity of 321 megawatts, equivalent to enough energy to provide power for more than 55,000 US homes.

True North, as well as several other Avangrid projects, is a beneficiary of the Inflation Reduction Act, the US's foremost legislation to drive green investments by providing subsidies, grants and tax credits to climate-friendly projects and companies.

But the world needs many more True Norths if it is to meet its climate goals. The International Renewable Energy Association estimates that an average of 1,000 gigawatts of renewable power capacity needs to be built globally every year until 2030 – equivalent to more than 3,000 projects of True North's scale.

On top of that, buildings will have to be made more energy efficient, infrastructure of all kinds adapted to deal with the effects of climate change, and natural environments restored and made more resilient.

The bill will be immense. If average global temperature rises are to be limited in line with the 2015 Paris agreement, climate finance globally will need to increase to about \$9tn a year globally by 2030, up from just under \$1.3tn in 2021/2022, according to a report last year from the Climate Policy Initiative.

A separate report released last month found that Europe will need to invest €800bn in its energy infrastructure to meet 2030 climate goals, and a total of €2.5tn to complete the green transition by 2050.

The former US presidential candidate John Kerry, who stepped down from his role as the US special climate envoy in March, puts the challenge of meeting this bluntly: "We don't have the money," he says.

The 80-year-old is turning his attention to climate finance to prepare for the phaseout of fossil fuels. "We have to put in place more rapidly the funding mechanisms that are going to actually fuel this transition at the pace it needs to be."

To do that, governments around the world are weighing up levers from wealth taxes to levies on shipping. The US is planning to fund the IRA by raising \$300bn over the decade by requiring large corporations to pay a 15 per cent minimum tax on their profits, as well as through a stock buyback tax, among other measures.

The importance of rapidly raising the cash has become even more apparent after almost 200 countries agreed last year to "transition away" from fossil fuels by 2050, as well as triple renewable energy capacity and double energy efficiency by 2030.

The issue has become so important that this year's COP29, which is due to take place in Baku in November, has already been dubbed the finance COP. A large part of the discussion centres on agreeing a global goal for climate finance aimed at helping poorer nations transform and adapt their economies. But richer nations too are grappling with the cost of the transition.

Across the industrialised world, politicians expect the private sector to be prominent in financing the shift to a greener economy, but taxpayers will also have to foot some of the bill.

The International Energy Agency estimates that the public sector will have to stump up about 30 per cent of climate finance needed globally, with 70 per cent coming from the private sector. Governments are expected to play a key role in financing infrastructure that is crucial to the green transition, such as grids, as well as in adapting economies for climate change, for example by building sea walls or flood defences.

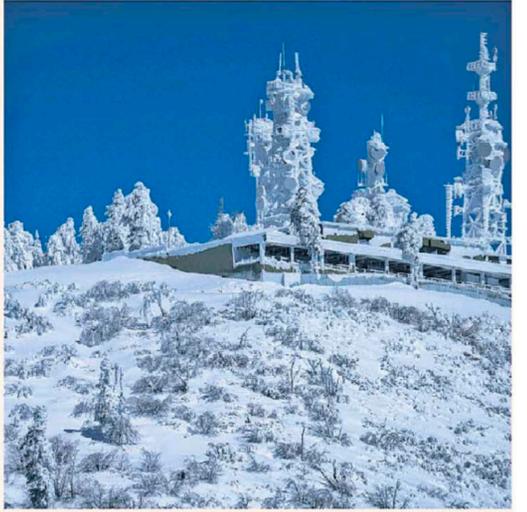
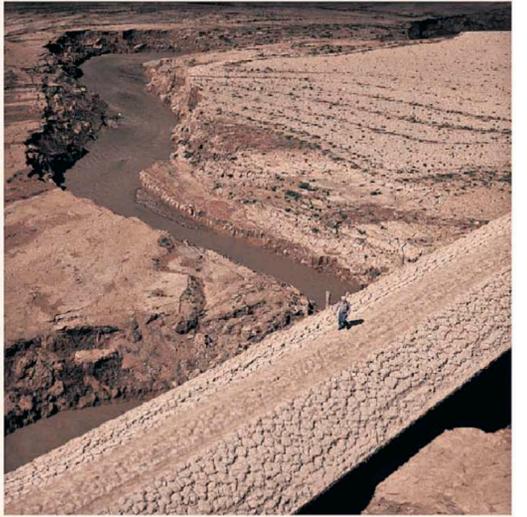
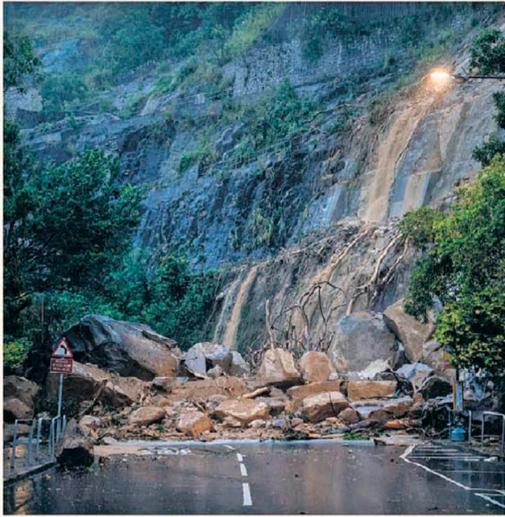
To afford this, governments will have to make sure of a "wide range of levers", says Kate Levick, associate director for sustainable finance at climate consultancy E3G, from taxes to financial instruments such as carbon credits.

But politicians are increasingly worried about piling costs on consumers at a time when many are struggling with a cost of living crisis. Others have been chastened by a backlash against green measures and the politicisation of climate change.

"We all struggle with finding the best ways of going through the green transition," says Dan Jørgensen, Denmark's minister for development co-operation and global climate policy. "We are dealing with a very complex challenge."

Paul Kenny knows first-hand the balancing act required when it comes to climate finance.

A chartered engineer who ran an energy non-profit with a retrofitting



The \$9tn green question

'We don't have the money... we have to put in place more rapidly the funding mechanisms that are going to fuel this transition at the pace it needs to be'

business, Kenny is now an adviser to Ireland's climate minister and was closely involved in changes to the country's carbon tax, which puts a price on fossil fuels.

While about 40 countries have introduced some sort of carbon pricing mechanism, the revenues generated are often used for general government spending rather than dedicated to climate efforts.

But in 2021, Ireland said it would progressively increase its carbon tax to €100 per tonne of carbon dioxide emitted by 2030 and ringfenced the increased revenues for financing climate-related investment and preventing fuel poverty.

"It was hard to do because you're raising the price of fossil fuels. It is a price increase and that's hard to do because populist politicians talk about the cost but not the value," says Kenny.

As well as providing support to lower-income families struggling with rising fuel bills, 55 per cent of the increased revenue generated from the levy has been allocated to retrofitting homes. This includes upgrading social and low-income housing with new heat pumps, insulation and windows, as well as providing grants to wealthier families. Some 50,000 houses were retrofitted last year, says Kenny.

He argues that the plan to spend a large chunk of the revenues on retrofitting provides businesses, such as heat pump installers, with certainty. "You have future growth built in. It allows the retrofit industry to mature and grow," he says. "It's the boring certainty that you need."

Many other countries are also looking at new taxes. In the UK, the Labour party has proposed that its so-called green prosperity plan would be funded by a windfall tax on oil and gas giants, while proposals to tax the wealthy to help pay for the green transition are still

part of the conversation from France to New Zealand.

Others are looking at using tourism taxes. This year, Hawaii's governor Josh Green proposed a tourist tax – in the form of a \$25 hotel check-in fee – to help the state deal with the impact of climate change. Last year, more than 100 people were killed in wildfires, fuelled by a changing climate, on the island of Maui.

In Barcelona, which is currently experiencing a drought emergency, City Hall has earmarked €100mn from the popular holiday destination's tourist tax to install heat pumps and solar panels in state-owned schools.

But governments are scrambling to find other options. At COP28, countries including France, Kenya and Barbados launched the task force to look at how "innovative sources of finance", such as shipping and aviation levies, could be used to finance climate action. The various taxes and levies under investigation could generate \$2.2tn a year, the task force said.

Laurence Tubiana, the French economist who was a key architect of the 2015 Paris agreement, is co-heading the task force. She says a global agreement on many of these taxes would be difficult, but the idea is to put forward "several options backed by several countries" by COP30, which is to be held in 2025.

Other countries are backing efforts to ditch fossil fuel subsidies, with the aim of freeing up money that is used to prop up the oil, coal and gas industry for other uses. Currently, at least \$7tn is spent on direct and indirect fossil fuel subsidies a year.

"This money would be much better spent on tackling climate change," says Rob Jetten, deputy prime minister of the Netherlands, which launched a coalition to phase out fossil fuel subsidies at COP28. Countries including Belgium, Finland, Canada, Denmark, Spain and Costa Rica have lent their backing to the initiative.

The Netherlands has started phasing-out €4.8bn of such subsidies, Jetten says. "At the same time, we know that half of all fossil fuel subsidies are tied up in international agreements and we must therefore co-operate with other countries."

In another sign of co-operation between countries, finance ministers from more than 90 countries have signed up to a coalition aimed at promoting national climate action, especially through fiscal policy and the use of public finance.

Catherine McKenna, Canada's former climate minister who has since founded consultancy Climate and Nature

Solutions, says governments are slowly waking up to the view that tackling climate change is no longer the job of just climate ministers.

"You need the prime minister to be all in, you need your top public sector all in, you need all ministers and most importantly you need finance. When finance isn't all in, they often look at things extremely conservatively," she says.

She argues governments can look at the short-term revenue benefits of fossil fuels, failing to ignore the longer term financial and health impacts of continued global warming. "The ability to understand climate in a more sophisticated economic way is lacking," she adds.

Anika Heckwolf, a policy analyst working on climate action and international finance at the Grantham Research Institute, argues that "greening government spending overall" would have a much bigger impact than simply "finding a new pot of money".

Much of the fretting about climate finance misses a crucial point, according to Kingsmill Bond, an energy strategist at Rocky Mountain Institute: there is plenty of capital available in the industrialised world. It just needs to be deployed effectively – with better use made of the private sector.

"This is a false problem," he says. "The sums involved are actually quite limited and it's absolutely solvable. You are increasing expenditure on renewables but reducing it on old energy."

Over the next seven years, capital expenditure on renewables will roughly double while fossil fuel capex will halve, according to research from RMI published earlier this year. Falling fossil fuel capex will therefore provide around half of the growth in renewable capex, it concluded.

Instead, Bond argues, governments need to focus on "intelligent regulation". "Governments need to put into place the key regulatory and pricing structures that will allow the money to flow. They don't need to spend lots of capital, but they need to spend time and do the hard work," he says.

He points to the EU's REPowerEU strategy, which set new binding targets for renewable energy, alongside providing grants and loans to boost private sector interest. It has helped drive record deployment of solar, he argues. The EU installed a record 56GW of solar capacity in 2023, up from 40GW added in 2022, according to SolarPower Europe.

Chile too has been effective at leveraging public-private partnerships. It

If average global temperature rises are to be limited in line with the 2015 Paris agreement, climate finance will need to increase to about \$9tn a year globally by 2030

FT montage/Reuters

says. The South American country's hydrogen strategy, for example, pushes its mining sector to make use of green hydrogen.

But for many countries in the developing world, the issue is less clear cut. While all countries will need to cut greenhouse gas emissions if the world is to limit global warming, many of the poorest are struggling with ever-stretched budgets and a global private sector reluctant to invest in emerging and developing economies.

Research published at the start of COP28 found that climate finance globally is concentrated in developed countries and China.

In some cases, developing countries that are rich with natural resources are looking at options such as carbon credits to generate income. India, Fiji and Egypt are among those issuing sovereign green bonds, where governments issue bonds akin to traditional sovereign bonds, but with proceeds ringfenced for green projects.

A range of initiatives, such as the Climate Finance Leadership Initiative, are looking at how to better mobilise private sector finance, both in industrialised countries and the global south.

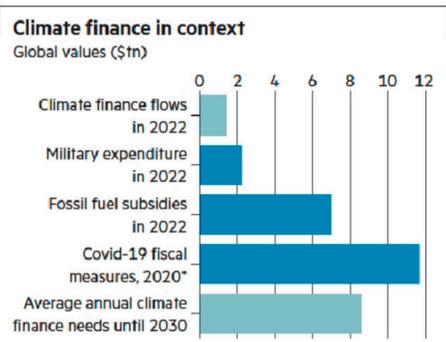
Countries including the UK, the United Arab Emirates, Kenya and Colombia backed a global climate finance framework at COP28, which argued that "concessional resources" – or below market-rate finance made available by development banks and others – needed to be used to "unlock private finance".

But much more needs to be done, Simon Stiell, head of the UN's climate change arm, said in a speech in April. He argued the financial firepower the G20 "marshalled during the global financial crisis should be marshalled again" and focused on "curbing runaway emissions and building resilience now".

"Every day, finance ministers, CEOs, investors, and development bankers direct trillions of dollars," he said. "It's time to shift those dollars from the energy and infrastructure of the past towards that of a cleaner, more resilient future."

In Texas, construction of the True North project is on track. When it is finished, the power generated will be used by Meta, the company behind Facebook, for its operations in the region.

The IRA – helped by its funding through various taxes – is transforming the economy by acting as a backstop, says Avangrid chief executive Pedro Azagra. "[It is] providing business certainty for these projects and ensuring they are competitive against non-renewable energy sources," he says.



* Announced in 2020. Source: Climate Policy Initiative; SIPRI; IMF

The FT View



FINANCIAL TIMES

"Without fear and without favour"

ft.com/opinion

Routed Conservatives should end Britain's damaging drift

Ruling party's local election results were about as bad as they could have been

UK governments expecting to do badly in local elections like to leak disaster scenarios in advance, in hope they can later claim to have done better than expected. In the event, the results for Rishi Sunak's Conservatives in polls in England and Wales on Thursday were about as bad as they could have been. They leave the party sliding towards defeat in a general election that must be held by January, and Sunak in a precarious position. They leave the country too, in limbo, run by a government that seems to have run out of road.

The final score sheet was for the Conservatives a picture of almost unmitigated gloom. They lost about half the council seats they were defending; the Blackpool South parliamentary seat went to Labour in another whopping

by-election swing. They failed to win nine out of 10 metro mayor elections, including three newly created posts — one of which ought to be natural Tory territory. Their right-wing candidate in London lost to Labour's Sadiq Khan, who won comfortably despite an indifferent record.

The Conservatives drew solace from Lord Ben Houchen holding on as Tees Valley mayor. But the sometimes controversial Houchen distanced himself from his party, "forgetting" his blue rosette at the count. A strong personal brand and record of local achievement could not save the Tories' Andy Street in the West Midlands, even though he outstripped his party's national showing.

The toppling of Street capped a robust performance by the opposition Labour party, marred only by losing council seats in some strongly Muslim areas due to dissatisfaction over its stance on the war in Gaza. Its projected national voting share was lower than recent opinion polls, but Sir Keir Starmer's leadership

will be happy to use that as a rallying cry to supporters not to be complacent.

The Conservatives risk drawing all the wrong conclusions from their rout. A rumoured right-wing plot to oust Sunak appeared initially to have fizzled out. Another leadership change would, in truth, be folly. Installing a fourth prime minister since 2019 would only convince more voters that the Tories, in power since 2010, have lost credibility.

Rightwingers are pressing Sunak to move further in the direction of strategies such as his misbegotten plan to deport irregular migrants to Rwanda. They warn that the Reform UK party, founded by arch-Brexiter Nigel Farage, is taking votes on the right. Yet this is to misconstrue entirely the reasons for the Conservatives' disfavour: they are not seen as delivering on key issues for voters in the political centre, including the cost of living and dismal public services.

A rightward lurch might, perhaps, claw back a little territory from Reform.

The message of the latest ballots is that large parts of the UK are crying out for a fresh start

But it would cost the Conservatives much more in the centre. Tories who won or came close to doing so in these elections did so because local voters felt they were achieving positive results for them. They offered not small government and tax-cutting, but active government backed by public spending. For many centrist voters, the Conservatives have regained their old reputation as the "nasty" party even while being ineffective. Doubling down on this is not a winning combination.

The message of the latest ballots is that large parts of Britain are crying out for a fresh start. Sunak's Conservatives may judge it in their interest to hold on a few months more before calling an election in hope the economy and their fortunes revive. This might, in theory, give them time to devise a more compelling electoral offer. But such a delay is not in the interests of the country. The UK needs an election sooner rather than later, and an end to a debilitating sense of disorder and drift.

Opinion Society

Musk shows that moral binaries are of little use

Ben Hickey



Jemima Kelly

have spent a fair amount of time dunking on Elon Musk over the years. Among the things I have poured scorn upon are his puerile sense of humour, his asinine "lib-trolling", his naive war on the "legacy media" and his facile approach to how free speech can function in an online setting.

There continues to be a lot to criticise. Last week, Musk suddenly fired the entire "Supercharger" division of his electric car company Tesla, news of which was delivered via "nothing more than a 'Dear Employee' email in middle of the night", according to one such dear (now former) employee.

"Hopefully these actions are making it clear that we need to be absolutely hard core [sic] about headcount and cost reduction," Musk wrote of the latest cuts in a memo to staff last Monday. The note echoed the middle-of-the-night email he sent Twitter employees in 2022, in which he said

It is not as simple as putting some numbers into a spreadsheet and seeing what it spits out

they needed to be "extremely hard-core" and log "long hours at high intensity". Any manager "who retains more than three people who don't obviously pass the excellent, necessary and trustworthy test" should resign, he added in last week's memo.

Many of us have become used to the coldbloodedness and impulsivity of the Musk school of management. But what I was more struck by last week were some of the comments made in the aftermath of the lay-off news.

Musk's own fans took to online forums to complain of his "unhinged" behaviour. And on social media platform Threads, CNBC tech reporter Lora Kolodny wrote: "Lotta folks have started taking a critical look at Tesla and Elon Musk of late. Some are reacting like they've been Cassandra the whole time... You're not in the club." "I couldn't agree with this more" said Paris Marx, host of the *Tech Won't Save Us* podcast, sharing Kolodny's comments on X. "Elon Musk has been terrible for a long time."

Holding the world's richest and most powerful people to account is of crucial importance, and I, like these journalists, remain committed to calling out Musk's many wrongdoings.

I also recognise the impulse to consign him to a good or bad bucket — I veer towards the former when I see

him posing in an endearingly awkward manner on a red carpet or speaking passionately about his projects and towards the latter every time I see him post yet another offensive comment on X. But such virtue-cataloguing is misguided and dangerous.

None of us are so straightforwardly "terrible" as Musk's critics would have him; nor are we as heroic as his fans think he is. And the funny thing is, by creating a taxonomy of heroes and villains, we are in fact tied up in the same moral framework as Musk himself.

In this framework, the means — whether they involve deeming someone beyond redemption because their politics and behaviour are so obviously wrong that they need to be cast out, or treating your employees as utterly disposable cogs in a machine — are always justified by the self-evident moral righteousness of the ends.

It came as no surprise when Musk revealed his fondness of the neo-utilitarian movement known as effective altruism, infamously popularised by the now jailed crypto founder Sam Bankman-Fried. This is a philosophy that posits that you should do "the most you can do" and emphasises the importance of where your actions get to, rather than what those actions actually are. Virtue and character do not count; consequences are all that matter.

With this worldview in mind, one can see why Musk, like many other Silicon Valley executives, regards his living, breathing, human employees as mere "headcount" and the loss of their livelihoods as simply "cost reduction". His grand cause — the various ways he believes he is saving humanity — is so obviously more important than any one worker (or even 14,000 of them), that pretty much any treatment of them is justifiable.

But working out what is wrong and what is right is not as easy as putting some numbers into a spreadsheet and seeing what it spits out. It requires real moral debate about which values we consider most important.

"We have all these deep moral questions, but there's really an absence of proper moral debate," says Edward Brooks, director of the Oxford Character Project, of the current state of much of our public discourse. "It's just a shouting match between 'this is so obviously wrong' on one side and 'it's so obviously right' on the other."

I once wrote that the world does not need more Elon Musks. I feel less confident about that argument that I used to — we do need more risk-takers and innovators and people who are willing to push boundaries. Given his flaws, maybe one Elon is enough. But what all of us certainly could do with more of is some nuance in the way we view and judge the actions of other people.

Jemima.Kelly@ft.com

Letters

Threat of a pay-related exodus of British CEOs is overdone

Your article, on the front page, was the sixth in as many weeks to highlight the "widening pay gap between US and UK bosses" (April 29). I am interested whether in fact, as you claim, "FTSE boards are under pressure to increase chief executives' pay" and where that pressure is coming from.

CEO pay rates are indeed approximately two to three times the UK average in large, quoted companies in North America (£13.1mn according to the AFL-CIO compared to £4.4mn in the High Pay Centre's 2023 analysis), although the largest US companies

tend to be bigger than their UK equivalents. But are large companies and/or their CEOs really going to leave the UK just because of the lower average executive pay levels?

Beyond a handful of genuinely transatlantic companies based in the UK with American nationals as CEOs, such as Smith & Nephew — again which you regularly cite — the market recruitment and retention arguments appear to be weak for the bulk of large UK companies and their overwhelmingly white male CEOs.

While 40 per cent of FTSE 100

companies have a non-UK national as their CEO — despite performing relatively well from a diversity standpoint in terms of women and ethnic minority incumbents — fewer than 10 per cent of US Fortune 500 company CEOs are non-American nationals, according to Qualtrics.

And if you look closer to home — to Europe rather than just the US — UK executive pay levels look fully competitive, even high compared to most other countries. Median pay for the companies listed on the pan-European Stoxx 600 index, which

includes the biggest UK companies, was €3.5mn (£2.9mn) in 2022, according to research from Vlerick Business School. Excluding UK firms, the European median pay was €3.1mn.

One also might question why UK boards would want to copy a US executive pay model which, as your correspondent points out, has considerable weaknesses, notably a poor relationship between pay and performance.

Duncan Brown
Visiting Professor University of Greenwich
London TW1, UK

It's clear the world trading system is in serious trouble

Your customary balance was absent in the editorial "Fears of destructive protectionism are overdone" (FT View, April 27). The punchline was that worriers must show the trading system is in serious trouble. Respectfully, the evidence is in plain sight.

A structural break has occurred in goods trade, the traditional motor. Before the global financial crisis, world trade volumes grew at a rate of 6 per cent a year, according to World Trade Monitor. Since 2008, trade volumes have grown 1.7 per cent.

No region bucked this deceleration. Eurozone export volumes have managed only 0.6 per cent annual growth since the crisis. Africa, the Middle East, Japan and the UK all did worse. The prices that exporters commanded rose 5.5 per cent per year from 2000 to 2007. Since then, such prices have risen only 0.9 per cent per year. Before the financial crisis, every 0.5 percentage point increase in global GDP growth produced a 1 percentage point increase in goods trade volume.

Data published on April 23 by the UN Conference on Trade and Development demonstrates that since the mid-2000s foreign investment has struggled to keep up with production and trade. Unctad attributes investors' reluctance to trade tensions and protectionism.

You assert wrongly that America alone is averse to trade dealmaking. India and the EU too have balked at finalising trade pacts. As the World Bank showed in February, the number of new trade deals signed each year this decade has fallen by almost two-thirds when compared with the 2000s. The tailwind of trade opening is petering out while headwinds from over 55,000 trade distortions mount.

Lastly, you invoke the argument that market failure justifies some industrial policy. Alas, you do not provide any evidence.

A tally of corporate subsidies issued over the past 16 months shows that governments have set aside \$750bn explicitly to promote competitiveness — more than to mitigate climate change or promote security of supply. A growing body of research demonstrates the cross-border harm done by unilateral policy, in particular corporate subsidies.

We are in serious trouble when the world's business newspaper fails to connect the dots between the developments outlined above and suspicious tit-for-tat subsidy races. This elevates policy uncertainty, diminishes governments' confidence in markets, lessens the hopes for productivity growth and reform momentum, and serves to hurt progress on innovation, and encourages faltering competition.

Professor Simon J Evenett
University of St Gallen,
St Gallen, Switzerland



Climate health: Pregnant women are particularly vulnerable to heatwaves

China, Ireland and the state company economy

The Big Read "Why Xi is afraid to unleash consumption" (May 1) has got the laws of demand and supply in a twist in its analysis of China, where it quotes an analyst saying "if the (Chinese government) response just continues to be supply-side reaction to a demand-side problem, then it's going to be pretty tricky".

It won't be "tricky" for the Chinese economy because it will be the immediate beneficiary of such investment. For instance, resources that the Chinese state puts into internal or home-based economic activity will, concomitantly, increase demand. Those employed in the areas of investment in China will in turn become consumers and have the wherewithal to pay for their increased demand. It is a win-win position for China.

Discounting the disparity in our respective sizes, can I give Ireland as an example. In the post-1960s, Ireland was faced with a similar dilemma; for example, when the Irish government tried to stimulate what was then an under-developed and weak economy by means of increased consumption — and especially to try to reduce emigration from Ireland by means of increasing employment opportunities through tax reductions and increased social expenditure — the result inevitably led to unsustainable increased demand for goods and services.

As these goods and services were, in the main, produced outside Ireland this put great strain on the state's external monetary reserves and financial viability. The solution? The Irish state invested in state companies; for example in Erin Foods which was a food processing company under Lt General Michael J Costello.

Micheál O' Cathail
Dún Ceathrigh, Co. Dubhlin, Ireland

Unruly consumers are what Beijing fears most

In addition to the economic, social and national security factors deterring China's leadership from unleashing consumption laid out in your Big Read ("Why Xi is afraid to unleash consumption", Big Read, May 1), there is a more basic reason for caution on the part of Xi Jinping.

Consumers tend to be an unruly bunch once they have been given their head. Since the Communist party regime in China puts a premium on control, no wonder it is loath to loosen the reins of restraint (particularly when there are 1.4bn of them) even if this is economically essential for the country's wellbeing.

Jonathan Fenby
London WCI, UK

Desalination can tap into private sector knowhow

Lex credits both the declining cost of solar power and advances in membrane technologies with driving down the price of desalinated water ("Cheap solar power gives desalination time in the sun", Lex, April 29).

It is the latter — advances in membrane technologies — which is the more important catalyst given the shift away from legacy thermal technologies, towards more energy-efficient reverse osmosis plants. There are also critical contributing factors at play, namely economies of scale and the introduction of private sector participation in a sector historically associated with natural monopolies.

One of the attributes of desalination capacity is that it can be tendered as a bankable standalone project under a long-term offtake agreement. Through this structure, new turnkey sources of water supply can be introduced into the network via competitive means, similar to how power purchase agreements were used to commercialise and incorporate renewables into electric grids. These projects might eventually serve as laboratories and accelerators for innovation (eg, antifouling membranes, mineral extraction from brine).

The model capitalises on the advantages of public private partnerships by reducing the fiscal burden of provision (assuming that end user tariffs ultimately cover the true cost of water) and tapping into private sector knowhow and efficiencies.

It is worth underscoring Lex's conclusion that desalination is not a panacea. In water-stressed regions, it should be part of an integrated strategy which incorporates other supply-side pillars including water efficiency, leakage reduction, reuse of treated wastewater and reservoir storage.

Mark Eisinger
Bathville, MA, US

Climate's health risks — the diagnosis isn't good

The FT Special Report "Health and Climate Change" (April 29) identifies how climate change can foster a number of health issues like superbugs, disease transfer from animals to humans, fungal growth, increased risk of malaria and other risks which are not fully appreciated by the general public.

The public is more likely to appreciate that climate change is the cause of worsening natural disasters. Also less understood but just as important — and not addressed in your report — is that just the air pollution caused by climate change can produce diminished cognitive and lung function, can exacerbate asthma and increase the risk of cancer.

Extreme temperatures, aside from fuelling heat stroke, can worsen cardiovascular, respiratory and kidney disorders.

Pregnant women are particularly vulnerable to heatwaves and these can increase the likelihood of premature labour and stillbirth.

These climate sensitive health risks disproportionately affect disadvantaged populations and vulnerable individuals such as children and people with underlying health issues, not to mention the ever-increasing number of displaced persons fleeing combat zones.

The sheer magnitude of the climate change impacts on global health and world economies should be a clarion call for the public to demand that it be prioritised and funded.

Mark Kessel
New York, NY, US

Mining is a force for good, but don't say it too loud

While Lex correctly notes the myriad complexities of BHP's potential acquisition of Anglo American, another important issue to ensure in acquisitions like these is that we always protect, promote and integrate the local mining communities which may be affected by many operational mines in naturally remote and rural areas ("The 'build or buy' copper maths that could guide BHP's bid for Anglo", Lex, April 30).

It is vital for us as an industry that we demonstrate how, at its acme, mining can be a watchword for sustainability and that it can even be, whisper it softly, a force for good.

Ingrid Putkonen
Founder, Metals for Humanity
Vancouver, BC, Canada

Correction

●Iryna Mudra is now deputy head of Ukraine's presidential office, not deputy justice minister as wrongly stated in an article on May 5.

Opinion

A warning from the breakdown nations

MARKETS

Ruchir Sharma



At a time when two big economies, the US and India, are attracting a lot of hype for their enduring strength, it is worth looking at nations that not too long ago were billed as star performers but are now breaking down. All are among the world's 50 largest economies and, so far this decade, have suffered both a sharp decline in real per capita income growth, and a fall in their share of global gross domestic product.

Led by Canada, Chile, Germany, South Africa and Thailand, these "breakdown nations" carry a lesson. Growth is hard, sustaining it even harder, so the stars of today are not necessarily the stars of tomorrow.

Take Canada first. Widely admired for how it weathered the global financial

crisis of 2008, it missed the boat when the world moved on, driven by big tech instead of commodities. Canada's per capita GDP has been shrinking 0.4 per cent a year since 2020 – the worst rate for any developed economy in the top 50. New investment and job growth is being driven mainly by the government.

Private-sector action is confined largely to the property market, which does little for productivity and prosperity. Many young people can't afford to buy in one of the world's most expensive housing markets. Pressed to name a digital success, Canadians cite Shopify – but the online store is the only tech name among the country's 10 largest companies, and its shares are trading at half their 2021 peak.

Then there's Chile. Hailed in the 1990s as a model of debt, East-Asian style government in Latin America, its halo has since vanished. The country now makes headlines for political strife over its constitution. Anaemic tax collection has gutted public services, triggering violent street protests. Red tape has spread – the time required to get new investments approved doubled to nearly 20

months – chasing off investors. As a result, manufacturing industries remain small compared with emerging world peers, including neighbouring Argentina. Mining products such as copper still account for most of its exports and billionaire wealth, making Chile look more like an old-fashioned commodity economy than an East Asian star.

Growth is hard, sustaining it even harder, so the stars of today are not necessarily the stars of tomorrow

No developed economy has seen a more dramatic turn for the worse than Germany. Its per capita income growth fell from 1.6 per cent in the past decade to less than zero in the past few years. During the pandemic Germany looked flush and flexible, poised to excel in the post-Covid world. Now it looks undone by its heavy dependence on exports to China and energy imports from Russia.

Investment has contributed nothing to growth in recent years, industrial productivity is declining at a shocking annual pace of 5 per cent. Suddenly, the future of the Mittelstand – the network of manufacturers that has long been the engine of German growth – looks murky. South Africa, meanwhile, was added to an acronym for big, fast-growing emerging markets led by Brazil, Russia, India and China back in 2010, when Bric became Brics. The largest economy in Africa, resource-rich South Africa was powered by a commodity boom that then went bust, exposing the country's many faultlines.

The African National Congress has held power for 30 years yet presides over the same dogged set of failures: youth unemployment above 50 per cent, a shocking share of the population on welfare, weak investment, rolling power outages. While voters could oust the ANC next month, the malaise looks too deep to end soon. The IMF predicts negative per capita GDP growth over the next five years in only one top 50 economy: South Africa.

Finally, Thailand. A leader of the

"Asian Tigers" before debts tripped them up in the crisis of 1998, it is now the runt of the lot, the only former Tiger to see its per capita GDP decline in this decade. It has one of the world's highest inequality rates with 79 per cent of the poor living in rural areas. A running political battle between the rural poor and the Bangkok elite focuses public debate on how to distribute the economic pie. Despite efforts to turn its location on global trade routes into a factory hub, productivity growth is stagnating and Thailand is losing out to manufacturing rivals like Vietnam.

The takeaway here is not that smart countries somehow turned stupid. It is that hidden traps line the path of development and can spring on nations at every income level from the middle to the rich. One basic mistake or miss, and any country can find itself stuck – until it finds the leadership and vision to chart a way out. For current stars, the message is a warning: don't take growth for granted.

The writer is chair of Rockefeller International

UK mandate on sustainable aviation fuel is not enough

Luis Gallego

The UK economy is at a critical turning point in its decarbonisation efforts. Right now, there is an opportunity to boost growth by investing in the technologies that will power the future.

One of the industries that will need to transition to lower carbon fuels and technologies is aviation. A key part of UK infrastructure and competitiveness, we act as an economic catalyst for other industries. Pre-Covid, the UK's aviation industry contributed £95bn of the country's annual gross domestic product.

It's also clear that people want and need to fly, not just for holidays and family but to gain a deeper understanding of other cultures and countries. Travelling is how we make the world a smaller, more inclusive place. Last year, 297mn people flew to or from the UK and demand shows no signs of slowing.

We recognise that aviation has to be more sustainable. Airline groups including IAG are investing billions in more efficient aircraft as well as new technologies such as hydrogen-powered planes. The most promising technology of all for long-range flying is cleaner jet fuel – or so called sustainable aviation fuels (SAFs).

SAFs, which can be produced from a range of byproducts such as used cooking oil and agricultural waste, as well as synthetically from renewable energy, can be used in existing jet engines. These green fuels can reduce lifecycle emissions by about 70 per cent. Currently though, they represent less than 1 per cent of all jet fuel being used.

Britain must build on its initiative by quickly deploying incentives to encourage production

The demand is there. Aviation has an industry-wide commitment to be net zero by 2050, and many airline groups, including IAG, have additional SAF targets. IAG bought 12 per cent of all available SAF globally in 2023, but production in greater volumes is needed and fast.

Progress is being made across the Atlantic and in continental Europe. The US has a leading position in SAF production, thanks largely to the Inflation Reduction Act. The Biden administration has committed to supporting the production of 9mn tonnes of SAF annually by 2030. Meanwhile, the EU has committed innovation funding worth hundreds of millions of euros aimed at reducing the price gap between conventional jet fuel and SAF.

Earlier this month, the UK confirmed a 10 per cent SAF mandate. This is a welcome step, supporting industry-wide efforts to decarbonise while positioning the UK as a potential leader. But mandates alone are not enough. The UK now needs to build on this by quickly deploying incentives to encourage production. The government recently launched a consultation on the options for a mechanism to give producers revenue certainty. Through our participation in the Jet Zero Council, IAG will seek to recommend a way forward, but a decision is needed quickly.

This combined with the recent SAF mandate would provide a strong signal of support to the market. Airlines are willing to pay for SAF, we just need the supply. So the remaining question is, will that supply continue to come mostly from the US? We would like to use our resources to help scale a UK and European SAF industry, and I believe it can be done.

There are several potential producers with innovative businesses planning projects around the UK, but they need policy support to move to the construction phase. The government promised five SAF plants would be under construction by 2025. We still have time to meet that target, but action needs to be taken urgently, either through a revenue-certainty mechanism in the next 12 months or through some form of interim measure such as an extension of the Advanced Fuels Fund.

Now is the time to support critical industries in the transition towards net zero. Providing incentives for SAF to scale will in turn attract private sector investment, create jobs and deliver long-term economic growth.

The writer is CEO of International Airlines Group

Divestment is not as easy as it may seem

INVESTING

Brooke Masters



Students all over the US have been pitching tents, barricading buildings and demanding that their universities stop profiting from Israel's treatment of Gaza. "Disclose, divest, we will not stop, we will not rest," they chant. If only it were that simple.

Leaving the thorny question of the wisdom and effectiveness of severing financial ties to one side, the practical challenges of doing so have multiplied since student protests prompted more than 150 universities to divest from apartheid-era South Africa. Investing has changed dramatically since then.

Most endowments and foundations now supplement their holdings of individual stocks and bonds with pre-packaged funds and alternatives such as private equity and private credit. Some investors do not even know where their exposures are. Even those that do use new technologies that add transparency are finding their positions can be very difficult to unwind.

Consider the New York State Common Retirement Fund, which started reviewing its fossil fuel investments in 2019 amid climate change concerns. The fund divested from 22 thermal coal

companies that it decided "were not prepared to thrive" in a low-carbon economy. But it still drew criticism for an indirect stake in a massive Ohio coal plant through its investment in a Blackstone private equity fund. Such funds require multiyear commitments and most clients buy the whole package.

Many universities also entrust big chunks of money to active managers who pick and choose stocks or bonds for an entire fund, rather than personalising selections for individual clients. Similar issues occur with low-cost index tracking funds: clients historically took the whole offering or stayed away. That passivity has left endowments in a bind.

Brown University recently acknowledged that its publicly trumpeted divestments from tobacco and Sudan only applied in full to the 4 per cent of its endowment in directly held public securities. Its fund managers for the rest are given more freedom. Brown also said that it was contractually barred from even disclosing what those holdings are.

Such secrecy impedes accountability. One university executive told me last week that when they asked for a full accounting of their institution's exposure to defence stocks and companies that do business in Israel, they were told it was too hard to calculate quickly.

That is absurd. Asset managers who serve religious charities or those with scruples around military hardware have been keeping their clients out of guns, cigarettes and other "sin" products for decades. Crude screens provided by data companies such as MSCI have grad-



ually become more granular. Tracking has also expanded to a wider range of characteristics amid the recent enthusiasm for investing based on environmental, social and governance factors.

Readily available data can pinpoint how much of a public company's revenue comes from a particular country or business line. Investors and money managers simply have to decide to pay for it and for the technology needed to link it up with their holdings.

Today's protests are about Gaza, but institutions should see this as a wake-up call more generally. Predicting the next hotspot is difficult. Western sanctions on doing business in Russia that were imposed after its 2022 invasion of Ukraine showed the importance of having clear line of sight into where and

Today's campus protests are about Gaza, but institutions should see this as a wake-up call

how companies make money. Having the data in place to help clients determine financial exposure is a no brainer.

Financial services providers are wary of being seen to profit from tragedy, but they point out that there are technological solutions to the bind that universities and others have put themselves in.

Institutional and wealthy retail clients can choose to invest not through funds but through "separately managed accounts" which may follow the investment strategy of a larger fund but involve direct ownership of the underlying assets. Popular because they can be used to minimise taxes, SMAs are now being marketed as a way to let clients express their beliefs. In "direct indexing" SMAs, for example, clients can replicate the S&P 500 while removing stocks that raise specific concerns.

Tech arms of big financial groups, including State Street Alpha and BlackRock's Aladdin platform also offer "transparency services". These let institutional investors look through their fund stakes to the underlying securities for detailed information on exposure to

specific companies and regions. Some can even provide real-time estimates on the potential cost of getting out. These proved invaluable last spring when investors were scrambling to determine exposures to failing US regional lenders such as Silicon Valley Bank.

Amid the protests last week, administrators at Brown and Northwestern sought to de-escalate the conflicts on campus by promising more disclosure around investments and serious consideration of divestment requests. For that to be credible, universities need verifiable data. They must also demand accountability from their professional money managers rather than ceding all control in the name of high returns.

These tools don't come for free, but they are inexpensive compared with the fees for active management or private equity and hedge funds. They could also prove invaluable in managing this crisis as well as future geopolitical and other hot-button conflicts. Financial ignorance can no longer be an excuse.

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Authoritarians fear transparency – liberal democracies should embrace it

ECONOMICS

Martin Sandbu



In the run-up to Vladimir Putin's full-scale attack on Ukraine, the US government's decision to publicise its intelligence on Russian plans turned out to be a strategic triumph. It allowed the west to prepare for the worst, rally domestic public opinion and move more swiftly, forcefully and concertedly than anyone would have expected in the economic and diplomatic war that broke out alongside the one on the battlefield.

Today the US is again in a position to use transparency to secure strategic advantage – and this time, Europe can and should follow suit.

Among the lesser-noticed parts of a new law empowering the US president's ability to seize Russian state assets (itself a lesser-noticed part of the pack-

age of bills passed to fund Ukraine) is a requirement on him to report to Congress what assets the Russian state holds in the US. Technical work is now starting to define the scope of what financial institutions must report and the government make public.

It is essential that the net be cast as wide as possible, and that the EU, the other G7 states, and the remaining countries that have immobilised Russian assets take the same steps. Since blocking Russia's access to its reserves just days into the full-scale invasion, no sanctioning government has produced a sufficiently public and comprehensive accounting of what assets Moscow held in their jurisdiction before the war and what has happened to them since.

There is an ongoing debate about whether Russian state assets should be seized outright to enforce Moscow's obligation to compensate Ukraine, with Japan and the EU G7 members the most resistant to doing so. But no good argument has been proffered for keeping secret what those assets are. It took the EU a year to require member states even to report and share such information

internally. What has been said in public has been patchy, short on detail (never more than a single number) and informal. The UK, the US and Canada have been no more transparent.

This furtiveness has been damaging. It has signalled to Putin that the west is weak-willed. It has sustained confusion and ignorance in the public debate on how to help Ukraine financially. Above all, it may have obscured even to the top

The US has an opportunity to cast a light on where other parts of Moscow's money may lie

policy-makers and our political leaders what our full range of policy options are.

The Repo Act, the new US legislation mandating more disclosure, illustrates the problem. Its "Sense of Congress" portion references media reports that only \$4.5bn of Russian reserves are in the US. But we know from Euroclear, the Belgium-based clearing house for most of

the blocked assets (which has been more forthcoming with numbers than any government), that it has accumulated around \$15bn in US dollar cash as Russian-owned dollar-denominated securities have matured.

This cash sits somewhere in the US financial system, presumably in Euroclear's correspondent bank(s). And the Russian central bank may have other holdings with private US financial institutions. Only a detailed public accounting including transaction histories since before the full-scale invasion will fill these holes in our knowledge.

Conversely, transparency can be a strength. Repo refers not just to central bank reserves but to Russian state assets generally. The US has an opportunity to cast a light on where other parts of Moscow's money may lie – such as any non-sanctioned dollar payments to state-owned energy companies for oil and gas in the past two years. Such "shadow reserves" of accumulated export surpluses are of the same scale globally as the blocked central bank assets. But finding them requires detailed transaction histories and the president

possible interpretation of "state assets".

A warning for Europeans to heed: the embrace of transparency offers a first-mover advantage. If the US, UK and Canada publish everything they know about Russian reserves, they will expose Euroclear balances of nearly \$60bn in their financial institutions or central banks. In the last instance, the "Anglo" members of the G7 could home in on this money and treat it, too, as arising from Russia's reserves and subject to possible seizure.

The G7 would be better served by a race to the top on openness about Russian state assets. It would clear much of the fog, regain initiative in the economic security arena, and reset some of the political stand-off on how to fulfil the unanimous promise to make use of the blocked reserves for Ukraine's benefit.

And it would, finally, demonstrate once again that in a battle between democracy and authoritarianism, democracies have as much to gain from embracing transparency as authoritarians have reason to dread it.

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Rutherford Hall
 'Grab your trainers, the non-doms are getting ready to run'
 WORK & CAREERS

Shameless comebacks show we are in the age of chutzpah



Emma Jacobs
 Business Life

Almost 30 years ago, former secretary of state for war John Profumo sat beside the Queen at a dinner at Claridge's marking Baroness Thatcher's 70th birthday. It was an episode his Financial Times obituary described as an "almost Tolstoyan story of hubris, punishment and redemption". Profumo's presence at the dinner marked a decades-long rehabilitation through his charitable work – a discreet second act that followed his 1963 resignation after he lied about a scandalous affair. I had looked up Profumo's obituary after the comeback tour of former UK prime minister Liz Truss, to publicise her book, *Ten Years to Save the West*. I wanted to remind myself that some people quietly atone for their mistakes. When I read of the Claridge's dinner, it was easy to imagine Truss elbowing Profumo aside to thrust her book into the monarch's hands for a selfie. Unlike Truss, Profumo didn't flog a book or hog the airwaves, but put his experience and network to use on behalf of Toynbee Hall, a charity in London's East End. Truss's latest activities only cemented my worry that



Kenneth Andersson

we are in the age of chutzpah, when failure is not followed by a humbling admission or analysed as a way to improve, but seen as something to be bulldozed out of the way with bulletproof confidence. She's not the only one. David Cameron is back on the world stage as foreign secretary, after resigning as UK prime minister in the wake of the Brexit vote, and advising Greensill Capital, a company at the heart of a lobbying scandal. Donald Trump is the presumptive Republican presidential candidate despite battling four criminal court cases. Business has seen the return of WeWork co-founder Adam Neumann, the embodiment of chutzpah, who once said: "We are here in order to change the world... Nothing less than that interests me." High claims for a chain of artfully distressed offices. His attempt to buy back the co-working

Failure is not analysed as a way to improve but as something to be bulldozed out of the way with bulletproof confidence

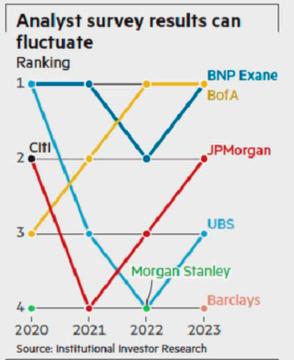
company that ousted him as chief executive was recently thwarted. Changpeng Zhao, former CEO of crypto exchange Binance, who was last week sentenced to four months in prison after pleading guilty to money laundering failures, has reportedly been laying the ground for a comeback. It might be unfair to lump liars and convicted criminals together with those only guilty of misjudgments or hubris. But what they all clearly share is main character syndrome, and reluctance to be cast into the shadows. In part, the blame for this chutzpah must lie in the trend for embracing failure. No longer is it deemed a disaster, but one obstacle on the path to success. Through that prism, Truss could be considered the motivational poster girl of a movement to #overcomeadversity. However in her book, *Right Kind of Wrong*, management professor Amy Edmondson is troubled that "fail fast, fail often" has become a Silicon Valley mantra... and corporate failure parties and failure résumés have become popular". Much media discussion of failure, she argues, is "simple and superficial – more rhetoric than reality". Careers need not

be ruined by a mis-step. But failure requires constructive, intelligent analysis if we are to actually do better. Perhaps it is also a backlash to public shaming on social media, where a badly-worded tweet going viral can inflict great psychological and career wounds. Jon Ronson's 2015 book, *So You've Been Publicly Shamed*, recounted stories of people who suffered severe consequences as a result of social media, such as Lindsey Stone, the US care worker who lost her job because of a tasteless photo posted on Facebook. Recently, Ronson said he thought "this frenzy of public shaming on Twitter [now X]" was over, in part, because Elon Musk's acquisition had driven "leftwing bullies" to other platforms. It may have dialled down – although rightwing bullies can be relentless too. No doubt some believe tolerating shaming is the best option or that we have become so saturated with shame we are immune to it. André Spicer at Bays Business School, believes sometimes "shamelessness has become a coping mechanism" or in extreme cases, a "way of getting attention". The age of chutzpah may yet drag on.

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Lex.

Analyst beauty parades raise more questions than answers

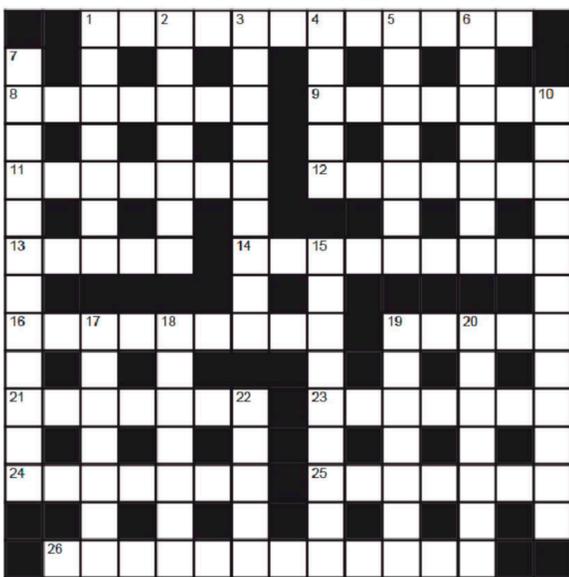


Beauty pageants have their detractors. The same holds true in financial markets. Brokerage analysts in Europe have just finished their annual ritual of parading for votes on the Institutional Investor Research survey of the best research teams. Some like the rankings; many are wary of the answers. It is a flawed process that persists though no one can really explain why. The most famous survey, from the Institutional Investor magazine, began in 1972 in the US. There were rival polls such as Extel's in Europe. All asked investors about their favourite analysts. In 2018 Institutional Investor, by then owned by the Euromoney publishing group, bought Extel and an analyst-ranking monopoly was born. Both analysts and fund managers claim to hate this process. That does not stop the sellside from trying any gimmick to catch the client's eye, often using social media. On LinkedIn, one can find a recent poem by a senior Jefferies salesperson pitching for his research team. A Barclays analyst linked photos of his nuptials to a plea for five-star votes. Presumably these efforts have some effect. Ten polls by IIR each year – in the US, Europe/UK and Asia – find sufficient respondents. Still, everyone rightly asks what the

resultant rankings mean. For example, Goldman Sachs has not ranked highly in recent European research surveys. Its equity business nevertheless remains formidable, notes a research boss at a rival bank. IIR tries to dispel any doubts about methodology. The poll aims to give weight to the votes of clients with the largest research budgets by sense-checking which asset managers they survey with brokerages. This is meant to avoid analysts canvassing votes from numerous tiddly institutions. In theory, there could be millions of research dollars at stake from some clients. For European equities (including the UK) the top tier of perhaps 10 to 15 institutions will spend between \$10mn and \$20mn on research annually. Most, though, will have budgets between \$250,000 and \$1mn after which follows a long tail down to the tens of thousands. Clients generally know whom they find useful. And not every research team campaigns with quite the same cheek. Some do little or no pestering, but their analysts may receive votes nonetheless. There seems to be no easy way to opt out of the process. The usefulness of these beauty parades may be clearest to those being ranked, rather than the clients or managers they sometimes purport to serve.

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- ACROSS**
- Measure of response from mate in erotic novel (8,4)
 - More than one retired clergyman housed in close (7)
 - Musical number about lock-keeper? (7)
 - Right to sidestep host about to go round carrying hot soup (7)
 - Cordial drunk at a fair (7)
 - Get put off as dons' vices serially exposed (2,3)
 - We may be struck by American foundation's courage (9)
 - Very old cathedral holds mass after terce on a regular basis (9)
 - Puritan indiscreet to remove two layers of clothing (5)
 - I deliver key to board game with queen (7)
 - Number of sheep in target area losing heart (7)
 - Cupboard for displaying wine after one replaces the centre (7)
 - Spooner's Manx characteristic that could be ingrown (7)
 - Bail Cinéplex out? That's unaccountable (12)
- DOWN**
- Course primarily requiring an old instrument is curtailed (7)
 - American university missing third cut (7)
 - Satisfactory function adopted by board has lowered resistance (9)
 - Second bishop to be absolved from trouble (5)
 - Domestic appliance, one of two on boat (4-3)
 - Observant mastermind fully apprehends... (7)
 - ... complex chemistry with unlimited scope to produce this sort of fest (12)
 - Conveyances moving Stranraer folk periodically south (12)
 - Hairdresser starts to interpret criticism of literary technique (9)
 - International agreement seeking to avoid catastrophe by prohibiting matches? (4,3)
 - Biannual event for horses needing steer to replace finale (7)
 - Make a fuss over second rate vegetable (3,4)
 - Finished article relocated in detailed garden improvement (7)
 - African native, employing hands, took food inside (5)

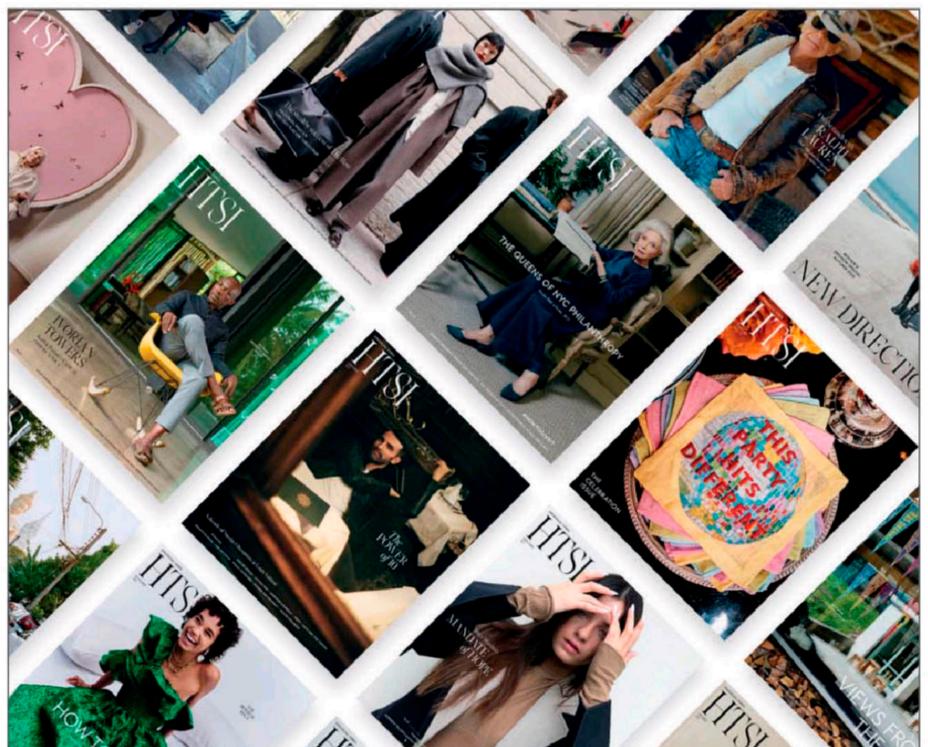
Solution 17,724



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