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# French bosses build ties with Le Pen as left triggers alarm

- Fears over radical tax and spend plan
- Business looks to rein in far-right

LEILA ABOUD, ADRIENNE KLASA AND SARAH WHITE — PARIS

France's corporate bosses are racing to build contacts with Marine Le Pen's far right after recoiling from the radical tax-and-spend agenda of the rival leftwing alliance in the country's snap parliamentary elections.

Four senior executives and bankers told the Financial Times that the left, which polls suggest is the strongest bloc vying with Le Pen, would be even worse for business than the Rassemblement National's unfunded tax cuts and anti-immigration policies.

"The RN's economic policies are more of a blank slate that business thinks they can help push in the right direction," a Cac 40 corporate leader said of Le Pen's party, which is leading in the run-up to the two-round vote on June 30 and July 7. "The left is not likely to water down its hardline anti-capitalist agenda."

Another business leader and investor in France added: "If you had told me two weeks ago that the business world would be rooting for the RN and counting [President Emmanuel] Macron out, I would not have believed it."

Both spoke anonymously out of a fear of commenting publicly during the lightning legislative election campaign triggered by Macron after his centrist alliance was crushed by the RN in European parliamentary elections.

Le Pen's lieutenant, Jordan Bardella, expected to be prime minister if the RN wins a majority, had already begun to woo business leaders in closed-door meetings in recent months, investment bankers in Paris and executives said.

Jean-Philippe Tanguy, an RN MP who works on economic policy, said he had

been getting calls from lobbyists, investors and companies eager to understand the party's plans. "We've told them that the RN will hold the line on deficits and present a credible plan," he said.

Markets responded to the uncertainty by sending the blue-chip Cac 40 index down more than 5 per cent between the election announcement and Monday's close. The spread between benchmark French and German bond yields, a barometer for the risk of holding France's debt, has risen 0.31 percentage points since the vote was called.

Another top executive said the prospect of far-right or leftwing parties setting France's economic strategy was "a choice between the plague and cholera".

Both the far-right and the leftwing New Popular Front alliance want a radical break with Macron's business-friendly economic policies.

The RN has signalled that it could revoke Macron's flagship pensions reform. It also wants to cut value added tax on household necessities, fuel and energy. Government figures put the cost at €24bn. The party says it would give French companies preference in procurement, a violation of EU rules.

The NFP plans to scrap the pension reforms, increase public sector pay and benefits, while raising the minimum wage 14 per cent and freezing prices of basic foods and energy. It would reintroduce a wealth tax. "The left's economic programme would amount to France leaving the capitalist system," a high-profile entrepreneur said.

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[The day in markets page 9](#)

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## Ukrainian paper Kyiv scrambles for debt deal with investors in bid to keep war effort on track



Urs Flueeler/POOL/EPA-EFE/Shutterstock

President Volodymyr Zelenskyy consults his papers at an international summit on peace in Ukraine held in Switzerland at the weekend.

Kyiv is meanwhile racing against time to secure deep cuts on the value of more than \$20bn in debt it has issued to pay for its war effort to repulse Russia's invasion.

Ukraine needs a debt-structuring agreement in order to continue receiving an IMF bailout and to win a resumption of private sector funding for reconstruction works.

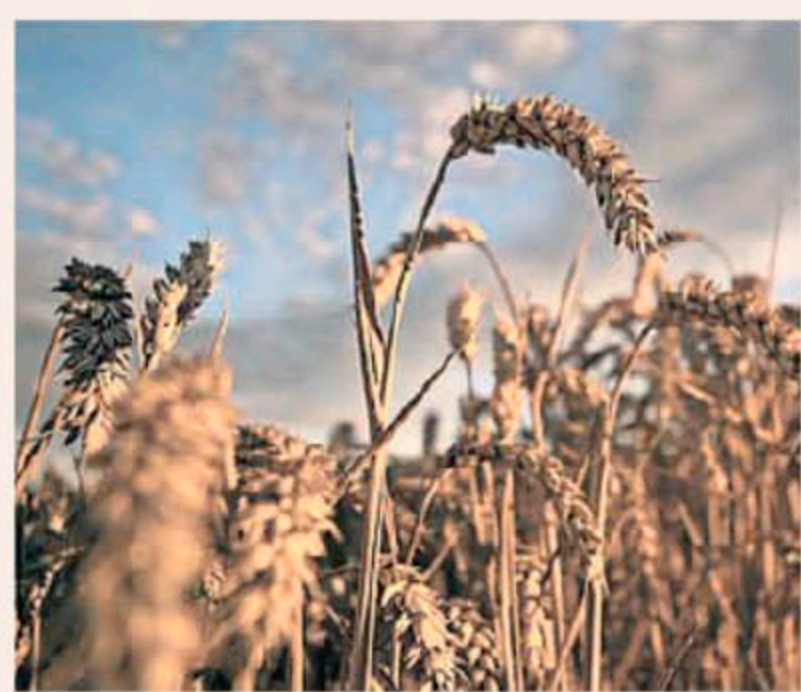
A two-year moratorium on payments on the debt granted following Russia's invasion in February 2022 is set to run out in August.

The finance ministry said yesterday that bondholders had rebuffed a proposal to reduce the value of the country's foreign currency bonds by 60 per

cent. According to the ministry, the IMF has said a proposal by an investor committee of cuts in value of just over 22 per cent would fail key debt targets.

"As we approach the deadline, we must urge our bondholders to continue productive and good-faith negotiations, with more substantial debt relief" that can meet IMF targets, said finance minister Sergii Marchenko.

[Haircut urged page 8](#)



## Wheat price set to surge as rain batters Europe's crop

Wheat prices are poised for a big rise this year after record rainfall in the UK and France takes a toll on crop yields. Autumn and winter rainfall in Britain and Ireland was 20 per cent heavier as a result of climate change, academics say, damaging crops and preventing planting. That follows climate-linked difficulties in other big wheat-growing regions, from frost damage in Russia to drought in Australia. Milling-wheat futures are already sharply up.

[Poor harvests > PAGE 8](#)

# Netanyahu dissolves war cabinet after tensions deepen over Gaza campaign

JAMES SHOTTER — JERUSALEM

Israeli Prime Minister Benjamin Netanyahu has dissolved the war cabinet he set up in the wake of Hamas's October 7 attack following the resignation of two of its five members.

The body, headed by Netanyahu, has overseen Israel's war in Gaza for the past eight months. Its dissolution followed the resignations last week of Benny Gantz and Gadi Eisenkot, two centrist politicians who joined Netanyahu's coalition at the start of the war.

Following their departures, national security minister Itamar Ben-Gvir and finance minister Bezalel Smotrich, ultranationalists whose positions have drawn fierce criticism from Israel's allies, including the US, had demanded membership of the war cabinet.

Netanyahu will instead now hold

meetings in smaller forums to discuss sensitive matters, according to Israeli officials. The wider security cabinet, which includes Ben-Gvir and Smotrich, will also continue to deal with matters relating to the war, officials said.

Gantz and Eisenkot demanded establishment of the war cabinet, which also included defence minister Yoav Gallant and strategic affairs minister Ron Dermer, as a condition of joining Netanyahu's emergency government last year.

The arrangement was designed to sideline Ben-Gvir and Smotrich, who have demanded a more aggressive approach to the war in Gaza as well as the re-establishment of Israeli settlements in the Palestinian enclave.

They have opposed concessions that would have allowed a deal to free Israeli hostages still held by Hamas in Gaza.

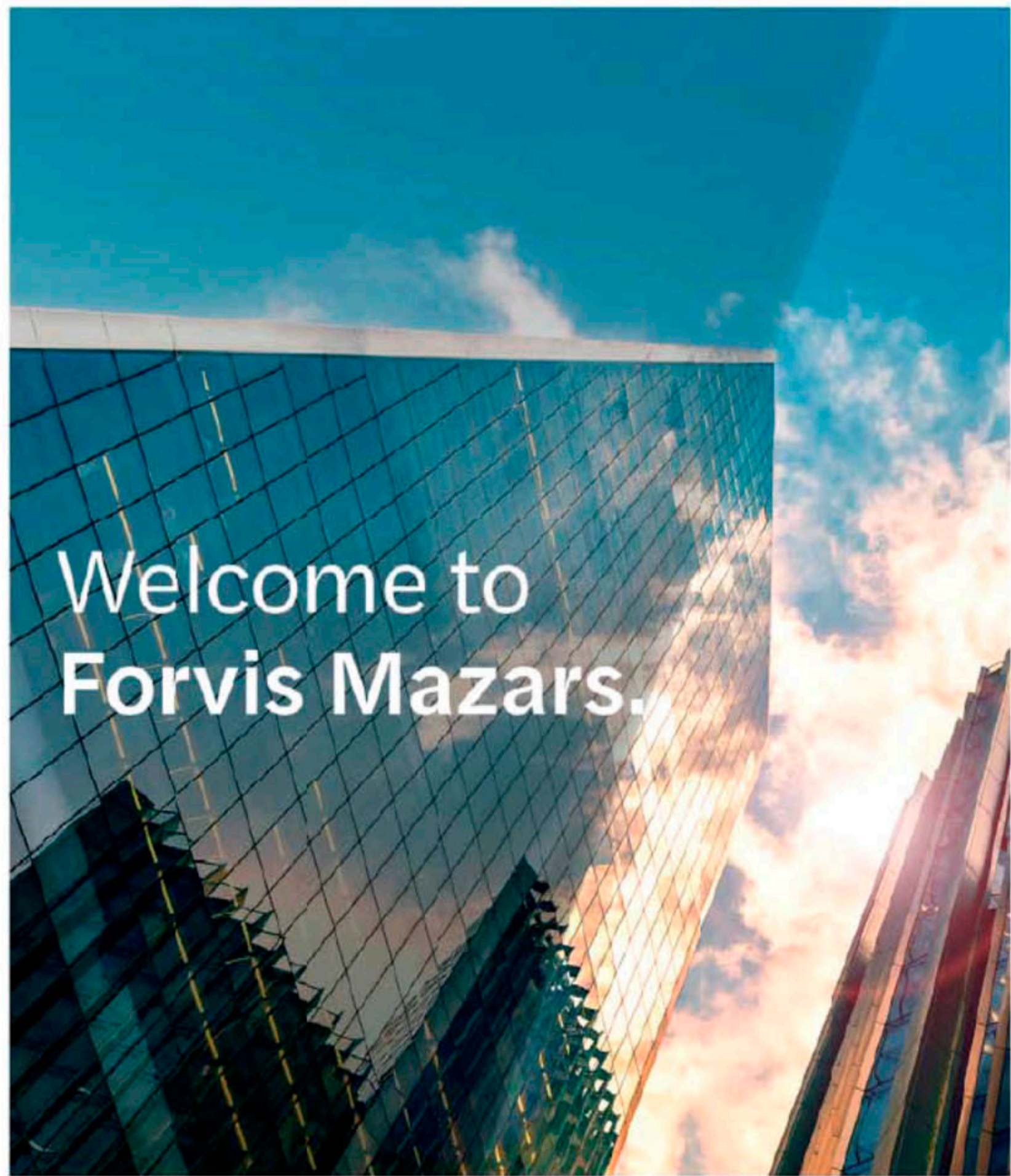
Gantz accused Netanyahu, who

depends on Ben-Gvir's and Smotrich's parties for his majority in parliament, of allowing decisions relating to the war to be affected by narrow political calculations.

The tensions came to a head this month when Gantz pulled his National Unity alliance out of the emergency government and resigned from the war cabinet after Netanyahu ignored his demands for a series of policy shifts, including drawing up a plan for the aftermath of the war.

Eisenkot said he and Gantz quit after the war cabinet was "infiltrated" by "ulterior motives and political considerations", and called Ben-Gvir "the alternate prime minister".

Netanyahu's office on Saturday accused the pair of lying, insisting the prime minister made decisions based only on Israel's national security needs.



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### World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS					
	Jun 17	Prev	%chg	Pair	Jun 17	Prev	Pair	Jun 17	Prev	Yield (%)	Jun 17	Prev	Chg
S&P 500	5441.08	5431.60	0.17	\$/€	1.072	1.069	€/£	0.933	0.936	US 2 yr	4.75	4.69	0.06
Nasdaq Composite	17716.83	17688.88	0.16	\$/¥	1.268	1.267	¥/€	0.789	0.790	US 10 yr	4.29	4.21	0.07
Dow Jones Ind	38588.92	38589.16	0.00	£/¥	0.845	0.844	¥/£	1.183	1.185	US 30 yr	4.42	4.36	0.07
FTSEurofirst 300	2031.75	2029.23	0.12	¥/\$	157.860	157.380	\$/¥	169.171	168.200	UK 2 yr	4.20	4.15	0.05
Euro Stoxx 50	4880.88	4839.14	0.86	¥/€	200.175	199.346	€ index	83.503	83.792	UK 10 yr	4.21	4.14	0.06
FTSE 100	8142.15	8146.86	-0.06	S\$/€	0.956	0.952	S\$/£	1.131	1.128	UK 30 yr	4.59	4.53	0.06
FTSE All-Share	4437.53	4438.37	-0.02	CRYPTO									
CAC 40	7571.57	7503.27	0.91		Jun 17	Prev	%chg		JPN 2 yr	0.29	0.29	-0.01	
Xetra Dax	18068.21	18002.02	0.37	Bitcoin (\$)	65242.08	66207.00	-1.46		JPN 10 yr	0.93	0.93	-0.01	
Nikkei	38102.44	38814.56	-1.83	Ethereum	3498.00	3581.00	-2.32		JPN 30 yr	2.12	2.09	0.03	
Hang Seng	17936.12	17941.78	-0.03	COMMODITIES					GER 2 yr	2.82	2.77	0.05	
MSCI World \$	3492.05	3504.47	-0.35		Jun 17	Prev	%chg		GER 10 yr	2.41	2.36	0.05	
MSCI EM \$	1076.89	1075.54	0.13	Oil WTI \$	78.84	78.05	1.01		GER 30 yr	2.57	2.51	0.06	
MSCI ACWI \$	791.26	799.70	-0.31	Oil Brent \$	83.38	82.62	0.92		Prices are latest for edition Data provided by Morningside				
FT Wilshire 2500	6957.79	6968.81	-0.16	Gold \$	2330.45	2310.80	0.85						
FT Wilshire 5000	54101.00	54198.30	-0.18										

Prices are latest for edition  
Data provided by Morningstar



INTERNATIONAL

Energy security

# Biden ready to raid oil reserves if prices rise

White House adviser says petrol costs ‘still too high’ as election moves closer

MYLES MCCORMICK — LAS VEGAS  
JAMIE SMYTH — WASHINGTON

The Biden administration is ready to release more oil from its strategic stockpile to halt any jump in petrol prices this summer, as the White House battles to contain inflation ahead of the November election.

Amos Hochstein, President Joe Biden's closest adviser on energy, said pump prices were “still too high for many Americans” and he would like to see them “cut down a little bit further”. “We will do everything we can to

make sure that the market is supplied well enough to ensure as low price as possible for American consumers,” he told the Financial Times. “I think that we have enough in the SPR if it’s necessary,” he added, referring to the country’s Strategic Petroleum Reserve.

Hochstein’s comments come as Biden tries to overcome voter anxiety about his handling of the economy with less than five months before the election.

The Biden administration has pledged measures including curbs on healthcare costs and banking fees in a bid to reduce inflation, which has fallen by about 60 per cent since hitting multi-decade highs in 2022.

Any decision in the coming months to draw more barrels from the SPR — which Biden has tapped more than any

of his predecessors — would anger Republicans who accuse him of “political abuse and misuse” of the stockpile.

US petrol prices averaged \$3.45 a gallon on Sunday, according to the AAA motoring group, down slightly from a year ago but still more than 50 per cent higher than when Biden succeeded Donald Trump as president in 2021.

Despite his limited ability to influence prices, many motorists blame the president for the squeeze at the pump. “I don’t like Biden,” said David Gonzales Broche, an Uber driver in Las Vegas, Nevada, where prices averaged \$4.05 a gallon on Sunday. “For gasoline I’m paying almost \$5 a gallon. Before, it was \$2-something — when we had Trump.”

The former president has used petrol prices as an attack line against Biden in

his campaign for the White House, claiming the administration’s clean energy and climate policies have constrained US oil output.

“We’re going to drill, baby drill,” Trump told supporters at a rally in Las Vegas last weekend.

The US under Biden has hit new record high levels of oil and gas output, and is exporting more than when Trump was president.

The SPR was set up almost half a century ago as a buffer against jumps in oil prices in times of supply disruption. Biden announced releases from the reserve in late 2021 and again in 2022 as petrol prices rose following Russia’s full-scale invasion of Ukraine.

Opec+ this month extended oil supply cuts in a bid to bolster prices. Brent

crude settled at \$82.62 a barrel on Friday, having risen 7 per cent in the past two weeks. Goldman Sachs expects it to reach \$86 a barrel next quarter.

In a letter sent last month to energy secretary Jennifer Granholm, senior Republicans called on the administration to “ensure the SPR is not abused for political purposes in this election year” and described Biden’s SPR release in 2022 as “a transparent attempt to influence the midterm elections”.

The administration has gradually refilled the SPR since it was drained under Biden to its lowest levels since 1983, arguing it has done so at a good rate of return for taxpayers by selling the oil at higher market prices and buying barrels back at lower levels.

[See Lex](#)

Debate looms

# President’s campaign ads to paint rival Trump as ‘unhinged’

FELICIA SCHWARTZ — WASHINGTON

US President Joe Biden will launch an assault on Donald Trump’s character in a \$50mn advertising campaign that paints his opponent as an “unhinged” felon intent on retribution.

The ad spending highlighting Trump’s criminal conviction in New York is a significant infusion of cash just over a week from the first presidential debate.

It will target voters in battleground states and includes what the Biden campaign described as its largest investment to date to reach Black, Latino, Asian American and Native Hawaiian/Pacific Islander voters. The campaign has sharpened its attacks on Trump since he was found guilty of 34 felony counts on May 30.

“The campaign is releasing a new ad that lays out the choice Americans will see on the debate stage on June 27 between President Biden, who is fighting for the American people every day, and convicted felon Donald Trump, who is fighting for himself,” according to a statement from the Biden campaign.

The television ads will highlight Trump’s recent conviction and will seek to paint him as a “spiralling and unhinged man who will do anything for power, revenge and retribution”, the campaign said.

Trump is leading Biden by 1.1 percentage points in national presidential polls, according to an average by political website [Fivethirtyeight.com](#). Polls show that Trump has an edge in battleground states that will decide the election in November.

On June 27, Biden and Trump will participate in their first televised debate in Atlanta, capital of the key swing state of Georgia that Biden won in 2020 by just 11,779 votes.

Last month, Trump became the first former US president to be convicted of a crime after a New York jury found him guilty of all 34 charges in a scheme to illegally influence the 2016 election by falsifying records to cover up a sex scandal.

Both campaigns are stepping up efforts to reach swing-state voters as polls indicate a razor-thin contest heading into the summer.

Biden at the weekend raised more than \$28mn at a Hollywood fundraiser, the biggest in the history of the Democratic party.

Biden built up a \$70mn cash advantage in the early months of the year but Trump has been fundraising frantically from Republican donors from Wall Street to Florida and Texas in an effort to help him return to the White House.



Star power: Joe Biden raised \$28mn at a Hollywood event last weekend

## Latin America. Medical system

# Colombia split over healthcare reform

Business accuses president of undermining insurers after congress halts state takeover

JOE DANIELS — CARTAGENA

A deepening crisis in Colombia’s healthcare system is pitting the South American country’s leftwing president Gustavo Petro against business leaders and opposition politicians who accuse him of bypassing congress to advance his radical agenda.

After lawmakers shelved his landmark healthcare bill, Petro instructed regulators to take over the country’s two largest private health insurers, which face significant liquidity problems. The moves mean that more than half of the population’s healthcare accounts are now under state management, according to industry groups.

Petro — who says the reforms are necessary to weed out corruption, make the system financially sustainable and improve coverage in rural areas — will soon make another push to get his health bill through. But business and opposition leaders say that rather than overhauling the system to keep it afloat, Petro is allowing insurers to collapse because of his ideological opposition to the private sector.

“[The government] knows how to destroy a system that they don’t like but they don’t have any strategy to face the destruction,” said Bruce Mac Master, president of Colombia’s largest business association. “They want to intervene in any activity in which they think the state should play a part.”

For decades, private insurers, collectively known as Empresas Prestadora de Salud (EPS), have been a cornerstone of the health system, which extends cover to about 98 per cent of the population of 52mn. Colombians pay some of the lowest out-of-pocket costs in the region.

The government sets insurance payments from individuals via means testing, and these are deposited in a government-run fund. They are then distributed to insurers to be paid to hospitals and other healthcare providers.

But Petro has accused the for-profit EPS of mismanaging their finances and perpetuating discrepancies in access to healthcare between urban centres and isolated rural communities. He has pro-



Controversial: a protest in Bogotá against President Gustavo Petro’s reform plans

Raul Arboleda/AFP/Getty Images

posed the funds should be handed over from the insurers to local mayors.

“Health cannot be a business, nor a patient a customer,” Petro said last year as he sent his reform bill to congress. “We want a doctor to be able to go to the home of a peasant family, no matter how far away it may be.”

Analysts cite a number of problems with Colombia’s healthcare system. Of the 27 EPS, only seven have the sufficient financial and technical reserves mandated by regulators. Others suffer from a lack of management capacity, while government payments do not cover the rising costs of updating hospital equipment and infrastructure as well as increasing demand for treatment.

Daniel López Morales, professor of law at Bogotá’s Javeriana university, said while there was “no magic recipe” to resolve the crisis, any reform should allow time for transition and have the buy-in of all participants. “The health system should be thought of as a collaboration between the private sector, rather than something antagonistic.”

In April, government regulators took

over Colombia’s two largest EPS, Sanitas and Nueva EPS, replacing their executive boards for a year. At Sanitas, which insures about 5mn people, regulators found losses of more than \$100mn and an “increase in unjustified operating costs”. At Nueva EPS, Colombia’s largest health insurer with nearly 11mn affiliates, they said \$1.25bn in invoices was missing from financial statements.

While Sanitas has not responded to the regulator’s filing, Nueva’s ousted board said it was unaware of any hidden invoices in its accounts, which were signed off by Deloitte and KPMG.

Petro’s reform bill sought to supplant private insurers with a government agency in order to pay hospitals directly. After it was shelved by congress in April, the president said big business had become “owners of politics” and that he would submit another bill when the next legislative session began in July.

Petro said that without intervention, the system could collapse as some of the EPS begin to fold. “If I wanted to get rid of the EPS, you know what I would do? Not present a reform bill and leave what

‘Health cannot be a business, nor a patient a customer’

Gustavo Petro

is happening to happen,” he said last year. His prediction appears to be playing out. Sura, which has about 5mn affiliates, last month requested regulatory approval to withdraw from the health system, claiming the resources it received from the government did not cover its costs. The EPS posted \$92.3mn in net losses from 2022-23.

Gustavo Morales, president of a private insurance association, said that while the government was not principally responsible for the sector’s crisis, it could have signalled an intent to work with insurers like Sura. “What gave rise to Sura’s decision was the perception that there was no short-term willingness [from the government] to sit down and solve the problem with the urgency required,” Morales said.

Opposition figures are urging Petro to moderate his combative approach to business and promote investment.

“We are seeing a clear persecution by the government of the private sector,” former rightwing president Iván Duque said at a banking conference last week.

[See Opinion](#)

UK election

# Scepticism greets ‘radical’ manifesto of Farage’s insurgent party

RAFE UDDIN — LONDON

Reform UK, the fledgling party seeking to supplant the Conservatives on the right of British politics, has unveiled an election manifesto promising drastic tax cuts and boosts to health and defence spending despite concerns that its plans do not add up.

At a press conference yesterday in Merthyr Tydfil, Wales, the party set out “radical” plans, including lifting the income tax threshold from £12,570 to £20,000 in a series of moves that would result in about £88bn in personal and business tax cuts.

Nigel Farage, Reform’s co-founder and leader, said he accepted the plans were dramatic but insisted they had been fully costed, unlike the £45bn in debt-funded tax cuts set out under the shortlived premiership of Liz Truss that sent markets into meltdown in 2022.

“It’s radical, it’s fresh thinking,” Farage said. “It’s not what you’re going to get from the current Labour and Conservative parties.”

Reform has committed to roughly £141bn in tax cuts and additional spending each year, funded by raising

about £150bn through measures including a 5 per cent cut in department budgets, axing net zero plans and overhauling the Bank of England’s money-printing operation.

Carl Emmerson, deputy director of the Institute for Fiscal Studies, a think-tank, said the manifesto did not add up and would cost billions of pounds more than claimed. “These plans cannot be implemented without finding ways to raise money or cut spending,” he said.

Reform is trying to broaden its base ahead of the July 4 general election. It is currently averaging about 14 per cent in the polls but in one YouGov poll last week it overtook the Tories by a single percentage point to reach 19 per cent.

Farage, the arch Brexitier who re-entered the political fray when he took over the leadership of Reform earlier this month, said last week he would be willing to lead a merged Reform-Conservative grouping.

He is making his eighth attempt to become an MP, standing in Clacton, a seaside town on the east coast of England, which was held by the Conservatives in 2019, is home to an ageing population that is more reliant on squeezed

public services and voted heavily to leave the EU in 2016.

Farage has labelled the vote an “immigration election” and has warned of a “population explosion” and called for the UK to exit the European Court of Human Rights.

Madeleine Sumption, director of Oxford university’s Migration Observatory, said Reform’s plans to “freeze non-essential immigration” were unclear and could wind up being less radical than presented.

“It’s not clear what kinds of work



Nigel Farage: has called the July 4 vote an ‘immigration election’

would be counted as ‘essential,’” she said, noting Reform mentioned exemptions for health workers.

She added that carve-outs would result in a policy not far removed from the status quo.

“Outside of the health and care sector there isn’t much scope left to reduce migration without a fiscal cost,” she said, adding that politicians were reluctant to offset low wages in the care sector due to the state of public finances.

Reform has pledged to cut departmental spending by 5 per cent without an appreciable dip in services but also committed to invest in the NHS and boost defence spending to 3 per cent of GDP, meaning it will have to reduce other departments’ budgets more drastically to offset these proposals.

The party also said it would block the Bank of England from paying interest to commercial banks at the benchmark rate of 5.25 per cent on £770bn of reserves as part of quantitative easing policies in a move that would raise £35bn each year. The IFS has said this measure was unlikely to raise even half the amount Reform expected.

[See Opinion](#)

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INTERNATIONAL

# Mélenchon purge sends tremors through France’s leftwing alliance

Firebrand’s potentially divisive influence over campaign has made other parties in pact uneasy

BEN HALL AND ADRIENNE KLASA  
PARIS  
AKILA QUINIO — LONDON

When dozens of leftwing politicians lined up for a photo last week to mark the launch of a new alliance for France’s snap elections, there was one notable absence: populist far-left firebrand Jean-Luc Mélenchon.

By remaining in the shadows, Mélenchon, 72, who has long been the left’s standard-bearer but divides leftwing colleagues as much as he does the country, may have been trying to ensure the coalition’s unity.

“This is the new generation of the left,” Raphaël Glucksmann, a centre-left EU lawmaker whose party is in the new alliance, said approvingly when asked about Mélenchon’s no-show.

But hours later on Friday, the leader of the far-left La France Insoumise (France Unbowed, or LFI) party, the largest member of the new alliance, reminded everybody that he remains a force to be reckoned with – and a tyrannical one at that.

Mélenchon carried out a late-night purge, striking off senior colleagues who had previously criticised his extreme positions and inflammatory tirades from LFI’s list of candidates.

“Candidacies for life do not exist,” Mélenchon said, adding the “loyalty and political coherence” of his parliamentary group were essential.

The purge was an extraordinarily provocative step, coming on the day the leftwing parties formally launched the New Popular Front. Several of those excluded by Mélenchon had been strong proponents of such an alliance.

Their ousting triggered a furious backlash from LFI figures, with several denouncing Mélenchon’s autocratic manner. “The leadership of France Insoumise, far from rising to the occasion, is stooping to the worst schemes,” François Ruffin, a dissident LFI MP, wrote on X. “Let’s not kid ourselves: you cannot, for country, aspire to peace and democracy, and for party, a reign of fear and brutality.”

The NPF – inspired by a determination to beat Marine Le Pen’s Rassemblement National – is a critical development in the run-up to the elections on June 30 and July 7. It could make it much harder for candidates for President Emmanuel Macron’s centrist alliance to qualify for second-round run-offs.

But the success of the pact could hinge on how Mélenchon behaves during the campaign. He eased concerns of other leftwing parties on Sunday by suggesting he would not insist on becoming premier if the left emerged from the election with the most seats, a troubling prospect for some.

A former Trotskyist who served as a junior education minister in a socialist government from 2000-02 before turning to the Eurosceptic hard left, Mélenchon has long had a reputation as a political bruiser with a volcanic temper.

Although Mélenchon has a committed far-left following, some demonstrators marching against the far right in Paris on Saturday saw him as a liability.

“The goal is to stop the division of



Talking tough: Jean-Luc Mélenchon is known as a gifted orator. Below, an anti-far-right rally in Paris on Saturday

Olivier Chassinole/AFP/Getty Images; Sameer Al-Doumy/AFP

France, and Mélenchon divides it, unfortunately,” said Alex Assouad, 23. “He has the right ideas but the wrong method,” said Kevin Bartoume, 38.

A gifted orator, Mélenchon is the most successful recent vote-winner for the left. He won 22 per cent in the first round of the 2022 presidential election, coming third, just behind Le Pen. That success, way ahead of the Socialist candidate’s 1.8 per cent, gave the LFI the upper hand among leftist parties when they went on to form an alliance known as Nupes that lasted just over a year.

“He is a key figure, someone who has proved himself in the most challenging election in the French system, the presi-

dential election,” said Bruno Cautrès, researcher at Sciences Po university. “He gave the left a future with the creation of Nupes, but in the end he was not able to manage the different people and temperaments within it.”

The first episode to fracture Nupes was Mélenchon’s support for Adrien Quatennens, a close lieutenant, despite his admission that he had hit his wife. There were also fights over Mélenchon’s lukewarm support for Ukraine after Russia’s full-scale invasion in 2022.

The final breakdown came last year over Mélenchon’s refusal to condemn the October 7 attack on Israel by Hamas and playing down of antisemitic incidents, stances that reflected both his revolutionary zeal and strategy of rallying Muslim voters.

Meanwhile, sloppily dressed LFI MPs hurling abuse at opponents have disrupted the National Assembly. Their conduct has lent weight to critics’ claims that Mélenchon is not committed to parliamentary democracy.

The MPs’ approach also contrasted with Le Pen’s attempts to present the RN as a responsible party of government, epitomised by her “necktie strategy”, an instruction to her MPs to dress smartly.

“We have certainly seen the normalisation of Marine Le Pen since 2022,” said Cautrès. “Jean-Luc Mélenchon’s strategy, meanwhile, has been to take a much more radical stance.”

The public sees Mélenchon as more

‘The goal is to stop the division of France, and Mélenchon divides it’

polarising, less professional and less presidential than his far-right rival, according to an Ifop poll last year.

With LFI’s support shrinking to 10 per cent in European parliament elections on June 9 and the centre-left party led by Glucksmann winning 14 per cent, the power balance has shifted.

Under the terms of their new alliance, the centre-left will contest 100 more seats than at elections two years ago, although LFI is still running the most candidates of the NPF members.

Even Mélenchon’s allies say a more consensual approach is needed to maintain unity. “The campaign will undoubtedly be all the more collective,” said Manon Aubry, who leads LFI in the European parliament. She said the party would “propose not impose” its choice of prime minister if the left won.

Mélenchon himself signalled a partial retreat on Sunday when his protégé Quatennens withdrew his candidacy. “I don’t want to be a problem. All our efforts must be for the victory of the NPF,” he said.

Philippe Marlière, professor of French politics at University College London, said it was “very clear that his party now understands that if the New Popular Front is to be successful and remain united during this campaign, Mélenchon should keep quiet, and that is a complete difference with 2022.”

Additional reporting by Leila Abboud  
[See FT View](#)

Election volatility

## ECB chief economist rejects move into French bond market

MARTIN ARNOLD — FRANKFURT

A senior European Central Bank official has dismissed the idea that it could start buying Eurozone government bonds after the announcement of a snap French parliamentary election caused a sell-off in the country’s debt.

Philip Lane, chief economist of the ECB, said: “What we are seeing is a repricing but it is not in the world of disorderly market dynamics right now.”

His comments, at a Reuters event in London, indicate that the ECB currently believes there is little reason to consider activating its relatively new, but as yet untested, emergency bond-buying powers to support Eurozone debt markets.

Borrowing costs for European governments have surged since French President Emmanuel Macron called snap parliamentary elections on June 9 after his party lost heavily in EU elections, stirring fears it could lead to another Eurozone debt crisis. Polls indicate Marine Le Pen’s far-right Rassemblement National could win next month’s election and a leftwing bloc could be the main opposition. This is raising concerns that France could go on a populist spending spree, raising already elevated debt levels.

Lane’s comments were backed by ECB president Christine Lagarde.

“Price stability goes in parallel with financial stability,” Lagarde said yesterday while visiting a quantum computing research site in Massy, south-west of Paris. “We are attentive to the good functioning of financial markets, and . . . we’re continuing to be attentive, but it’s limited to that.”

Some analysts think an intensification of the bond sell-off would force the ECB to respond. The central bank gave itself powers in 2022 to buy unlimited amounts of a Eurozone country’s bonds to counter an unwarranted sell-off, but the scheme has not been activated and there is uncertainty over the conditions that would trigger its usage.

Jörg Krämer, chief economist at German lender Commerzbank, said: “In an emergency the ECB would intervene. It would massively buy government bonds and stabilise the monetary union as it did back in 2012.”

Lane said the ECB had “made it clear” it would not tolerate market panic causing a meltdown of Eurozone bond markets owing to the selling of bonds indiscriminately if prices are falling in a way that “disrupts monetary policy”. But, declining to refer to France, he contrasted this scenario of a “disorderly market dynamic” with a sell-off caused when investors were “reassessing fundamentals”. The ECB’s “transmission protection instrument”, which it announced as it raised interest rates, specifies it “can be activated to counter unwarranted, disorderly market dynamics” that interfere with monetary policy.

France’s finance minister Bruno Le Maire warned last week an RN victory could lead to a “debt crisis” similar to the chaos fuelled by former UK premier Liz Truss’s “mini-Budget” in 2022.

[See Lex](#)

Green policy

## EU ministers approve nature preservation law

ALICE HANCOCK — LUXEMBOURG  
SAM JONES — BERLIN

EU ministers have approved a controversial law to preserve nature despite stiff opposition to the plans and threats by Austria that it would seek to annul the outcome of the vote.

The Nature Restoration Law, which was passed by the bloc’s environment ministers yesterday, sets a legally binding target for EU countries to preserve a fifth of the bloc’s land and seas but has been heavily contested by conservative, rightwing and farming groups.

Environmental campaigners had said that if EU ministers did not approve the law, the bloc would fall foul of commitments to which it signed up under a UN biodiversity treaty in Montreal in 2022.

“Europe has to live up to its promises,” said Inger Anderson, head of the UN’s environment programme. “We are losing species at an incredibly rapid pace, and we cannot take for granted that our ecosystems will continue to deliver the services that we need if we do not take action to protect them.”

The law is a critical piece of the EU’s green legislation package but had been heavily criticised by farming and other business groups amid a wider downturn in support for the bloc’s climate policies.

The vote on the law had been delayed after Hungary pulled its support in



March, citing its impact on farmers’ incomes. Poland, the Netherlands, Sweden and Finland also opposed it in the final ballot, while Belgium abstained. But last-minute changes of heart from Austria and Slovakia, both of which had planned to abstain, allowed it to pass.

Austria’s Chancellor Karl Nehammer wrote to Belgium, which holds the EU’s rotating presidency, saying climate minister Leonore Gewessler’s position had not been approved by Vienna and that

‘Europe has to live up to its promises. We are losing species at an incredibly rapid pace’

her vote was “unlawful”. Gewessler is from the Greens, which governs in coalition with Nehammer’s conservative People’s party (ÖVP).

“The vote by . . . Gewessler does not reflect the will of the country and [was] not made in accordance with the constitution,” a spokesperson for the chancellor said, adding the government would seek to annul the vote in the European Court of Justice.

The ÖVP said it would file criminal charges against Gewessler for “abuse of office” with Austrian prosecutors. But Vienna’s justice ministry, which has the

power to quash investigations, is controlled by the Greens.

“Gewessler is putting herself above the constitution,” said ÖVP general secretary Christian Stocker.

The dispute exposes the rifts in Austria’s coalition as it approaches national elections in September.

The vote was the first major test of the EU’s Green Deal climate law following bloc-wide elections earlier this month.

Polish opposition to the law prompted outrage from environmental groups, 229 of which signed a joint protest statement demanding that Prime Minister Donald Tusk, who took office in December, respect his election promises to protect nature.

Tusk has come under pressure from the rightwing Law and Justice party (PiS), which made contesting EU green policy a core part of its campaign in the EU elections. Tusk also leads a coalition that includes PSL, a farmers’ party.

The vote on the nature restoration law had been equally divisive in the European parliament, where it passed by only about 30 votes in February.

“The time for political and ideological discussion is over,” environment commissioner Virginijus Sinkevičius said after the bill was approved. “Now let’s get on with the job.”

Additional reporting by Raphael Minder in Warsaw

Inflation concerns

## German industrial union calls for 7% pay rise

MARTIN ARNOLD — FRANKFURT

Germany’s largest industrial trade union is gearing up for a battle over pay in the country’s manufacturing heartlands after it called for a 7 per cent wage rise for millions of electrical and metal workers.

IG Metall said yesterday its board recommended negotiators seek the pay rise for a 12-month period for 3.9mn workers in the sector, which is the backbone of Germany’s wider economy and a bellwether for wage deals elsewhere.

The proposal is likely to be given a frosty reception from industry leaders who have faced an energy crisis and a wider downturn in the EU’s largest economy. The employers’ association had already suggested a pay freeze in the sector, which includes many workers in Germany’s carmaking industry.

The demand for a 7 per cent pay rise in one of the weakest areas of Germany’s economy reflects workers’ continued efforts to claw back purchasing power after the biggest inflation surge for a generation two years ago. But it is also likely to worry the European Central Bank, which is counting on a moderation of pay demands to help cut inflation to its 2 per cent target next year.

“The ECB will be watching these developments carefully,” said Tomasz Wieladek, economist at investor T Rowe

Price. “If wages turn out to be sticky, as unions have much stronger bargaining power than usual, the ECB may have to either delay cuts or cut slower than expected.” The central bank lowered its benchmark deposit rate for the first time in five years earlier this month.

The demand came as Eurostat, the EU’s statistical agency, published figures yesterday showing that Eurozone labour costs accelerated at the start of this year, rising at an annual rate of 5.1 per cent in the first quarter, up from 3.4 per cent in the previous quarter. In Germany, collectively agreed wages rose 6.2 per cent in the first quarter – the fastest pace for almost a decade.



IG Metall covers 3.9mn workers, including in the automotive sector

IG Metall said its proposal was based on “the persistently high price level” and the “economic situation in the industry”. The pay demand is much higher than the latest annual inflation rate in Germany of 2.8 per cent in May. It also comes after workers in the sector were given an 8.5 per cent pay rise spread over two years plus a €3,000 one-off bonus after the last wage negotiation in 2022.

“The one-off payments made by employers from the last collective bargaining agreement have been eaten up by inflation,” said Nadine Boguslawski, a union board member. “The companies have a comfortable backlog of orders, the employees have to work hard.”

Production in Germany’s sprawling electrical and metal industry dropped 2.4 per cent in the first quarter of this year, taking the decline since before the pandemic hit in 2020 to 14 per cent, according to the Gesamtmetall employers’ association for the sector.

“There is currently nothing to distribute,” Harald Marquardt, lead negotiator for employers in the Baden-Württemberg region of southern Germany that is home to carmakers Porsche and Mercedes, said last week.

The union is due to finalise its wage demand next month before negotiations start in September.



INTERNATIONAL

Technological change

AI will widen inequality, IMF warns

‘Profound concerns’ over job losses at all skill levels spur call for urgent action

VALENTINA ROMEI — LONDON

The IMF said it had “profound concerns” about massive labour disruptions and rising inequality as societies move towards artificial intelligence, and it urged governments to do more to protect their economies.

In a report yesterday, the fund said countries should act on improving unemployment insurance, warning that, unlike past disruptive tech, AI could lead to the loss of higher-skilled jobs.

While the IMF said that generative AI held huge potential to boost productivity growth and advance public services

delivery, it warned it also “raises profound concerns about massive labour disruptions and rising inequality”.

Generative AI, where computers automatically create text or images using generative models, came into focus with the launch of OpenAI’s ChatGPT in 2022. While many companies have been slow to adopt it so far, it has spurred a rebound in global tech stocks.

Regulating AI has become a concern. The EU has agreed a first-of-its-kind AI Act that targets the risks posed by the fast-moving tech, with a possible outright ban on AI applications that carry unacceptable risks for the safety, livelihoods and rights of EU citizens.

The IMF report noted that policies on education and training needed to adapt to new realities to help prepare workers for a rapidly changing job market, with a

greater focus on offering life-long learning. Sector-based training, apprenticeships and reskilling schemes could play a greater role in helping workers transition to new tasks and sectors, it said.

“We want people to be able to benefit more broadly from the potential that this technology holds and we want to ensure that there are opportunities created for people,” said Era Dabla-Norris, deputy director at the IMF’s fiscal affairs department and co-author of the report.

She added the “transition could be painful for workers” facing higher and longer unemployment as “older workers may not have the skills needed in the age of AI”.

She added: “You want to be able to cushion this costly transition and maintain social cohesion in societies.”

The IMF advised against special taxes

‘You want to be able to cushion this costly transition and maintain social cohesion in societies’

on AI, which have been suggested as a solution to cover the worst effects of the technology, arguing they could hit productivity growth. It proposed raising taxes on capital gains and profits, levies that have fallen in recent decades, as well as corporate income taxes.

Earlier automation waves, such as the adoption of robotics, displaced mostly blue-collar and lower-skilled workers, while higher-skilled and white-collar workers are seen as most exposed to AI.

However, AI is also capable of powering more intelligent robots and could lead to further automation of blue-collar jobs, too, the IMF warned. This could further exacerbate income and wealth inequality.

In January, the IMF estimated that AI would affect almost 40 per cent of jobs around the world.

GLOBAL INSIGHT

AFRICA

Andres Schipani



Sudan is tumbling into the Somalia trap while world looks elsewhere

Somalia’s bloody descent in the 1990s began with a feud: two militia leaders together ousted a strongman ruler, then fell out. The battle for Mogadishu never really finished and, for decades, Somalia was the archetype of a failed state.

For the Horn of Africa — and Sudan in particular — it is a cautionary tale of violent infighting after regime change that seems bleakly relevant today.

About a year ago, peals of gunfire rippled across the capital Khartoum as two generals, who had united to unseat a dictator, decided it was time to fight each other.

The shooting has barely stopped. Sudan is in the grip of one of the world’s most brutal wars, and one of its most devastating humanitarian crises after more than a quarter of the 47mn population were forced to flee their homes.

The fighting has already killed 150,000 people, one senior US official estimates. A country that has endured coups and civil wars, including one that led to its break-up and the creation of South Sudan in 2011, has been brought low.

But the nightmare could continue, as it did for Somalia — two factions splintering into many, sucking in foreign powers, spreading violence and man-made famine and opening the floodgates for hardline Islamists and jihadi militants linked to al-Qaeda.

On one side in the battle for Sudan is General Abdel Fattah al-Burhan, president of Sudan’s military government and head of the army, who has the backing of Egypt and most recently won support from Iran; he is also being courted by Russia. On the other is Burhan’s former vice-president Lieutenant General Mohamed Hamdan Dagalo, known as Hemeti. He oversees the paramilitary Rapid Support Forces, one of the region’s biggest militia groups, and has Emirati backers, although Abu Dhabi denies involvement.

Two decades ago, Hemeti fought against a Darfur uprising on behalf of long-standing dictator Omar al-Bashir, who created the RSF to protect himself — something he would later regret when Burhan and Hemeti deposed him in 2019 following a civil revolt.

Over the past year, the US and Saudi Arabia, the United Arab Emirates and Egypt, the African Union and a regional body — the Intergovernmental Authority on Development — have all tried to somehow mediate in Sudan.

But, in the words of UN secretary-general António Guterres, these efforts failed for a simple reason: “The two parties have made a bet, and the bet is to win militarily.”

The US has talked to Burhan about resuming the fraught and so far fruitless talks sponsored by Washington and Riyadh in Jeddah, as a last best chance to secure a ceasefire. But the obstacles are legion.

“There will be no negotiations, no peace and no ceasefire except after defeating this rebellion . . . so this country can live in peace,” Burhan said last month.

Hemeti said on Sunday that he was open to talks “aimed at achieving comprehensive peace”, but neither warring faction has previously stuck to its commitments.

The risks linked with the conflict are only growing. While fighting continues in many parts of the country, the RSF is closing in on El-Fasher, the capital of North Darfur — the last army bastion in an ethnically divided region and Hemeti’s historic power base. This has heightened fears of the country splitting into two competing areas.

Any serious breakthrough in talks will probably need a concerted international effort. But as wars rage in Gaza and Ukraine, Sudan is not at the top of the global agenda. It is an ominous parallel with the early 1990s when the Gulf war, the collapse of the Soviet Union and the conflict in the Balkans dragged attention away from Somalia.

Amjed Farid, a former special adviser to the ex-prime minister, warned the war could last another decade “unless there is a united civilian front that can bring everyone together to work on stopping the war”. If the slide continues, he warned, “there’s no coming back for Sudan”.

Asia-Pacific. Tariffs ease

Australia’s China trade rebounds to record

Premier Li makes four-day visit as relations between Canberra and Beijing improve

NIC FILDES — SYDNEY

Australia’s trade with China has jumped in the past year to record levels, as relations between the two countries recovered from a damaging dispute sparked by the Covid-19 pandemic despite wider security tensions in the region.

Total trade with China reached A\$219bn (\$145bn) in 2023, their highest yet and up from A\$168bn in 2019, the last year before the outbreak of the pandemic and imposition of Chinese tariffs and sanctions, according to official data from the Australian government.

The importance of the trade ties was on clear display this weekend as Chinese premier Li Qiang started a four-day visit that will include Australia’s mining and winemaking regions. The trip underscores the importance of the country’s commodities to the Chinese economy even as Canberra has embraced closer security ties with Washington.

The trip — the first by a senior Chinese leader since former premier Li Keqiang in 2017 — followed high-level meetings including visits by Australian Prime Minister Anthony Albanese and foreign minister Penny Wong, as Beijing and Canberra have sought to mend ties in a lucrative trade relationship.

The recovery in trade value has been driven in particular by rising prices of iron ore — Australia’s most important export — and a rebound in services after travel and tourism dropped off during the pandemic and relations soured.

“The economic relationship is very strong and growing in spite of all the noise,” said Hans Hendrichske, professor of Chinese business and management at the University of Sydney.



Diplomatic relations had been their most fraught in decades after Beijing in 2020 enacted tariffs, sanctions and informal bans on about A\$20bn of Australian goods, including coal, barley and wine, and detained Australian citizens.

China introduced the tariffs in response to then prime minister Scott Morrison’s call for a public inquiry into the origins of Covid-19, and after Australia became the first country in the world to ban Chinese vendors including Huawei from its 5G telecoms network.

Albanese’s election in 2022 proved a catalyst for a thaw in tensions but Australia had managed to weather the

Grapes of wrath: a vineyard in Victoria’s Yarra Valley. The Australian wine industry suffered a steep fall in sales to China after punitive tariffs were introduced

James Bugg/Bloomberg

sanctions thanks to a surge in global commodity prices during the pandemic and diversification into other markets.

Meanwhile, Australian iron ore and lithium, a critical ingredient in electric vehicle batteries and core to Beijing’s new technology drive, continued to flow to China, preserving Australia’s economic resilience.

Lobsters are the only residual export still subject to the 2020 trade restrictions. But Don Farrell, Australia’s trade minister, said last week he was “very confident” barriers would be lifted.

Farrell added that A\$86mn of wine was shipped to China in April, the month after tariffs were lifted, and he was optimistic trade would make a “full recovery”. Australia exported A\$1.2bn of wine a year to China before the tariffs.

The Chinese premier’s Australia leg included stopovers in Adelaide — where the resumption of trade will be welcomed by winemakers — and Perth, the mining and minerals hub, where Li and Albanese will hold a business roundtable with BHP, Rio Tinto, Fortescue and



Chinese miners operating in Australia.

It follows a three-day trip to New Zealand during which Li announced visa-free travel and solicited support for China’s admission to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership trade pact. He also extended reciprocal visa-free travel for Australians yesterday in Canberra.

Li will also visit Fortescue’s green energy research facility in a Perth suburb, and a lithium hydroxide refinery — the largest outside China — run by China’s Tianqi and Australia’s IGO.

Some observers questioned Canberra’s strategy of not just restoring but expanding trade with Beijing at a time when security rifts in the Indo-Pacific are deepening.

One former government adviser said Canberra’s approach suffered from “cakeism”.

The adviser added: “We want a full-throated military deterrent to China but desperately still want access to that market for our iron ore and wine.”

Trade tension

Beijing begins anti-dumping probe into EU pork imports

JOE LEAHY AND WENJIE DING — BEIJING  
ANDY BOUNDS AND ALICE HANCOCK  
BRUSSELS

Beijing has opened an anti-dumping probe into EU pork imports, escalating trade tensions less than a week after Brussels said it would impose tariffs on Chinese electric vehicles.

China’s ministry of commerce said the investigation — which the European agricultural industry said would hit farmers in Spain, the Netherlands, Denmark, Germany and Belgium the hardest — would focus on EU pork imports in 2023 and last up to a year, though it could be extended by six months.

“In recent years, the European Union has been dumping large quantities of low-priced pork and pig by-products into China, impacting . . . China’s pork and pig by-products industry, as well as the related farming sector and farmers,” the China Animal Agriculture Association said in its request to the ministry for an investigation. The announcement follows Brussels’ notifying carmakers

last Wednesday that it would raise tariffs to almost 50 per cent as part of an anti-subsidy probe into Chinese EVs.

By launching the anti-dumping probe into pork, which follows an earlier action targeting brandy, Beijing hopes to press individual European governments to force the European Commission to scrap the EV tariffs before they are confirmed by July 4.

Member states will get a vote on the tariffs, probably in October. They could be blocked if 15 states vote against them.

Berlin has already said that it opposes the EV tariffs. Spain has equivocated, while France has strongly backed them.

“It’s a politically designed retaliation. The EU pork sector is pretty fragile and China is [the] dominant export country,” said Fredrik Erixon, director of the Brussels-based European Centre for International Political Economy.

“It also hits France and the Netherlands, the former at a politically sensitive time, which China is aware of,” he said, referring to the French election.

[See Opinion](#)

Food supply

Pakistan rice exports surge after India sales restrictions

SUSANNAH SAVAGE — LONDON  
HUMZA JILANI — ISLAMABAD

Pakistan is selling record amounts of rice to global markets as it profits from trade restrictions introduced last year by India, the world’s biggest exporter.

Rice exports from Pakistan, the fourth-largest exporter, surged to almost 5.6mn tonnes in the 11 months to the end of May, up nearly 60 per cent on the same period a year earlier, according to official statistics.

The value of Pakistan’s rice exports rose to \$3.6bn over the period, up from \$2bn in July to May 2022-23. The boom follows India’s imposing export restrictions on certain types of rice last year, in an effort to curb rising domestic prices ahead of parliamentary elections after a volatile monsoon disrupted production and spurred fears of a supply shortage.

“With India imposing export restrictions . . . Pakistan emerged as a low-cost alternative,” said Elvis John, an associate editor for agricultural markets for S&P Global Commodity Insights.

“Many price-sensitive destinations in Africa turned to Pakistan to fulfil demand,” he said, pointing to markets in south-east Asia and the Americas.

Pakistan produced almost 10mn tonnes of rice in the nine months to the end of March, compared with 7.3mn tonnes in the same period a year earlier, the Pakistani government wrote in its annual economic survey released on June 11.

The 2022-23 crop was particularly low because of the devastating floods in summer 2022, said Faizan Ghori, director of Matco Foods, Pakistan’s largest basmati rice exporter. But even compared with the year before the floods, the current export growth “comes to about 20 per cent, which is still very impressive”, he said, attributing the boost to India’s export ban.

For Pakistan, the windfall revenues and rebound in production have provided a much-needed source of foreign exchange as it struggles with double-digit inflation, anaemic economic growth and soaring public debt.

Legal Notices

THE HIGH COURT  
COMMERCIAL  
RECORD NO. 2024 NO. 141 COS  
IN THE MATTER OF SMURFIT KAPPA GROUP PLC  
AND  
IN THE MATTER OF THE COMPANIES ACT 2014  
AND  
IN THE MATTER OF SECTIONS 449 TO 454 OF THE COMPANIES ACT 2014

NOTICE is hereby given that pursuant to an Order of the High Court of Ireland (the “Irish High Court”) dated 13 May 2024 a meeting (the “Scheme Meeting”) of the shareholders of Smurfit Kappa Group plc (the “Company”) that will be the subject of the proposed scheme of arrangement (the “Scheme Shareholders”) between the Company and the Scheme Shareholders (the “Scheme”) for the purpose of their considering, and voting on, a resolution proposing that the Scheme in its original form or with or subject to any modification(s), addition(s) or condition(s) approved or imposed by the Irish High Court be agreed to (the “Scheme Resolution”) was held on 13 June 2024 at 10.00 a.m. (Irish Time) at the Minerva Suite, RDS, Merion Road, Ballsbridge, Dublin 4, D04 AK83 and the Scheme Shareholders passed the Scheme Resolution at the Scheme Meeting approving the Scheme without modification.

NOTICE is hereby further given that consequent upon an application made to it by the Company on 17 June 2024, the Irish High Court has directed that an application by the Company for an order pursuant to section 453(2) of the Companies Act 2014 (as amended) sanctioning the Scheme shall be heard by the Irish High Court at 11.00 a.m. (Irish Time) on Tuesday 2 July 2024 at the Four Courts, Inns Quay, Dublin 7, Ireland (the “Application”).

18 June 2024  
MATHESON LLP  
Solicitors for the Company  
70 Sir John Rogerson’s Quay  
Dublin 2

Note: Any person who intends to appear at the Application should notify the Company’s solicitors, Matheson LLP, 70 Sir John Rogerson’s Quay, Dublin 2, Ireland (quoting reference BC/KR 666267/16) in writing not later than 5:00 pm (Irish Time) on Thursday 27 June 2024 of that person’s or persons’ intention to appear at the Application and should indicate to the said Solicitors whether such person or persons intend to support or oppose the Application and should serve any affidavit evidence on which that person or persons intends to rely on the Company’s Solicitors by that date and time.

This notice is placed at the Order of the Irish High Court dated 17 June 2024.

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# Companies & Markets

## Apple supplier TDK claims breakthrough for batteries

- Improved solid-state technology
- Longer running times for devices

DAVID KEOHANE — TOKYO  
HARRY DEMPSEY — LONDON

Japan's TDK is claiming a breakthrough in materials used in its small solid-state batteries, with the Apple supplier predicting significant performance increases for devices from wireless headphones to smartwatches.

The new material provides an energy density of 1,000 watt-hours per litre, which is about 100 times greater than TDK's current battery in mass production. Since TDK introduced it in 2020, competitors have moved forward, developing small solid-state batteries that offer 50 Wh/l, while rechargeable coin batteries using traditional liquid

The challenge of using batteries of this type for EVs or even smartphones will not be surmounted yet

electrolytes offer about 400 Wh/l, according to the group.

“We believe that our newly developed material for solid-state batteries can make a significant contribution to the energy transformation of society. We will continue the development towards early commercialisation,” said TDK's chief executive, Noboru Saito.

The batteries set to be produced will be made of an all-ceramic material, with oxide-based solid electrolyte and lithium alloy anodes. The high capability of the battery to store electrical charge, TDK said, would allow for smaller device sizes and longer operating times, while the oxide offered a high degree of stability and thus safety. The battery technology is designed to be used in smaller-sized cells, replacing existing coin-shaped batteries found in watches and other small electronics.

The breakthrough is the latest step forward for a technology industry

experts think can revolutionise energy storage, but which faces significant obstacles on the path to mass production, particularly at larger battery sizes.

Solid-state batteries are safer, lighter and potentially cheaper, and offer longer performance and faster charging than current batteries relying on liquid electrolytes. Breakthroughs in consumer electronics have filtered through to electric vehicles, although the dominant chemistries for the two differ.

The ceramic material used by TDK means that larger-sized batteries would be more fragile, so the technical challenge of making batteries for cars or even smartphones will not be surmounted in the foreseeable future, according to the company.

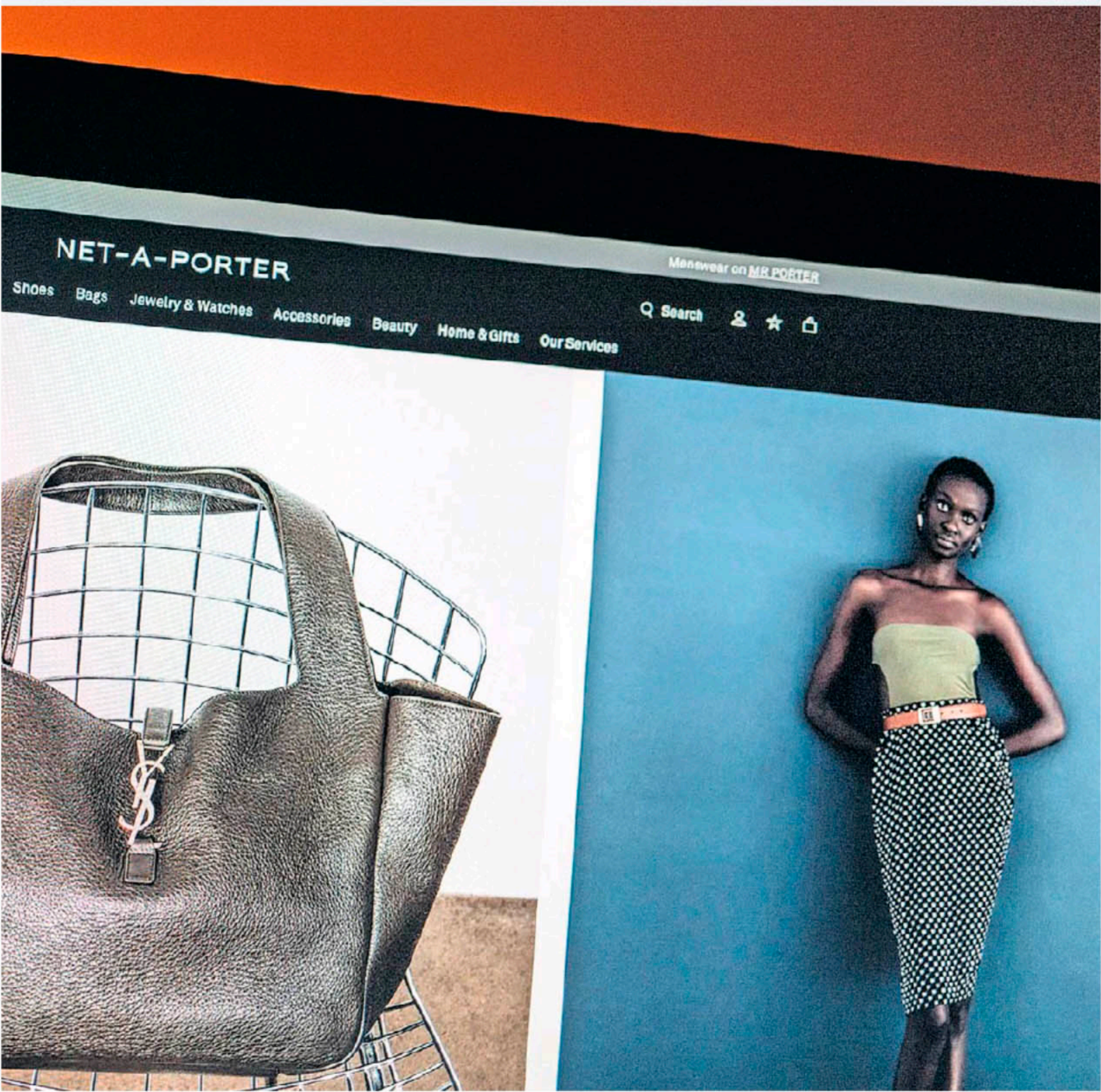
Kevin Shang, senior research analyst at Wood Mackenzie, a data and analytics firm, said “unfavourable mechanical properties”, as well as the difficulty and cost of mass production, were challenges for moving the application of solid-state, oxide-based batteries into smartphones.

Industry experts believe the most significant use for solid-state batteries could be in electric cars, enabling greater range. Japanese companies are in the vanguard of a push to commercialise the technology: Toyota is aiming for as early as 2027, Nissan the year after and Honda by the end of the decade.

Carmakers are focused on developing sulphide-based electrolytes for long-range EVs, an alternative kind of material to the oxide-based material that TDK has developed. However, there is scepticism about how quickly the technology can be realised, particularly the larger batteries needed for EVs.

TDK has 50 to 60 per cent market share in the small-capacity batteries that power smartphones and is targeting leadership in the medium-capacity market, which includes energy storage devices and drones.

## China exit Richemont's Yoox Net-a-Porter division closes as weaker economy takes toll



Yoox Net-a-Porter ran in China under a joint venture with Alibaba that will be liquidated — Charlie Bibby/FT

THOMAS HALE — SHANGHAI

Clothing sales platform Yoox Net-a-Porter is closing its China operations, highlighting its struggle to compete in a vast ecommerce market where high-end retailers face a weaker economic backdrop.

The decision was made “in the context of a global Yoox Net-a-Porter plan aimed at focusing investments and resources on its core and more profitable geographies”, said Richemont, the Swiss group that owns the retailer.

Yoox Net-a-Porter operated in China under a joint venture with Alibaba, which will be liquidated, according to a person familiar with the matter.

Profitability in China's luxury market has come into focus this year as a property slowdown and lagging consumer demand have weighed on the second-largest economy.

François-Henri Pinault, chair of

French group Kering, in April pointed to “sluggish market conditions, notably in China” as a factor in its worsening performance in the first quarter. Gucci, one of its brands, has suffered flagging sales in the mainland, where growth at LVMH, the largest luxury group, has also come under pressure, though other brands such as Hermès have defied the gloom.

Net-a-Porter, which launched in London in 2000 and became well-known in Europe as an online platform, merged with Italy's Yoox in 2015. It entered China in 2013 and the combined group's owner, Richemont, in 2018 entered a partnership with Alibaba to “bring its retail offerings . . . to Chinese consumers”. At that time, it said it distributed 950 brands in the country.

A year later, YNAP launched a store on Tmall, an ecommerce platform owned by Alibaba and the largest of its kind in China.

Jacques Roizen, managing director at Shanghai-based consultancy Digital Luxury Group, said the model “never really made sense in the Chinese consumer market dominated by Tmall and JD[.com]”, referring to Alibaba's chief competitor. Alibaba “invested in the joint venture to enhance its luxury credentials”.

Richemont has been seeking to offload its majority stake in YNAP for years, but a sale to online rival Farfetch fell through at the end of 2023.

Last month the group, which also owns brands such as Cartier and Van Cleef & Arpels, said “discussions are ongoing with potential buyers” and it “expects to be in a position to disclose more before the end of the year”.

China's wider retail market has shown signs of pressure. Uniqlo, which has grown fast in the mainland, was scaling back new store openings from 80 to 55 this financial year, parent Fast Retailing said.

## UBS offers to pay clients 90% on funds hit by collapse of Greensill

OWEN WALKER  
EUROPEAN BANKING CORRESPONDENT

UBS has offered to pay former Credit Suisse clients 90 per cent of the funds they invested with Greensill Capital, as the Swiss lender attempts to draw a line under a scandal it inherited after rescuing its rival.

Hundreds of Credit Suisse's most prized clients were hit by the collapse in 2021 of Greensill, a firm the Swiss bank teamed up with to set up \$10bn of supply chain finance funds that promised low risks and high returns.

The clients have so far recouped over \$7bn of the trapped funds. The Swiss bank said yesterday that the offer was open until the end of July and that it would take a \$900mn provision tied to it in the second quarter.

“It's a good step that should have happened much earlier,” said one of the former Credit Suisse clients.

Founded by Australian financier Lex Greensill, backed by SoftBank, and advised by former UK prime minister David Cameron, Greensill failed after insurers decided not to renew cover. Its collapse triggered a lobbying scandal in the UK after it emerged that Cameron had lobbied ministers to allow the group to access government-backed Covid loan schemes.

“The offer aims to give fund investors certainty, an accelerated exit from their positions and a high level of financial recovery,” UBS said yesterday. “It will allow an early exit from fund investments compared to distributions under the ongoing recovery process.”

The scandal was one of several that damaged Credit Suisse in the months before its rescue by UBS was engineered by Swiss authorities in March 2023.

The debt recovery team, which transferred from Credit Suisse to UBS, is still trying to recoup \$2.6bn from the supply-chain finance funds.

Greensill lent to businesses including GFG, Sanjeev Gupta's metals business; Bluestone Resources, a mining group owned by West Virginia governor Jim Justice; and Katerra, a construction group funded by SoftBank.

In April, UBS said recovery of the assets could last until at least 2031 and cost \$321mn, up from a previous estimate of \$291mn. It said the costs would be borne by the fund investors.

[Russian billionaire sues UBS page 6](#)

## Bankers feel burden of mounting workload and demands



INSIDE BUSINESS  
FINANCE

Sujeet Indap

Message boards such as Wall Street Oasis and Reddit continue to be lit up with complaints from junior analysts at investment banks about long hours and the resulting impact on mental and physical health. They implore their employers to better support them.

Such demands have been put into the spotlight once more following news that a Bank of America banker with the rank of associate died suddenly in March. The tragic death of the employee, a veteran of the US special forces, has not yet been tied to excessive work. But news accounts have mentioned intense 100-hour weeks leading up to his death.

The discontent cannot be disentangled from what is going on at the top. Pressure is also mounting on partners and managing directors to drum up the work that keeps junior employees in the office all night and on the weekends.

That pressure might not garner much sympathy given that these high-level financiers can make millions. But some bankers say a seemingly glamorous job of jet-setting and managing boardroom intrigue is now more of a grind than ever. Employers demand the bagging of big fees while offering less patience than ever for falling short in any given year.

With that kind of sword dangling above, there seems little choice but to

force everyone at the bottom to slog harder. Firms are merely crossing their fingers in the hope of avoiding a bad incident that ends up in the headlines and spoils the perception that Wall Street has become a kinder, gentler profession in the modern age.

Three years ago, amid an all-time deal bonanza during the pandemic, investment banking analysts complained of overwork and not enough compassion from their bosses. After a backlash, they won big salary increases, new perks and supposed protective measures to guard against burnout, including active efforts to monitor and limit hours worked.

The grievances have now returned even if the deals have disappeared. The dearth of initial public offerings and merger and acquisition activity has led senior bankers to make more pitches. Banks maintain various types of customer relationship management software to track such industriousness. Some go as far as tallying email activity, calendar entries and phone call logs, said one top banker.

“It's really the pitches and PowerPoint work that take up a tonne of time and spreading comps [typing company financial data into spreadsheets] and that stuff,” said one investment banking analyst who questioned the marketing attempts' effectiveness. “I'd also be interested to see the data on the amount of pitches per year and mandates won.”

Some banking CEOs are already musing about how AI can be deployed to lower costs and workloads, but staying top of mind with clients remains a priority, even if any particular pitchbook is not that useful. One longtime banker

now working at a Fortune 500 company said clients were less loyal than ever and required much more salesmanship.

Another veteran banker-turned-corporate executive said even as some banks such as Credit Suisse and Lehman Brothers disappeared, the business remained intensely competitive. Apart from the rise of boutique firms, perpetual also-rans such as Wells Fargo have developed credible dealmaking arms.

Simultaneously, big companies themselves need external bankers less, having developed their own internal teams that can do the financial analysis that outside bankers previously conducted.

Increasingly, boutique firms are promising managing directors a specific bounty or cut of how much they bring in during a year as a way to motivate them. Many of the larger boutiques are also publicly traded and have specific annual margin and growth targets needed to please public shareholders.


Management's challenge is how to maximise results while ensuring the machine underneath does not break down. One boutique chief admitted that banks had overhired in the 2021 frenzy and many had not had the “tough conversations” of telling laggards that they were not good enough to remain managing directors.

The recently retired banker was pessimistic that these incentive system tensions between junior and senior bankers could be resolved. The typical investment banking executive ascended to that position without ever proving management skill or even curiosity in understanding human resources.

“Big revenue producers are horrible managers,” he said. “It is a real problem. Empathy, listening skills, lot of those folks don't have it.”

[sujeet.indap@ft.com](#)


Contracts & Tenders



**MADHYA PRADESH POWER GENERATING COMPANY LIMITED**  
Office of The Executive Director (PRG), Shed No. 1 & 2,  
Rampur, Jabalpur (M.P.), Pin : 482008, INDIA  
E-mail : prgtps60mw@gmail.com, Phone : 0761-2925650 (CIN No. : U40109MP2001SGC014882)  
Jabalpur, Dated : 13.06.2024

OPEN TENDER ENQUIRY

Ref. : Corrigendum to Tender No. 07-01/ATPS/ST-HV/Unit#6/PRG  
Floated Through Domestic Competitive Bidding Route (Tender ID : 2023\_MPPGC\_311686\_1)  
INTIMATION FOR ALLOWING FOREIGN BIDDERS TO BID  
M.P. Power Generating Co. Ltd. have uploaded tender inviting E-Bids for Design, Engineering, Supply, Civil Works, Erection, Testing & Commissioning of 1x660 MW Ultra-Supercritical Thermal Power Unit, on EPC Turnkey basis; at Amarkantak Thermal Power Station, Chachait, Distt. Anuppur. The detailed NIT & Bidding Documents are available for sale or e-tendering website [www.mptenders.gov.in](http://www.mptenders.gov.in) from 14.06.2024, with last date of Bid submission is 07.08.2024 and date of bid opening is 09.08.2024. Bidders are advised to regularly visit the e-tendering website; for any further Clarification/Corrigendum/Addendum and/or Extension of due dates.  
Foreign Bidders; through this corrigendum are allowed to bid against the tender; with a stipulation of all payments in Indian Rupee, only.  
M.P. Madhyam/114864/2024 // SAVE ELECTRICITY // EXECUTIVE DIRECTOR (PRG) MPPGCL, JABALPUR



**MADHYA PRADESH POWER GENERATING CO. LTD.**  
Office of The Executive Director (PRG), Shed No. 1 & 2, Rampur, Jabalpur (M.P.), Pin : 482008, INDIA  
E-mail : prgtps660@gmail.com, Ph. : 0761-2925650, (CIN No.-U40109MP2001SGC014882)  
Jabalpur, Dated : 13.06.2024

OPEN TENDER ENQUIRY

Ref. : Corrigendum to Tender No. 07-01/STPS/PH-V/Unit#12/PRG  
Floated through Domestic Competitive Bidding route (Tender ID:2023\_MPPGC\_315012\_1)  
INTIMATION FOR ALLOWING FOREIGN BIDDERS TO BID  
M.P. Power Generating Co. Ltd. have uploaded tender inviting E-Bids for Design, Engineering, Supply, Civil Works, Erection, Testing & Commissioning of 1X660 MW Ultra-Supercritical Thermal Power Unit, on EPC Turnkey basis; at Satpura Thermal Power Station, Sarni; Distt. Betul. The detailed NIT & Bidding Documents are available for sale on e-tendering website [www.mptenders.gov.in](http://www.mptenders.gov.in) from 14.06.2024, with last date of Bid submission is 09.08.2024 and date of bid opening is 12.08.2024. Bidders are advised to regularly visit the e-tendering website; for any further Clarification/Corrigendum/Addendum and/or Extension of due dates.  
Foreign Bidders; through this corrigendum are allowed to bid against the tender; with a stipulation of all payments in Indian Rupee, only.  
M.P. Madhyam/114880/2024 // Save Electricity // EXECUTIVE DIRECTOR (PRG) MPPGCL, JABALPUR

NOTICE OF THE INVITATION FOR EXPRESSION OF INTEREST FOR THE ACQUISITION OF SHARES

Business entities, that meet the eligibility requirements, are invited to express interest in acquisition of shares of UNITED SHIPPING SERVICES TWELVE Inc. and UNITED SHIPPING SERVICES THIRTEEN Inc. headquartered in Monrovia, 80 Bord Street, Liberia.  
The deadline for the expressing interest, in acquiring shares, is 15 (fifteen) days, from the date of announcement, on the shareholder's website.  
The full version of the Invitation, to express interest in acquiring shares, has been published in Croatian and English language, on the website [www.uljanik.hr](http://www.uljanik.hr) and <https://tender.3maj.hr>  
ULJANIK Shipyard, d.d. in bankruptcy  
3. MAJ Shipyard d.d.



COMPANIES & MARKETS

Financials

# Usmanov sues UBS over German probe

Tycoon accuses bank of filing ‘absurd’ reports about his transactions

POLINA IVANOVA — TBILISI  
OLAF STORBECK — FRANKFURT

Alisher Usmanov has filed a lawsuit against UBS, accusing the bank of triggering a German investigation into the Uzbek-Russian billionaire by submitting a series of “unsubstantiated reports” about his transactions.

His lawyers said yesterday the Swiss bank had submitted “absurd and unsubstantiated, if not knowingly false” reports between 2018 and 2022 to Germany’s Financial Intelligence Unit, in charge of anti-money laundering.

“UBS violated the confidentiality of client data, spread misleading allegations about the client and grossly violated the general personality right,” they wrote in a statement, saying the billionaire had filed a lawsuit against the bank in Frankfurt on June 7.

Under German law, banks are required to file suspicious activity reports if they spot potential red flags that may point to money laundering.

Usmanov was among dozens of Russian businessmen to be hit by western sanctions after the invasion of Ukraine, with the EU describing him as having “particularly close ties” to President Vladimir Putin, something the billionaire denies.

The Frankfurt district court confirmed to the Financial Times that a

lawsuit against UBS had been filed but said payment to the court, which is required under German law, had not yet been received.

Usmanov is suing UBS for damages, although a number has not yet been placed on the amount being sought, his lawyer told the FT.

UBS declined to comment. Usmanov scored a legal victory last year when a court in Frankfurt ruled that a series of searches of his property in Germany were unlawful. The searches were carried out by German law enforcement as part of a money-laundering investigation.

The tycoon has previously categorically rejected any allegations of money laundering or tax evasion.

In their statement, Usmanov’s

Munich-based lawyers described the raids as “theatrical” and claimed that media reports about them were then used to justify the EU’s imposition of sanctions, leading to both financial losses and reputational damage.

“The Frankfurt Main General Prosecutor’s Office and the Council of the EU have issued numerous erroneous decisions for which UBS is partly responsible, in particular due to the use of its suspicious transaction reports as an instrument for the purposes of criminal prosecution and EU sanctions policy,” Peter Gauweiler, representing Usmanov, said in the statement.

“In view of this, and taking into account the damage to Mr Usmanov’s reputation and the value of the worldwide assets affected thereby, the effects

for UBS may be “tsunami-like” in nature,” he added.

Usmanov, 70, is one of the world’s richest people, with an estimated fortune of almost \$19bn according to the Bloomberg billionaires index for 2024. He started accumulating his wealth while a senior director at Russian state gas company Gazprom in the 1990s, before building a business empire with holdings in some of Russia’s largest mining, industrial and telecoms companies.

Numerous Russian oligarchs and businessmen have filed lawsuits in the EU in an attempt to annul sanctions imposed by the bloc after the full-scale invasion of Ukraine. A handful have been successful.

*Additional reporting by Owen Walker in London*

Retail & consumer

# Ikea considers increase in US production as global trade disrupted

OLIVER TELLING — LONDON

Ikea wants to boost production across the US and the Americas, as it responds to escalating shipping disruption and a “permanent shift” away from seamless global trade.

Susanne Waidzun, global supply manager at Inter Ikea, said the company, which oversees the Swedish retail brand’s international strategy, was considering the move as it also battles with the fallout from the Houthi militant group’s attacks on ships in the Red Sea.

“One of the markets where we have less regional presence when it comes to production footprint is North America,” she said in an interview. “There we do have extra efforts put into reviewing how we could increase our footprint . . . We see a lot of opportunities in South and Central America. But we also see opportunities in the US.”

Around a tenth of the goods Ikea sells in the Americas is currently produced locally, with 51 home furnishings suppliers across the region, Inter Ikea said.

Inter Ikea, responsible for supplying products to Ikea’s franchise stores globally, is the latest international group to consider bringing production closer to the US, a leading consumer market, as a string of recent disruptions prompt businesses to rethink the future of glo-

balisation and their decades-long dependence on factories in Asia.

Many businesses have recently set out plans for new factories within the US or across the border in Mexico as continuing tensions between the US and China are expected to make historically seamless trade between the countries increasingly expensive and complex.

Waidzun added that the American market was “very dependent on ocean flows”, at a time when global shipping capacity was coming under strain amid the Red Sea attacks by the Houthis in support of Gaza’s Palestinians.

There is growing consensus that the Houthi attacks will continue to disrupt shipping networks for months to come, risking yet another global supply chain crisis for businesses that have weathered the shocks of the Covid-19 pandemic and Russia’s war with Ukraine.

“There is a permanent shift,” Waidzun said. “We need to get used to a more volatile and, I would say, dynamic world.”

Unlike in the Americas, she said that most Ikea goods sold in Europe and China were already produced locally. But “we are strengthening even further now to reduce unhealthy dependencies” on particular countries or trade lanes.

Shortly after the Houthis began targeting ships in November, Ikea warned the disruption “will result in delays and may cause availability constraints for certain Ikea products”.

Waidzun said that the retail brand was now seeing “high pressure” across the supply chain. “We quite quickly adapted safety stock levels [but] we are not immune to the impact.”

She added that many of the company’s peers were ordering early for autumn and Christmas sales and Black Friday, underscoring warnings of an increasing number of retailers and suppliers stockpiling for the peak period.

Media. Cannes festival

# Ad agencies aim to keep their wits about them

AI’s sense of humour failure prompts fresh sector focus on ‘laughter-inducing’ material

DANIEL THOMAS — LONDON

This year’s Cannes Lions festival wants to restore humour to advertising, but underpinning a new category celebrating witty work is wider unease over the creative future of an industry rapidly adopting artificial intelligence tools.

For the first time, humour will be added as a category in the annual awards in the south of France, which showcases the industry’s best campaigns in the past year.

Organisers are seeking examples of “wit and satire to provide amusement and create memorable, laughter-inducing connections with audiences”, according to the awards criteria. The festival begins today.

The new category also reflects the underlying insecurities of a sector going through a crisis in creativity. Industry executives say it will help highlight the importance of the human element in advertising, with AI seen as struggling to create funny advertising campaigns that combine creativity with irreverence and silliness.

Rory Sutherland, vice-chair of Ogilvy UK, said: “AI can produce jokes, but they aren’t yet very funny, which I think is evidence that there is still a missing human connection, some level of shared understanding in AI that is not yet quite there.”

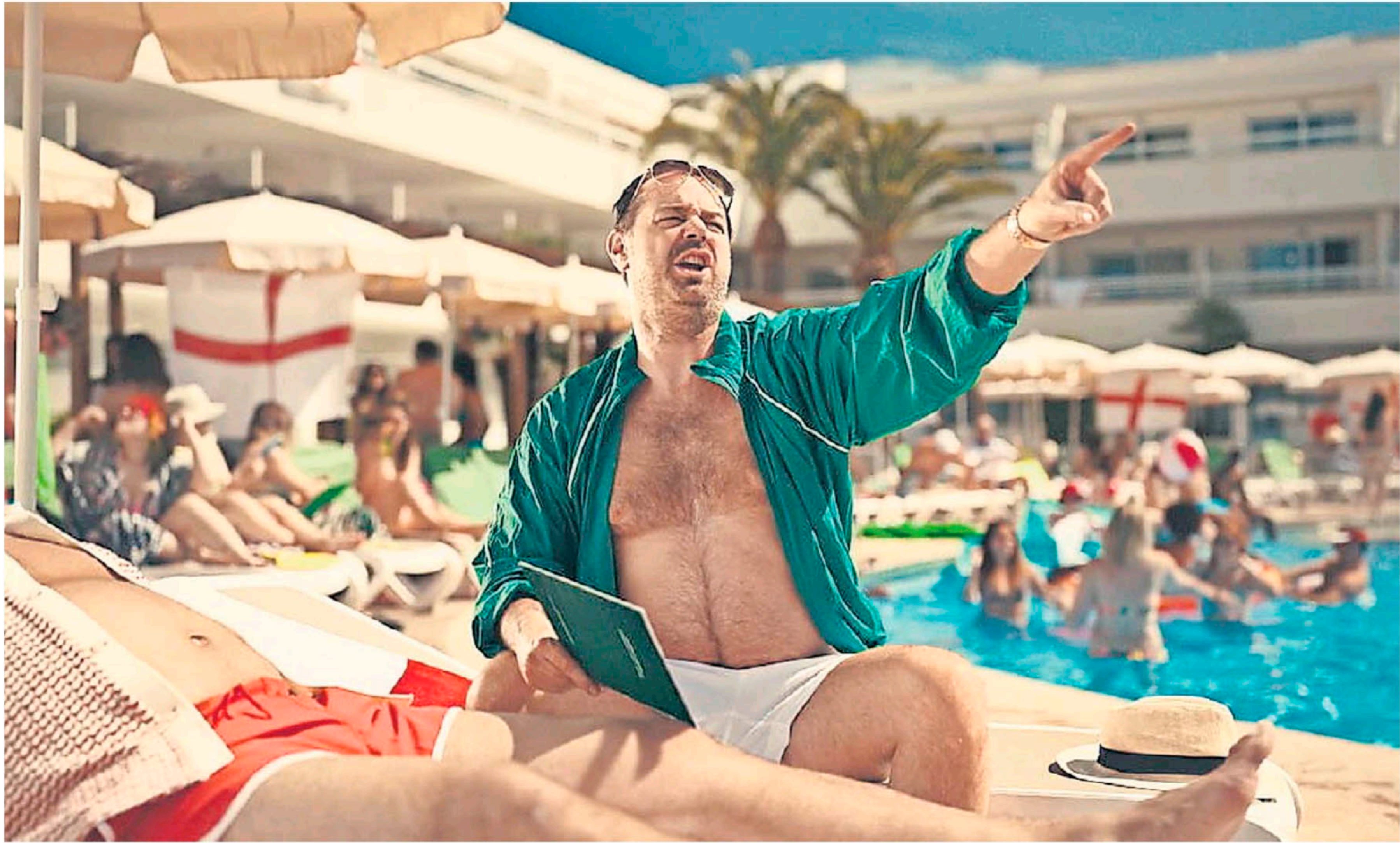
The missing component — human creativity — will be the talk of much of the Cannes’ Croisette this week as the large advertising agencies show off their latest investments in AI.

Agencies from Havas and Publicis to WPP and Dentsu will unveil plans to adopt and integrate AI, putting new tech at the heart of how executives plan, make and roll out campaigns.

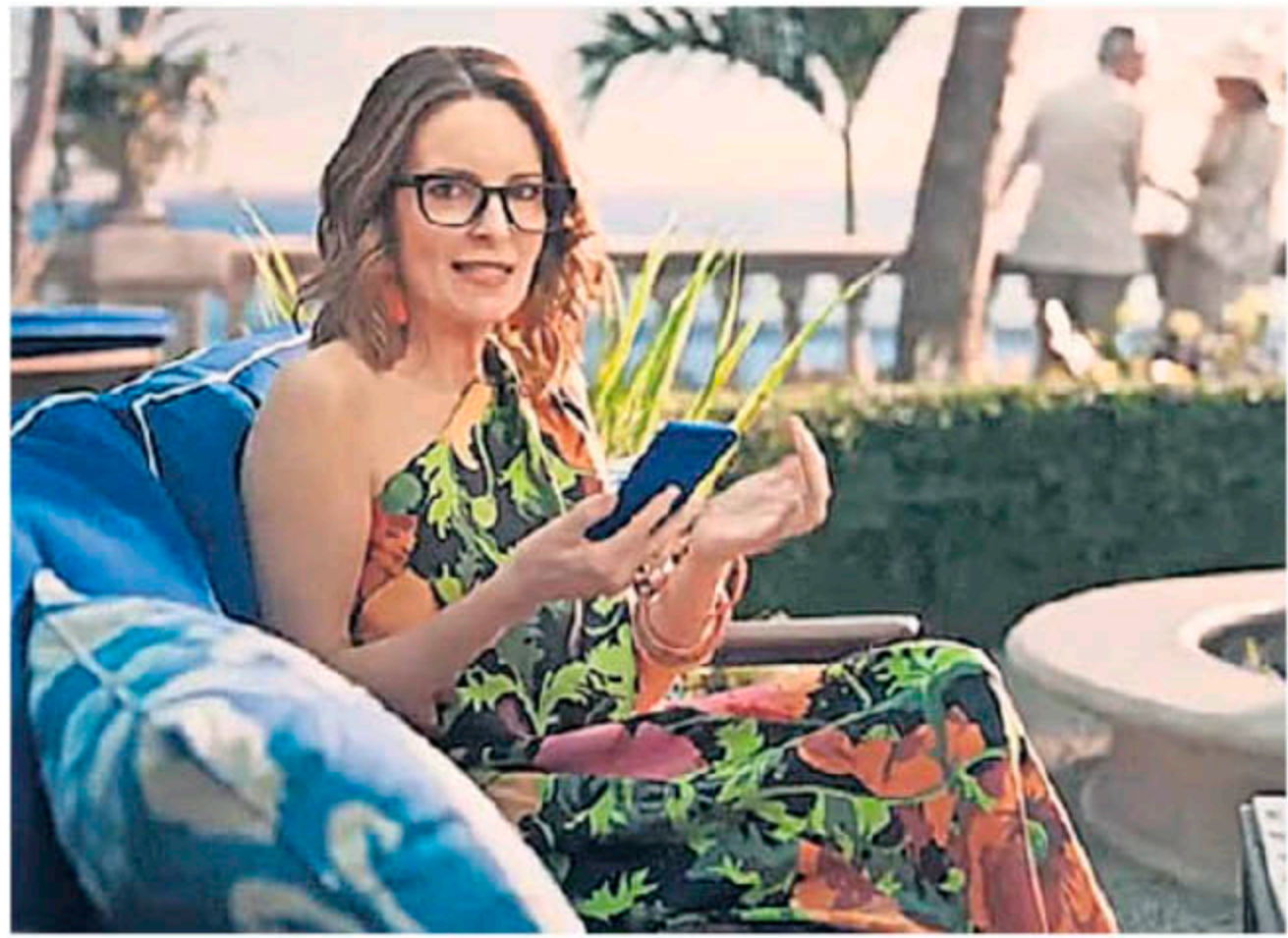
Executives said AI technology was proving useful in creating realistic images at scale, and optimising advertising for use across platforms spanning social media to TV and billboards.

AI had already started to replace some jobs, said insiders, such as in helping quickly source images and mock up potential campaigns, work that would have once taken days but which could now be done in hours.

Executives were, however, keen to exploit the additional benefit that great creative minds could bring to advertising. Humorous campaigns, executives said, often proved more effective.



Danny Dyer, the actor, features in a campaign for gambling business Paddy Power on the theme of the England football team at the Euros. Below, comedian Tina Fey in an advert for [Booking.com](#)



Karen Martin, boss of UK-based advertising agency BBH, said that this year could be the “return of funny”, with humour a rarer differentiator in the advertising world than it used to be.

BBH is this month rolling out a campaign for Paddy Power around the Euro 2024 football tournament featuring actor Danny Dyer that is aimed at finding the humour in being an England fan.

“Some of the best advertising always made you laugh,” she said. It served as a counterpoint to sober economic, political and social issues in news and current

affairs. “Can advertising make you laugh in a world of permanent crisis? We have lost our way a little bit.”

The introduction of a humour category also reflects a second shift in tone at this year’s Cannes, with many executives frustrated by what they saw as a focus on giving awards to more weighty, purpose-driven work rather than to effective campaigns that better served to sell products and brands.

The past 20 years had seen a steady decline in the use of humour in advertising, according to Kantar, the research company, with the pandemic accelerating the fall in use. The slide had occurred despite humour being the “most powerful creative enhancer of receptivity”, said Kantar, being more expressive, more involving and more distinct.

Simon Cook, chief executive of Cannes Lions, the event’s organiser, agreed that there was a return to using humour in this year’s campaigns after several years of more “serious, sombre” work.

Many of the best regarded ads in this year’s Super Bowl — a banner occasion for the creative advertising industry — sought to use humour.

This year could see the ‘return of funny’, says the boss of the BBH agency

“Humour works,” Cook said. “We will see the continued renaissance of humour this year, the sorts of silliness, zaniness and irreverence we’d expect from human creativity.”

Miranda Hipwell, chief executive of adam&eveDDB, pointed to “a shift to effectiveness”, with marketing bosses under pressure to show their boards he value of spending on creative campaigns. “Ads have been trying to make people cry for some time. But making them laugh can be just as effective. Whatever the emotion, campaigns need to show results, not just be purpose-led.”

However, she warned about how hard it was to be “globally funny” given that not all regions found the same things humorous.

It could also prove divisive, given how subjective humour could be, as witnessed last week in a short film launched by advertising agency Publicis that featured many of the top AI experts and ad executives. Described by Publicis boss Arthur Sadoun in an email as a “not so serious film” about the AI hype of Cannes, some of those featured in the film failed to see the funny side, according to advertising executives.

Financials

# Bank of New York’s rebranding severs another link to the fading Gilded Age of Wall Street

JOSHUA FRANKLIN — NEW YORK

Wall Street has lost another of its “Gilded Age” names, with the decision last week by Bank of New York Mellon to cut “Mellon” from its brand and simply go by BNY.

Mellon was founded in 1869 and became a prominent brand in finance during the waning years of the 19th century, marked by massive expansion on the back of US industrialisation. A scion of the family, Andrew Mellon, also served as US Treasury secretary in the run-up to the Great Depression.

“The Gilded Age names, they’ve been fading since the ‘60s,” said Gary Richardson, the former official historian of the Federal Reserve system.

The period gave rise to several families whose names are still prominent on Wall Street today, including John Pierpont Morgan, whose surname is the foundation for both JPMorgan and Mor-

gan Stanley. The Warburg name, made famous by Paul Warburg’s role in the establishment of the Fed in 1913, is still a fixture on Wall Street through private equity firm Warburg Pincus, which was co-founded by his nephew. And the names of Marcus Goldman and Samuel Sachs live on in their eponymous firm.

But others, such as Kuhn, Loeb and, more recently, Lehman Brothers have faded from public consciousness. Lehman Brothers collapsed in 2008 in what was at the time the largest corporate bankruptcy, and what survived of it is now part of British bank Barclays.

Brokerage firm PaineWebber, whose “Thank You PaineWebber” slogan inspired a *Saturday Night Live* skit in 1982, had its brand phased out after UBS acquired it in 2000. PaineWebber had already subsumed another Gilded Age stalwart in securities firm Kidder, Peabody.

Bank of New York’s history stretches

back further than Mellon’s — to 1784 when it was founded by Alexander Hamilton. With an office on Wall Street, it was the first stock listed on the New York Stock Exchange. Today it is the world’s largest custody bank, a role that makes it essential to global finance but also largely unseen. It acquired Mellon in 2007. Its move this week to jettison

the Mellon brand after 17 years followed a common practice on Wall Street, where brands are often joined only temporarily following mergers.

Kuhn Loeb shared top billing with Lehman Brothers for a time after the two merged in 1977 to form Lehman Brothers, Kuhn, Loeb, but the latter name was later dropped.



Disappearing: the historic Bank of New York has decided to cut Mellon from its brand and simply go by the name of BNY  
*Michael Nagle/Bloomberg*

While the Mellon name may be fading from Wall Street, it will remain prominent in Pittsburgh, where the company was headquartered and its name is affixed to Carnegie Mellon University, Mellon Square and Mellon Park.

Today, Forbes ranks the Mellon family as one of the richest in America with a net worth of about \$14bn. Timothy Mellon has been a top Republican donor to Donald Trump and has also helped to finance Robert F Kennedy Jr’s long-shot White House campaign.

“In terms of Gilded Age families in order of importance, I’d certainly place the Mellons in the top five,” said Charles Geisst, a financial historian and author of *Wall Street: A History*.

BNY, whose legal corporate parent name will remain The Bank of New York Mellon Corporation, said the streamlined BNY brand was part of its effort to “improve familiarity with who we are and what we do”. Today it oversees

nearly \$50tn in assets as part of its custody, markets and wealth services businesses.

BNY plans to still use the Bank of New York Mellon name on signs in Pittsburgh. It will also keep the Mellon brand for its passive index funds business.

“This work was actually really grounded not just in the evolution of our business but also client feedback globally,” Natalie Sunderland, BNY’s global head of marketing, told the Financial Times. “BNY is shorthand for what we’re already known as, not a different name altogether.”

The rebrand also adds a more modern sheen to a company that at times has been viewed as being stuck in the past.

For years, the joke told around the Bank of New York was that, as its founder Hamilton went off to his fatal duel with Aaron Burr in 1804, he told employees not to change anything until he got back.



COMPANIES & MARKETS

# Troubled deal creates private credit fireworks

Lenders are considering their options at a distressed educational software business owned by private equity firm Vista

ERIC PLATT, SUJEET INDAP,  
ANTOINE GARA AND AMELIA POLLARD  
NEW YORK

A loan payment that has sent shockwaves through the \$1.7tn private credit industry is being seen as a test case on whether private equity firms are willing to rupture relationships with lenders to save troubled investments.

Creditors to tech-focused buyout firm Vista Equity Partners were taken aback by its decision to shuffle assets about one of its software businesses, allowing it to then inject around \$50mn to cover an interest payment, according to several people briefed on the matter.

The asset shift left private capital firms including Blue Owl and Ares with diminished collateral underlying their loan to Pluralsight, an educational software company purchased by Vista in 2021 for \$3.5bn.

Aggressive refinancings that rearrange collateral packages have become the norm in the syndicated bank loan market used to finance mega leveraged buyouts.

But the burgeoning private credit market has been pitched as more collegial, with private equity sponsors perceived to have tighter relationships with a smaller group of lenders. What is more, the documents underpinning the loans have typically had stricter terms, preventing mischief. The Pluralsight conflict is testing that assumption.

One top restructuring lawyer not involved in Pluralsight but watching the fireworks said: “The philosophical premise of private lending (relationship banking) is inconsistent with today’s debt covenant standards, and it’s not surprising at all that a) private lenders took the risk on a market (ie garbage) covenant package, and b) got hurt.”

The difficult negotiations and Vista’s decision to go ahead with the financing manoeuvre known as a drop-down, underscores the troubles a growing number of buyout firms are facing as some of their big bets struggle to live up to expectations before the Federal Reserve started hiking interest rates.

The US central bank’s shift in policy has curbed valuations broadly and has made it harder for highly indebted groups to keep up with their debt payments.

Vista had acquired Pluralsight using a “recurring revenue” loan that allowed for high leverage at a time of near-zero interest rates. One person familiar with the company’s recent results had said that operating cash flow was still not yet high enough to meet its interest costs.

The company, which sells training tools to tech companies, was hit by job cuts across the industry as well as the uptick in interest rates.

Vista began negotiating with lenders over a deal to restructure its balance sheet earlier this year. But the parties were far apart, and in March Vista informed its counterparties that it had hired investment bank Ducera Partners and brought on its existing lawyers at Kirkland & Ellis to advise it through the talks.

The lenders remain steadfast that they should be repaid in full and that if Pluralsight defaults on its \$1.7bn of debts, Vista will need to hand ownership of the company over to the lending group. But hoping to buy some time in



The tower in Austin where Vista has its HQ. Creditors to the buyout firm were taken aback by its decision to shuffle assets about Pluralsight, allowing it to then inject \$50mn to cover an interest payment

Smith Collection/Gado/Sipa

talks as the May interest payment approached, Vista moved Pluralsight intellectual property to one of its foreign subsidiaries, where it could raise additional money.

While that did not fully strip the asset away from the lenders, it gave Vista breathing room to continue talks. The new money it put in is secured by the intellectual property and will need to be paid off before the original lenders are paid out.

Some people involved in the deal said they did not understand Vista’s end game, given that the loan documents limit the amount of debt it can raise to about \$170mn, a figure that includes the new \$50mn loan from Vista.

Vista declined to comment.

But the private equity firm, which wrote its investment in Pluralsight down to zero, could still negotiate for warrants or a small portion of the equity in the company if it ultimately turns around. It is a return that could help it recover some of the losses it has tallied on Pluralsight.

“Sponsors will protect that risk because for them it’s a disaster . . . to go from a balance to a zero,” Jarrod Phillips, chief financial officer of Ares, said at a conference last week. “And that leaves them a large hole to dig out of.”

The provisions in the Pluralsight loan agreement that allowed the drop-down transaction Vista executed were widespread in private credit documents, people involved in the deal said. But they noted that the lenders had also built in their own safeguards: principally the limits on how much debt could

‘It’s all fun and games when they’re all making money together’

‘If you look across the universe of large direct lenders, it’s pretty much everybody in here’

ultimately be raised by the subsidiary.

That has curbed the potential fallout. In the syndicated loan market, some aggressive manoeuvres have given way to drawn-out court battles, with Wall Street groups fighting for scraps — often after a company has filed for bankruptcy.

Vista has spent recent days trying to smooth relationships with some of the

lenders, with one person involved describing it as “damage control”. Its lenders include a who’s who of the private credit industry: Blue Owl, Ares, Goldman Sachs Asset Management, Oaktree, BlackRock, Golub Capital and Franklin Templeton’s Benefit Street Partners.

“It’s all fun and games when they’re all making money together,” another

person involved in the deal said. “But it’s a zero-sum game in every restructuring. That’s creating new sources of tension.”

One lender, who said some creditors were “apoplectic” about the drop-down, nonetheless pointed to their “huge relationship” with Vista.

The private equity group has frequently tapped the private credit market to finance its takeovers, including of tax software provider Avalara and insurance software maker Duck Creek Technologies.

“Some deals just don’t work out, and when they don’t work out, we expect our partners to work with a partnership-like mentality,” they said. Lenders expected Vista to “go down the path of a consensual turnover” of the business to their control.

But they cautioned that if the restructuring were to become “adversarial”, it would “have tremendous impacts on the relationship. If you look across the universe of large direct lenders, it’s pretty much everybody in here.”

Other industry participants are watching, keen to see if sponsors will feel liberated to use creative tactics to hold on to their portfolio companies and to see how different parties behave. “The world is watching,” the lender said.

Pluralsight, Vista, Blue Owl, Ares, Goldman, Oaktree, BlackRock, Golub and Benefit Street Partners declined to comment.

For its part, those close to Vista said the transaction was much less aggressive than recent market practices and was well within the flexibility built into the debt contract that Pluralsight negotiated upfront with the lending group.

One hedge fund investor not involved in the Pluralsight situation noted that Vista was not known as a buyout firm that played rough with its creditors. Just last year, Vista had invested \$1bn in junior equity, below new creditors, to keep another software investment, Finastra, afloat.

“Vista has had a reputation of standing behind deals and caring about their brand,” the person said.

Industrials

## Italy’s establishment mourns sudden death of Fincantieri chair and retired general Graziano

SILVIA SCIORILLI BORRELLI — MILAN  
AMY KAZMIN — ROME

The sudden death of Claudio Graziano, chair of the Italian state-backed shipbuilder Fincantieri, sent shockwaves through the country’s political and business establishment yesterday.

The loss of Graziano, 70, had left a “great irreplaceable void”, the company said in a statement. The police are investigating suicide as one of the possible causes of his death, said a person close to the company.

The retired general, who had been chair of Fincantieri since May 2022, had been mourning his wife, who passed away a year ago after a battle with cancer, the person added.

Graziano’s death comes less than two weeks after Fincantieri approved a €500mn capital-raising to finance the acquisition of the submarine unit of Italian defence group Leonardo.

Prime Minister Giorgia Meloni said in a statement that she was shocked at the death of “an upright servant of the state, who throughout his life honoured the nation, the armed forces and the institutions with dedication, competence and professionalism”.

Defence minister Guido Crosetto said

the death “represents a serious loss” for Italian defence.

The acquisition of Underwater Armaments Systems, which produces underwater missiles and sonars, was announced in May, as Fincantieri, which also makes luxury cruise ships at its home port of Monfalcone, moved to build its military business. The capital-raising, which is to be led by state investor Cassa



Depositi e Prestiti, is awaiting approval from Italy’s security regulator.

Graziano, who began his military career with Italy’s alpine troops close to his home city of Turin in the 1970s, was one of the highest-ranking military officials in Italy, having served as the national chief of defence staff. Tours of duty included a stint as Italy’s military attaché to Washington DC, leadership of the multinational forces for the Kabul area in Afghanistan and commander of the UN Interim Force in Lebanon.

For four years, until 2022, he also

chaired the EU Military Committee, which brings together the highest-ranking military officials of the EU’s 27 countries and advises Brussels on security.

Fincantieri is seeking to expand its underwater business as governments step up efforts to protect critical underwater infrastructure, such as telecommunications cables and energy pipelines, from rogue actors. According to three people briefed on the talks, Fincantieri is also among suitors for Germany’s Thyssenkrupp Marine Systems.

Earlier this year, Fincantieri announced a shipbuilding partnership with Abu Dhabi’s Edge Group.

Antonio Tajani, Italy’s foreign minister, said Graziano’s death “leaves me without words”. “He was a friend and an extraordinary officer who honoured Italy even in his European roles,” the minister wrote on social media platform X, one of the many tributes that began pouring out as the news spread in Italy.

Paolo Magri, chief executive of Milan-based think-tank ISPI, who was a cadet in one of Graziano’s alpine trooper brigades, said he “had an extraordinary ability to shift from tough Nato talks to the national alpine troops get-togethers with us former cadets where his good nature would always emerge”.

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TIMES



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COMPANIES & MARKETS

Commodities. Poor harvests

# Record rainfall for UK and France batters wheat crops



Heavy downpours since last autumn restrict planting and push up milling wheat futures

SUSANNAH SAVAGE AND STEVEN BERNARD

Record rainfall has dealt a big blow to wheat crops in the UK and France, Europe’s largest producer, and is expected to drive up prices this year.

Heavy downpours since last autumn prevented farmers from planting and damaged yields in both countries, pushing up milling wheat futures on the Euronext exchange to their highest levels in a year.

“After the UK’s record-breaking wet winter hit crops here, farmers in France are now contending with the impacts of ceaseless rains this spring,” said Tom Lancaster, land, food and farming analyst at the Energy and Climate Intelligence Unit (ECIU), a think-tank.

“France is Europe’s biggest grower of wheat, and with harvests in the UK anticipated to be down by up to a fifth due to heavy rains here that were made worse by climate change, there is a real risk that a poor harvest in France could drive up prices,” he added.

Rainfall throughout last autumn and winter in the UK and Ireland was about 20 per cent heavier as a result of human-induced climate change, a recent study by the World Weather Attribution academic research collaboration has concluded.

This heavier rainfall had become around 10 times more likely as a result of climate change, the researchers estimated.

The problems in Europe come as farmers in other major wheat-growing regions also struggle with weather events related to climate change, from

frost damage in Russia to drought in Australia, reducing global supplies.

Of all the commodities that agricultural hedge fund Farrer Capital looks at, “wheat is the one that is the tightest in terms of supply relative to demand”, said Adam Davis, CEO and founder.

“We’ve seen drought in South Africa roll into drought in Russia, to frost in Russia, to Ukraine saying some areas are the driest they’ve been in 30 years, to drought in parts of Australia,” he added. “[Climate events] are happening everywhere, seemingly at the same time or one after the other.”

The poor weather in Russia — one of the world’s largest wheat producers — has curtailed supplies and pushed up prices on global markets recently.

Usually, a shortage in wheat from the Black Sea region would see buyers turn to the EU, said Michael Magdovitz, senior commodity analyst at Rabobank, but “the recent wet spell and lower production will leave consumers to seek wheat further afield”.

For example, the US was expected to export more, he noted.

The area planted with wheat in the UK is the second-smallest since 1980

and 15 per cent smaller than last year, according to current estimates from the UK agriculture board, which could still be revised down before the harvest finishes in August.

UK growers have faced a “double-whammy”, which has left the country with a potentially “record-breaking area of fallow land”, said Lancaster.

First heavy rain in the autumn meant they were not able to get winter crops in the ground and then continued wet weather up until now has hindered the planting of a spring crops, which would normally compensate for a smaller winter one.

The harvest for the current crop is now forecast to be 25 per cent smaller at 10.85mn tonnes compared with last year, according to US Agriculture Department estimates.

“For bread-making wheat, the estimated drop in production is even more severe,” said Joe Brennan from the UK Flour Millers trade association.

Industry forecasts indicate that production could decline 35 per cent on last year, which would force millers to increase imports, he said.

Reflecting the supply shortage facing millers, the premium of UK bread-making wheat over lower-quality varieties of the grain used for animal feed is at a record high, added Brennan.

In recent years, this premium has ranged from £15 to £40 a tonne but the current forward value is about up to £80 a tonne, he said.

French wheat farmers face similar challenges. With up to 45 per cent more rain than the 10-year average between 1991-2020, according to the government’s weather service, this spring was the fourth-wettest on record.

As a result, Europe’s largest grower has planted 4.3mn hectares of wheat this year, down from an average of

Against the grain: the area planted with wheat in the UK is the second-smallest since 1980 — Christopher Furlong/Getty Images

4.7mn hectares over five years, according to Arthur Portier, market expert at consultancy Agritel.

The planted crop will also yield less, said Portier, who is also a wheat farmer.

Rain is a vector for diseases such as septoria, which creates yellow or brown lesions on seedlings’ leaves and can slash wheat yields up to 50 per cent, he said.

The wet weather had also “prevented farmers like me from going into the fields to treat the crops [with pesticides] as was needed”, Portier said.

As a result, when the wheat harvest is finished in a few weeks, France’s output will be 30mn tonnes — down from an average of 35mn tonnes over the past five years, according to Agritel’s estimates.

Consumers would have to wait to see if declining wheat harvests in France and the UK pushed up the price of bread and other wheat-based foods, said Brennan, adding that this would depend on what happened in other wheat-growing regions and how global grain markets responded.

But, he said, “fundamentally, wheat is the major input cost for a flour miller and, if wheat prices rise, so too do flour prices.”

As the global long-term average temperature rises beyond the 1.1C of warming in the industrial era, the problems hitting the agricultural sector are expected to worsen.

Climate change will mean the UK can expect wetter winters as well as hotter and drier summers more frequently, according to analysis by the Met Office.

“Farmers are looking at a future where they are going to have to contend with more winters like this and the disruption that is brought more frequently,” said Lancaster. “And that’s basically climate change.”

‘The recent wet spell and lower production will leave consumers to seek wheat further afield’

Fixed income

## Ukraine urges investors to accept haircut on more than \$20bn of debt

JOSEPH COTTERILL — LONDON

Ukraine urged international bondholders to accept deep cuts on the value of more than \$20bn in debt in order to help finance the nation’s war effort after initial talks just months before a payment standstill expires failed to produce a deal.

Bondholders turned down a proposal by Ukraine to reduce the value of foreign currency bonds by up to 60 per cent in negotiations this month, the country’s finance ministry said yesterday.

Volodymyr Zelenskyy’s government is facing a tight deadline to secure the debt restructuring, which it needs in order to continue receiving a bailout from the IMF and to restore flows of private funding for reconstruction.

Bondholders granted Ukraine a two-year moratorium on payments in the months following Russia’s invasion in early 2022 but this is set to run out in August.

The early talks on a restructuring have reflected deep investor uncertainty about the course of the war and how much debt Ukraine’s economy will be able to carry.

An investor committee representing about 20 per cent of the bonds proposed cuts of just over 22 per cent, but the IMF

‘As we approach deadline, we urge bondholders to continue productive and good-faith negotiations’

said this would fail key debt targets, the finance ministry said.

“Strong armies must be underpinned by strong economies to win wars,” said Sergii Marchenko, Ukraine’s finance minister. “As we approach the deadline, we must urge our bondholders to continue productive and good-faith negotiations with more substantial debt relief” that can meet IMF targets.

The bondholder committee said yesterday that it was “committed to working with Ukraine to structure a transaction which may attract the requisite support from market participants”.

But it warned that Ukraine’s proposed haircut “was significantly in excess of market expectation” and “would risk substantial damage to Ukraine’s future investor base”.

Ukraine is looking for just over \$5bn in debt relief from investors in the next year when it expects to run a budget deficit of about \$43bn to finance the war.

This will be partly underwritten by \$5.4bn in further IMF loans and more than \$28bn in other official support.

The finance ministry said yesterday that official creditors — a group that includes the US, UK, Japan and other governments that have financially backed Ukraine — had told bondholders that they should receive only “symbolic” payments up to 2027.

Talks would continue and “we are confident that a satisfactory restructuring agreement can be reached in the upcoming weeks and before the current payment freeze expires”, Marchenko said.

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Fixed income

## Deutsche Bank hopes hiring spree will reduce reliance on bond trading

OWEN WALKER — LONDON  
OLAF STORBECK — FRANKFURT

Deutsche Bank is counting on an aggressive hiring spree that has added more than 100 investment bankers in the past 18 months to start powering revenues and cut its reliance on bond trading.

Since the start of 2023, Germany’s largest lender has recruited 125 investment bankers, including from Credit Suisse, with 75 joining at managing director or director level.

Deutsche’s purchase of UK broker Numis, completed in October, brought in a further 300 staff.

The decision to increase the ranks of its investment bankers marks a reversal of Deutsche’s strategy since the financial crisis — a period during which the bank largely scaled back the business to save costs and expanded other parts of the lender.

It also comes amid a burgeoning recovery in global mergers and acquisitions after a prolonged drought.

Deutsche was seventh in the league table for investment banking fees in the first quarter, up from 11th for the whole

of 2023 and ninth in 2022, according to data provider Dealogic.

Fabrizio Campelli, head of Deutsche’s corporate and investment bank, told the Financial Times that the lender was aiming to offset its volatile and capital-intensive fixed income trading business by expanding its corporate finance advisory arm.



Deutsche has hired 125 investment bankers since 2022 — Armando Babani/AFP/Getty Images

Alongside working on acquisitions, the business advises companies on raising new debt and equity, as well as initial public offerings.

“We’re not looking to go back to being a top five bank globally, across all the bulge bracket firms — this is more about choosing our spots strategically and

winning in those,” he said. Campelli added that its extensive recruitment had raised the number of “revenue-generating bankers” in its corporate finance advisory business by up to 25 per cent.

He was hoping that the hiring would lead to a similar increase in the investment bank’s advisory revenues over time.

“We expect to see over time a corresponding uplift in performance compared to pre-2023 levels,” he added.

While the investment bank’s performance has improved in recent years, the upswing has depended on its bond trading business.

A powerhouse for Deutsche, it accounted for more than 80 per cent of the investment bank’s revenues last year.

In 2023, the lender’s corporate finance and M&A bankers generated €1.25bn in revenues. While the revenues were up 26 per cent on 2022’s levels, they still accounted for less than 5 per cent of Deutsche’s overall revenues last year.

Campelli, who has led Deutsche’s investment bank since 2021, said the investment in staff was already paying

off. Revenues at its corporate finance advisory arm climbed 54 per cent in the first quarter from the same period a year earlier.

Among the bank’s key hires over the past 18 months are Alison Harding-Jones, who joined from Citigroup as global head of M&A; former Lazard banker Ken Oliver Fritz, who is now vice-chair of Emea origination and advisory; and William Mansfield, who is head of M&A for Emea and was previously at Credit Suisse.

The hires are part of a broader ambition that Deutsche set out last year to diversify the investment bank’s revenues away from bond trading.

Despite culling between 3 and 4 per cent of its lowest performers each year at the investment bank, the business now has 4,800 front office staff — up from a low of 4,200 in the wake of a restructuring in 2020 by chief executive Christian Sewing.

“We attracted talent from firms that we couldn’t have attracted five years ago, partly because the market was too tight and partly because the brand of DB six years ago wasn’t where it is now,” said Mark Fedorcik, co-head of invest-

ment banking at Deutsche. “They want to come here now. They’ve seen the stock double in the last five years.”

The bank has also drafted in senior dealmakers to advise financial institutions, consumer and financial groups, technology companies and healthcare businesses.

In addition, it has hired leaders for its Asia-Pacific and Latin American businesses as well as in equity capital markets.

Fedorcik defended Deutsche’s £410mn acquisition of Numis after the bank paid a 72 per cent premium for the broker to expand in the UK.

In February, Deutsche booked a €233mn writedown on the business.

While some staff have left Numis since the takeover, Fedorcik said it had won more clients than it had lost, adding the likes of Coca-Cola Europacific, Land Securities Group and Airtel Africa.

“The UK market fee pool for the past three or four months has been mixed,” Fedorcik said.

“But this was a strategic acquisition focused on the long term over the next two to three plus years, not the first few months,” he added.



COMPANIES & MARKETS

The day in the markets

What you need to know

- Paris stocks bounce back after worst week in more than two years
- Wall Street shares rise but investors sell US Treasuries
- Tokyo equities retreat while yen edges lower against dollar

European stocks closed higher yesterday with French equities bouncing back after posting their worst weekly performance in more than two years last week.

The region-wide Stoxx Europe 600 index rose 0.1 per cent, Frankfurt's Xetra Dax gained 0.4 per cent and London's FTSE 100 fell 0.1 per cent.

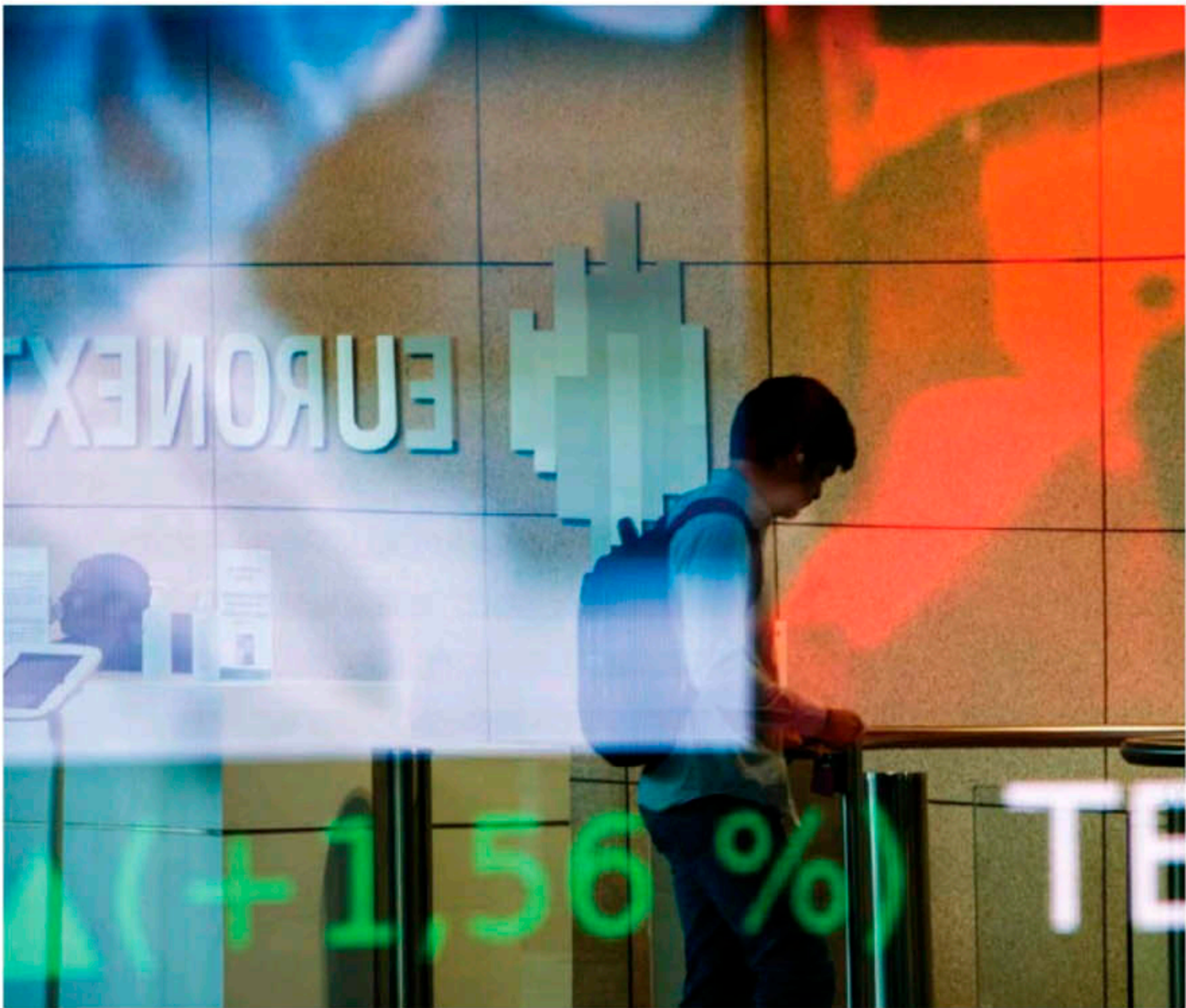
Paris's Cac 40, which tumbled last week on election jitters, gained 0.9 per cent.

Financials sold off sharply last week due to their large amounts of sovereign debt and because they might be exposed to windfall taxes under a populist government, said analysts. Along with healthcare stocks, they were among the best performers yesterday.

Last week, concerns that a new leftwing bloc and Marine Le Pen's far-right Rassemblement National could between them all but wipe out President Emmanuel Macron's centrist alliance led to a more than 6 per cent sell-off for the Cac 40.

The spread between benchmark French and German yields — a market barometer for the risk of holding France's debt — meanwhile rose to its highest level since 2017.

Yields on French government bonds held steady yesterday, even though analysts expect further volatility in equity and fixed income markets as the legislative election draws closer.



“The calling of the election has thrown investors into a panic about the possible ramifications . . . the speed of the [sell-off] was pretty violent,” said Peter Oppenheimer, chief global equity strategist at Goldman Sachs.

Wall Street stocks rose at the start of a shortened week of trading.

The S&P 500 was up 0.6 per cent by midday in New York — as was the technology-heavy Nasdaq Composite.

US stocks made modest gains last week even as European equities lost ground. US markets are closed tomorrow.

The interest rate-sensitive two-year

Treasury yield was up 6 basis points to 4.75 per cent, reflecting a decline in price.

A survey showed manufacturing activity in New York state contracted less than forecast in June, improving to a reading of minus 6 from minus 15.6 in May. That was the highest level since February and beat economists' forecasts of minus 9.

In Asia, Tokyo's benchmark Topix index dropped 1.7 per cent and the Nikkei 225 Average fell 1.8 per cent. The yen slipped slightly against the dollar to ¥157.77.

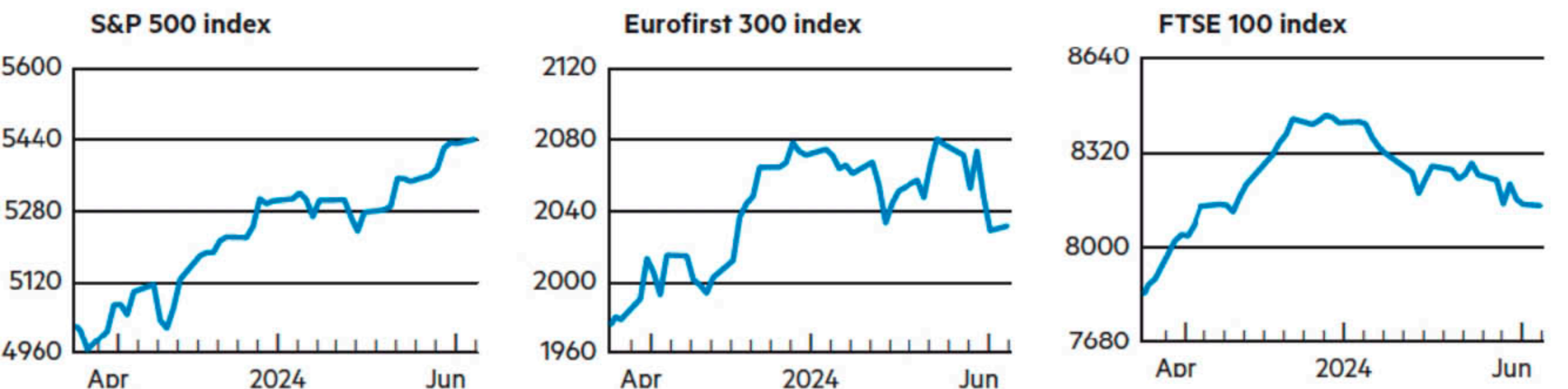
Brent crude oil futures rose 1.4 per cent to \$83.77 a barrel. **George Steer**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	5441.08	2031.75	38102.44	8142.15	3015.89	119496.07
% change on day	0.17	0.12	-1.83	-0.06	-0.55	-0.14
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	105.546	1.072	157.860	1.268	7.256	5.416
% change on day	-0.004	0.281	0.305	0.079	0.004	1.129
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	4.285	2.412	0.927	4.206	2.297	11.666
Basis point change on day	7.120	5.300	-0.640	6.200	0.200	0.000
World index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEX)
Level	524.49	83.38	78.84	2330.45	29.21	4180.40
% change on day	-0.03	0.92	1.01	0.85	-0.10	-1.02

Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets



Biggest movers

US			Eurozone			UK		
Ups	Autodesk	5.61	Casino Guichard	15.81	Beazley	2.90		
	Bio-rad Laboratories Inc	4.81	Alstom	3.16	B&m Eur Value Retail S.a.	2.48		
	Tesla	4.38	Ing	2.83	Hargreaves Lansdown	2.14		
	Corning	4.03	Deutsche Boerse	2.58	Entain	2.01		
	Ge Aerospace	4.00	A.p. Moller - Maersk B	2.54	St. James's Place	1.92		
Downs	First Solar	-6.22	Fresen.med.care	-4.04	Convatec	-3.78		
	Vistra	-5.18	Edp	-3.43	Melrose Industries	-3.76		
	Enphase Energy	-4.23	Bayer	-3.42	Severn Trent	-3.60		
	Aes	-4.14	Adidas	-2.98	Ocado	-2.74		
	Align Technology	-3.92	Ferrovial	-2.89	United Utilities	-2.41		

Prices taken at 17:00 GMT

Based on the constituents of the FTSE Eurofirst 300 Eurozone

All data provided by Morningstar unless otherwise noted.

Equities

Milan stock exchange workers to take first strike action over Euronext ‘divestments’

SILVIA SCIORILLI BORRELLI — MILAN  
NIKOU ASGARI — LONDON

Italy’s banking sector trade unions have called the first ever strike at Borsa Italiana, the national stock exchange, accusing French owner Euronext of massive divestments from the country.

The banking arms of Italy’s two major trade union confederations as well as bank workers’ union Fibi said workers would strike for two hours on June 27.

The unions said they were aiming to halt trading during those hours but it would be up to the company to decide whether dealing continued during the strike.

The action was prompted by Euronext’s “constant, systematic and overall divestments from Italy and the emptying of [its] structures from within”, said the unions.

Euronext is Europe’s largest stock exchange operator with listing and trading venues spanning cities including

Paris, Amsterdam, Dublin and Oslo. The Paris-based company acquired the Milan bourse from the London Stock Exchange Group in 2021 for €4.3bn in a move designed to cement the company’s key role in European stock market infrastructure.

The unions said they were concerned about jobs moving abroad, salary nego-

‘We want to protect Borsa Italiana workers and politicians must not take advantage of our action’

tiations and working hours as “night, weekend and holiday shifts” had become the norm.

They added that Borsa Italiana was losing its strategic and management autonomy.

“We want to protect Borsa Italiana workers and [politicians] must not

take advantage of our action,” said Lando Maria Sileoni, secretary-general of Fibi, referring to the current tensions between the French and Italian governments.

Euronext rejected the unions’ complaints and called for “constructive dialogue”, and said it had hired more than 100 people in Italy over the past year.

It also cited the decision to run its derivatives and commodities clearing from Milan as of next month as an example of the company’s commitment to Italy.

Euronext’s purchase of Borsa Italiana included buying the CC&G clearing house, cutting Euronext’s reliance on London for clearing services.

Euronext said that, while global competition presented “significant challenges”, its strategic plan emphasised “optimisation of existing processes to reinvest in new growth areas and consolidate the Italian presence within a stronger pan-European group”.

Renminbi set to draw fire as trade tensions mount

Richard Yetsenga

Markets Insight



The renminbi is likely to increasingly become an issue of international consternation. China is searching for ways to sustain growth in the face of domestic and global constraints.

Internal investment and exports are on course to remain its main strategy but this is also likely to keep fanning the flames of protectionism elsewhere.

In such an environment, expect perspectives on the relative value of the renminbi against the dollar and other currencies to harden. Every major currency apart from the pound has fallen against the dollar this year.

It’s been almost 40 years since the signing of the Plaza Accord when the leaders of the five leading industrial economies agreed to adjust domestic policies to correct misalignments in exchange rates. It is difficult to envisage a similar accord being reached today.

Without a resolution, it can’t be long before concern over the strong dollar and its impact is flipped to worries that Chinese exporters are gaining an unfair advantage thanks to a weak renminbi.

That would be similar to how China’s apparent overcapacity has dominated the recent international narrative to the point of suggesting it has just emerged. But if a persistent current account surplus reflects domestic production in excess of domestic demand, then China’s overcapacity has been perennial.

Overcapacity is a feature, not a bug, of these kinds of economies. Germany, Malaysia, Japan, South Korea and Singapore have had persistent current account surpluses and all, apart from Japan and South Korea, are on the “monitoring list” in the US Treasury’s FX Report.

None has been subject to the focus China attracts. It may have been singled out partly because of its size; it has unquestionably become the dominant trade and production economy. China accounts for 15 per cent of world exports and 35 per cent of industrial production.

China’s dominance has not been seen for a single economy since the US in the 1970s. Whether reflecting these trends or others, the reality is protectionism does seem to have become more embedded. The number of industrial policy interventions globally has risen eightfold since 2017, according to one measure. Dragonomics, a China-focused

China’s investment and exports strategy is likely to keep fanning the flames of protectionism elsewhere

research organisation, estimates that trade-restrictive measures targeting China have increased nearly fourfold since 2018.

As the International Institute for Sustainable Development suggests, rising protectionism signals that valuable lessons are forgotten. Protectionism, when practised at scale, is inflationary — as China has called out. And once sparked, protectionism is difficult to extinguish.

Trade efforts in one economy put pressure on others to respond. Within any jurisdiction, it is difficult to distinguish between appeals to level a playing field that may have merit and those that are merely rent-seeking.

Consider appeals from US domestic airlines and unions to halt an increase in landing slots of China’s airlines, citing

its harmful anti-competitive policies. If protectionism is now entrenched, what are China’s options? It is unlikely to be able to shift enough towards domestic demand to sustain rates of GDP growth in line with or above the US. Falling population and high credit are largely immutable structural constraints.

The Bank for International Settlements puts the stock of China’s debt to the non-financial sectors of the economy at 283 per cent of GDP — and still climbing rapidly. Debt doesn’t prevent growth. There are half a dozen economies that have debt at similar levels. But it does damp speed — none of these economies grow quickly.

As debt grows, demand for new credit must be balanced against servicing existing stock. Like internal migration, growth in credit in China is becoming increasingly zero sum. While it is not facing an aggregate balance sheet recession at this point, it is facing a balance sheet slowdown as the largest consumers of credit — households, local governments and property developers — de-lever.

The household sector is likely to be particularly sensitive to the 18 per cent decline in listing prices in the past two-and-a-half years. And Dragonomics suggests that developer financing has been negative since 2021.

Carmen Reinhart and Kenneth Rogoff in *This Time Is Different* reminded us of the energy-sapping effects of balance-sheet repair. While many of the historical examples are fiery crises, China’s balance sheet smoulder is likely to exhibit similar tendencies.

So China is likely to continue to rely on its export machine. That, inevitably, will turn attention to the renminbi.

Richard Yetsenga is chief economist at ANZ

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ARTS



Lucy Crowe as Tytania and Richard Burkhard as Bottom in 'A Midsummer Night's Dream' — Craig Fuller

# Sweet music lights up the forest

OPERA

**A Midsummer Night's Dream**  
Garsington Opera, Wormsley, Buckinghamshire  
★★★★★

Richard Fairman

It would be interesting to know what Freud thought of *A Midsummer Night's Dream*. He left countless references to Shakespeare, including a brief analysis of *Hamlet*, but nothing comparable on the world of *A Midsummer Night's Dream*, where the subconscious is set free.

In writing his opera, Benjamin Britten kept true both to Shakespeare's words, albeit cut, and drama. Productions of

the opera have become increasingly adventurous in exploring what lies beneath the surface and Netia Jones's new staging for Garsington Opera has an individual take on it, which is in equal measure fascinating and puzzling.

There is no need to recreate Shakespeare's forest of dreams here. Garsington has its own, and we see the trees through the open wall at the back of the stage. Jones's work as designer has been rather to create a surreal world with a flamboyant touch of Dalí about it — an oak tree growing out of a grand piano, a pair of scissors hanging on a thread.

The performance opens with Theseus staggering in, bottle in hand, and passing out. Later, Tytania seems high on the juice of the purple herb that

Oberon has squeezed into her eyes. It is hard to keep track of all the symbolism at work. Oberon appears in a fox head (why?). Blacksplodges of the night grow over the lovers' bodies and clothes, and by the end they have acquired black-clad fairy doubles. Expect to do mental somersaults to keep up.

What makes this production soar is the high standard of the music. Garsington has assembled a dream of a cast, led by Iestyn Davies as Oberon, finding new meanings in the text, and Lucy Crowe as Tytania, conjuring magical beauties with her radiant soprano. Jerone Marsh-Reid's niftily acrobatic Puck appears as if out of thin air, though not all his words are easy to catch, and he is accompanied by an eager band of fairies from

Garsington Opera's Youth Company. A very fine quartet of lovers includes Camilla Harris as Helena and Stephanie Wake-Edwards creating merry hell with her fury as the despised Hermia. Caspar Singh and James Newby could hardly be bettered as Lysander and Demetrius. The four enter as lookalike schoolchildren, satchels in hand, and the drama becomes their rite of passage as they are absorbed into the adult realm of betrayal and forgiveness. Christine Rice and Nicholas Crawley do well enough as Hippolyta and Theseus. They, too, seem to be doubles of Tytania and Oberon, as Shakespeare probably intended.

The least successful of the three levels of players is the mechanicals; there are opportunities for comedy that the production misses. Even so, Richard Burkhard makes a clear, straightforward Bottom and there are delightful cameos from James Way's Flute, a true prima donna in Thisbe's flowing red ballgown, and Geoffrey Dolton's physically pliable Starveling.

Was it Garsington's intimate acoustic or did the Philharmonia Orchestra really get Britten's score to sparkle with more clarity than ever before? Possibly both, as conductor Douglas Boyd was outstanding in the sharp rhythmic cut and pace he brought to the music, not to mention the vivid character in every ass hee-haw and lion roar, every glint of enchantment. This performance should do well when it visits the BBC Proms later in the summer.

To July 19, [garsingtonopera.org](https://garsingtonopera.org)

# Supersized Swan Lake dazzles in all directions

DANCE

**Swan Lake**  
Royal Albert Hall, London  
★★★★★

Louise Levene

There comes a moment in every golden-age Hollywood musical when the curtain goes up, the camera zooms in and the theatre walls fly away. The "stage" becomes a thing of infinite space peopled by beautiful women all doing the same beautiful things. English National Ballet's 1997 *Swan Lake*, back at the Royal Albert Hall for 14 performances, creates the same Busby Berkeley magic in real time — and without the luxury of retakes.

It was, amazingly, Derek Deane's very first crack at staging a *Swan Lake* (and only his fourth full-evening ballet), but he found creative solutions that fill the space and mitigate the tricky sightlines of the venue. Supersized ensembles open out to face all four points of the compass and even the big set pieces are reconfigured. The lifts in the lakeside *pas de deux* are delivered two to the south, two to the north and Odette's exultant *relevé-passé* solo is likewise shared between both halves of the house.

The first two performances were led by debutant couples, a high-risk strategy that re-energised the familiar tale. Sangeun Lee was a soulful, fine-boned Odette on opening night, partnered by Gareth Haw. The Welsh first soloist made an eager Prince (he often outran his follow spot) whose long line and lordly bearing made an impact in the vast "O" of the hall.

The following day, Francesco Gabriele Frola gave a more nuanced reading. The subtle droop of the head and the rubato

phrasing of his act one soliloquy revealed Siegfried's unhappiness just as his thrilling *manège* of leaps in act three embodied his (misplaced) joy at re-encountering the swan of his dreams.

Frola's Odette/Odile was Ivana Bueno, still a humble junior soloist, who delivered a seemingly nerveless performance. Like Lee, she opted to calibrate the Black Swan's 32 *fouettés* so that her smiles could dazzle all parts of the house. Deane is no fan of fancy *fouettés* but it felt more like good manners than a circus trick.

ENB is well stocked with weighty character players. Jane Haworth was an implacable Queen. Michael Coleman, at 84, brought the bumbling old tutor vividly to life in act one then acted half his age as the act three Master of Ceremonies. James Streeter (first night) and Fabian Reimair (second) made dastardly Rothbarts, filling the space with grand gestures, capes billowing behind them like spent parachutes.

The orchestra (give or take the brass section) was on splendid form under Gavin Sutherland, one eye on the strings and the other on the action, modulating his often brisk tempi to the needs of the soloists.

With no curtain, no fly tower and no wings, it is hard to magic the corps de ballet in and out of shot. The act one ensembles are obliged to enter via the stalls aisles (given the Albert Hall's relaxed policy on latecomers it's a miracle they don't all end up in the Polonaise). The 60 swans make a less prosaic entrance. They surge out from beneath the organ, flooding the stage with white tulle, gliding through Deane's crystalline floor patterns like a big snowy kaleidoscope.

To June 23, [ballet.org.uk](https://ballet.org.uk)



Derek Deane's 'Swan Lake' is staged in the round — Laurent Liotardo

# Chaka Khan struggles to ignite Meltdown

POP

**Chaka Khan**  
Royal Festival Hall, London  
★★★★★

Ludovic Hunter-Tilney

Chaka Khan's arrival at the Royal Festival Hall was preceded by a film showing famous admirers such as Joni Mitchell and fellow Chicagoan Michelle Obama. Then from stage right came a beaming Khan, holding a microphone and greeted by a grand ovation.

"Welcome to the Meltdown," she announced. The singer is this year's guest curator of the Southbank Centre's festival, an annual 10-day programme of events. Previous holders of the post have included David Bowie, Ornette Coleman and Patti Smith. Khan, feted as "the queen of funk", belongs in their company.

But her Meltdown line-up is underpowered: the acts don't come close to matching the prominence of past participants such as Nina Simone and Radiohead. And her opening night show didn't strike the right note either.

She was accompanied by a large backing troupe whose number included a brass trio, two percussionists, three singers and four dancers. The format was the 50th-anniversary show that she is currently touring (including a Norway date during Meltdown). Its setlist was drawn from her 1970s and 1980s heyday. The earliest songs went back to when she was frontwoman of funk band Rufus. After that, she went solo with soul, disco and pop hits, not so much adapting herself to a new era of synth-driven music as imprinting herself on it. (She objects to the "queen of funk" label as too limiting.)

The slick mid-1980s pop of "This Is My Night" was given a bustling soul-R&B makeover by her band. Cheers went up for the full-fat bassline of "Tell Me Something Good", the very funky Stevie Wonder-penned hit that first launched Khan into the charts a decade earlier in 1974 when she was in Rufus. But then the momentum stalled. Shifts in gear caused the audience to sit down and get back up like jack-in-the-boxes. The flow wasn't helped by Khan's charming but roundabout stage chat, stronger on trivia ("I'm not a phone person") than reminiscences of her career.

At 71, she can still sing. The recent filmed performance that she did for NPR's Tiny Desk concert series is proof of that. But her voice was less striking at the Royal Festival Hall. Or rather, it was too striking. Brash amplification gave an overbearing quality to the big blaring cries that she regularly unleashed. The audience acclaimed these vocal irruptions, but they actually had the effect of

capsizing songs. Nostalgic desire for her to be the power vocalist of old was understandable. But she sounded better suited to quieter, more mellifluous numbers such as Rufus's "Magic in Your Eyes".

She tried to start a singalong during another Rufus song, "Sweet Thing", but the response was mild. Lungs were being saved for a rapturously received closing rendition of her signature hits "I'm Every Woman" and "Ain't Nobody". However, this finale was weakened by the ill-judged halt in proceedings that came before it, when Khan exited for a 10-minute break, leaving the stage to her dancers. They in turn stood frozen in place for an excruciating period of silence while a glitch with the DJ's equipment was resolved. It summed up a stuttering start for this year's Meltdown.

*Meltdown Festival continues to June 23*  
[southbankcentre.co.uk](https://southbankcentre.co.uk)



Chaka Khan opens her Meltdown season at the Royal Festival Hall — Pete Woodhead

FT

WOMEN IN BUSINESS FORUM

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SPRINGER NATURE

Member



The insects are becoming more resistant to prevention, while the climate crisis has opened up regions where they can thrive – raising the stakes in a global struggle against one of nature’s great survivors.

By Michael Peel

Deep in the bowels of Imperial College London’s main campus is a facility known as the insectary. The journey to it, via basement corridors and an entrance that sounds an alarm upon opening, feels like something out of a horror film.

Beyond two sets of double doors lies the reason for the security: thousands of the *Anopheles* mosquito that has long been humanity’s deadliest animal threat. The insects in these temperature-controlled chambers are central to pioneering efforts to use genetic engineering to stop them passing on life-threatening malaria.

Federica Bernardini, a research associate, places her hand close to the white mesh sides of a box housing the biting bugs. “I am not going to put it there for long,” she says, quickly pulling back from the tiny creatures as they start to home in on her.

The Imperial work is part of a global struggle against the intensifying threat of mosquitoes and the destructive pathogens they carry. The first malaria vaccination campaign is being rolled out this year, while researchers are exploring ways to stem disease that are both ingenious and – in the case of genetic engineering – controversial to some.

It is part of a wider public health battle against various infectious diseases that have surged in recent years due to environmental change, the Covid-19 pandemic and other factors.

The mosquito campaign is a race against the clock. The insects are becoming more resistant to traditional prevention methods, while the climate crisis has opened up new regions where they can thrive.

The great question now is whether humanity can control malaria and other illnesses spread by mosquitoes before their growing prevalence makes that goal impossible.

“The further out we push the move into the malaria eradication era, the harder it’s going to get,” says Helen Jamet, deputy director for the disease in the global health division of the charitable Gates Foundation. “Because we’ll have a lot more of these climate-based events – and we’ll have a lot more of the problems around insecticide resistance, drug resistance and invasive species that will become harder and harder to tackle.”

The sobering baseline today is that mosquitoes are threatening more people in more places than ever. The dangerous species of the insect are what are known as disease vectors – carriers of pathogens that they pass among human populations by sucking people’s blood. The economic costs of mosquito-borne diseases have been estimated at \$12bn a year.

Poorer countries fare much worse, which is why the problem has historically been under-addressed by private healthcare investment. Now, richer nations are increasingly endangered.

Dengue has spread dramatically and about half the world’s population is now at risk of catching it, according to the World Health Organization. The disease is rarely fatal, but its common name of “breakbone fever” suggests how debilitating severe cases can be. The number of infections reported to the UN health body climbed from just over 500,000 in 2000 to 5.2mn in 2019 and likely misses many asymptomatic cases. WHO modelling puts the number at closer to 400mn cases annually, driven by urbanisation, rising rainfall and humidity, and increased population mobility.

The dengue-transmitting *Aedes albopictus* mosquito, known as the Asian tiger because of its striped, white markings, is flourishing in more places globally. It has established itself in 13 EU countries compared with eight in 2013, according to the European Centre for Disease Prevention and Control (ECDC). The 130 cases of locally acquired dengue reported in 2023 were almost double the number from 2010 to 2021 combined. In the past seven years there have been reports of local transmission of Zika, which can cause grave birth defects, in France and chikungunya – a viral disease with symptoms similar to dengue – in Italy.

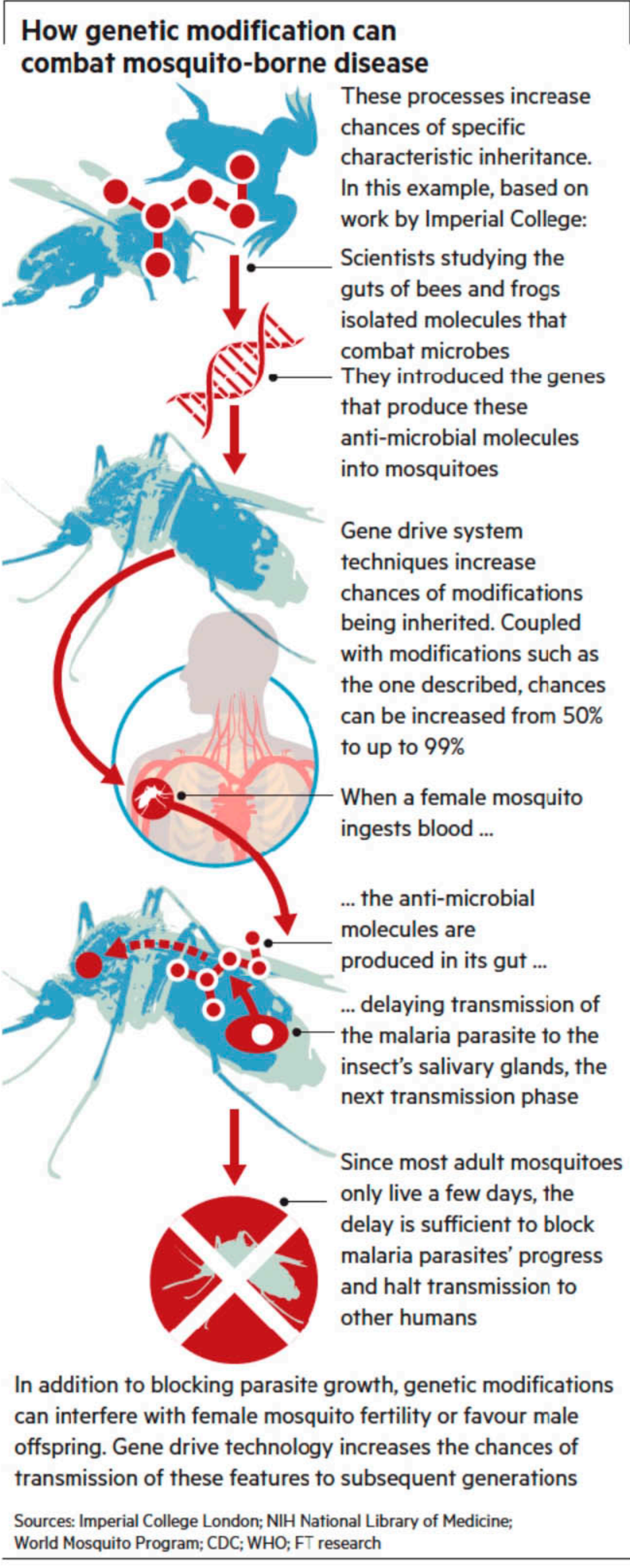
“Trade, travel, climate change – all of these are really drivers of [this] emergence,” says Céline Gossner, the ECDC’s principal expert in emerging and vector-borne diseases. “We will see more cases of dengue and more outbreaks, that’s very sure.”

Malaria deaths worldwide have risen since the Covid pandemic, after years of decline. Prevention efforts helped bring the number down from an estimated 897,000 in 2000 to 568,000 in 2019, but it climbed to 608,000 in 2022, mostly among children under five in African countries.

The US saw its first homegrown



# Tackling the rising threat of mosquito-borne diseases



malaria cases for 20 years last year, with infections reported in Florida, Texas and Maryland. This expansion is in some ways a reversion to historical trends. Malaria used to be endemic in the US and Europe, known by names such as “marsh fever” and “ague”. Dengue, chikungunya and Zika virus outbreaks have also occurred recently in US states and territories, according to the US Centers for Disease Control and Prevention.

There is reason to think climate change and other environmental trends will widen mosquito ranges still further. Higher temperatures can increase biting frequency and the reproduction rates of both the insect and the pathogens it bears. Flooding made more frequent by climate change creates new stagnant pools for the insects to lay eggs, as do expanded water storage efforts in areas stricken by drought.

Continued urbanisation will provide mosquito females – the only ones that bite – with more bodies for feasting. Invasive species, such as the malarial *Anopheles stephensi*, thrive in cities – and may bite during the day time, making traditional protections such as bednets less useful.

“We are in a more vulnerable world,” says John-Arne Rottingen, chief executive of the Wellcome philanthropic foundation, of the growing mosquito threat. “Some countries are more fragile than ever and, in those contexts, it will be more challenging.”

The evident dangers are driving a new age of research. In Paris, France’s Institut Pasteur is building a new centre devoted to vector-borne diseases.

“Mosquitoes can adapt more easily and quicker than us,” says Anna-Bella Failloux, head of insect vector research at the institute. “But we will not give up. We can limit the burden.”

One development that is exemplary of the difficulties of the task ahead is the launch this year of the first malaria vaccination campaign. Two jabs, devised by

Oxford university and the pharmaceutical company GSK, target the deadly *P. falciparum* strain of malaria. Both are “safe and effective in preventing malaria in children”, says WHO.

The worry is that the rollout is patchy. Indian malaria vaccine makers called in May for multilateral agencies to order more doses to boost the campaign and drive down costs. Gavi, the global vaccine alliance, has said it needs not only to provide the doses, but to ensure the logistics are in place to deliver the jabs.

Both vaccines seem to be good rather than great, reducing malaria cases in trials by more than half during the first year after vaccination. Both are most effective after four doses: a big ask in countries where health services may be thin and hard for patients to access.

Another problem is the limited reach of the vaccination. Malaria will continue to spread from unjabbed people who carry the parasite with no symptoms, says Professor Faith Osier, co-director of Imperial College’s Institute of Infection. “Unless you target vaccinating [the] entire population, you don’t actually get rid of it,” she adds.

A promising emerging area of anti-malaria efforts uses monoclonal antibody technology, which stimulates the human immune system. The antibodies disrupt the *Plasmodium* parasite that causes malaria, by binding to it to stop its transmission to other people. One dose was up to 88.2 per cent effective in preventing infection over a 24-week period, according to a US National Institutes of Health clinical trial in Mali published in 2022.

The approach is being improved all the time, says Dr Jeanne Marrazzo, director of the US government’s National Institute of Allergy and Infectious Diseases. The latest monoclonal antibodies show an even greater ability to kill *Plasmodium* before it reaches the human liver, where it reproduces. “The second generation ones are even more potent and, importantly, last longer,” Marrazzo says. “So you can imagine a malaria programme where you think about protecting people seasonally.”

Mosquitoes are threatening more people in more places than ever. The dangerous species of the insect are what are known as disease vectors – carriers of pathogens that they pass among human populations by sucking people’s blood

FT montage/Getty Images

‘Without additional tools we will never be able to cross the last mile of malaria elimination’

Methods of preventing malaria are the more urgently needed because long-standing treatments for the disease are becoming less effective. The standard modern therapy based on artemisinin, a plant extract used in Chinese traditional medicine, is suffering from growing pathogen resistance. Partial resistance has spread from south-east Asia to Rwanda, Uganda and the Horn of Africa, according to research published this year.

As tried and tested methods start to falter, scientists are making crucial advances in other approaches, such as the practice of setting “good” bugs against bad.

This nature-based technique harnesses bacteria called *Wolbachia* that occur naturally in many insects, including some mosquitoes. Introducing *Wolbachia* into eggs from the *Aedes aegypti* species can curb the growth of viruses in the adult insect, including those that cause dengue, chikungunya and Zika.

The *Wolbachia* method is being rolled out by the World Mosquito Program, a non-profit initiative of Australia’s Monash university. It is currently working in 14 countries in the Latin America and Asia-Pacific regions. Dengue cases in Colombia’s Aburrá Valley region fell to a 20-year low after a release of *Wolbachia* insects there, research has suggested. In 2025, the WMP and Fiocruz, a foundation under Brazil’s ministry of health, expect to open a factory in the country to turn out 5bn disease-blocking mosquito eggs a year.

The *Wolbachia* approach appears to have some limitations. These include its vulnerability to environmental factors, temperature and host diet, according to research published in 2020. The WMP counters that it has shown *Wolbachia* can establish itself in insect populations in hot countries – although it acknowledges high temperatures can reduce maternal transmission of the bacteria.

The most revolutionary technique to stop mosquito-borne diseases is genetic engineering.

Oxitec, a US-owned biotechnology company, released modified *Anopheles stephensi* mosquitoes to combat malaria in Djibouti in the Horn of Africa in May. Its method involves releasing batches of male mosquitoes, which are trademarked “Friendly” – but prove anything but for their mates. The engineered insects carry a gene that causes female offspring to die before reaching maturity. This company describes the approach as “self-limiting” because fewer of the edited genes are passed on with each successive insect generation. This has the environmental advantage of not permanently altering the ecosystem – but it does mean repeated “Friendly” releases will be required.

The gene drive techniques being worked on by Imperial College London, its partners and others aims for an even more radical solution. The approach can work either by disrupting genes crucial for female fertility, or by causing the sex ratio of the insect population to distort in favour of male offspring. The technology can potentially cut mosquito populations to levels at which malaria cannot be transmitted.

The speed and efficiency with which these engineered traits can spread have raised concerns that it could have damaging biodiversity effects. But there is no evidence to support the idea that this would be the case, proponents argue. Organisations including the African Union are promoting the managed use of gene drive mosquito technology to improve public health.

A 2019 gene drive mosquito release in Burkina Faso, west Africa, showed they successfully mixed with wild counterparts, although their survival rates were lower. Gene drive could be an essential tool in the fight against malaria, according to Professor Abdoulaye Diabaté, principal investigator at Target Malaria Burkina Faso, which oversaw the release. “Without additional tools we will never be able to cross the last mile of malaria elimination, no matter how much money we put in there and time we devote to it,” he said in October. “We absolutely need to innovate.”

Over at Imperial’s underground London mosquito vault, Bernardini hopes technological advances born there will be a potent new weapon in the fight to save lives.

But she argues that, rather than seeking one single “magic tool”, humankind will need the combined power of simultaneous breakthroughs to subdue its ancient insect foe. “You are going to have a synergistic effect that is going to use advances in all the aspects – whether that is a new insecticide, a new vaccine or transgenic technology,” she says. “Collectively, that will give us a better chance.”

Graphic illustration by Ian Bott



# The FT View



FINANCIAL TIMES

“Without fear and without favour”

ft.com/opinion

## The fantasy economics of France’s far right and left

Both political flanks are touting populist and uncosted policies

The week since Emmanuel Macron called snap elections has laid bare just how high the stakes are, not just for him and the future of France’s democracy but for its prosperity too. With the president’s centrist alliance trailing badly in the polls, the front-running groups from the radical right and the leftwing are both touting populist and mostly uncosted economic policies that risk exploding France’s budget deficit and debt. In a worst case scenario, they threaten to put Paris into conflict with the EU, and trigger a market crisis with consequences across the Eurozone.

Despite Macron’s achievements in bringing unemployment down to its lowest level in almost two decades, making France an attractive place for businesses to invest, and reforming pen-

sions, his record on public finances is not his strongest suit. Like its neighbours, France had to grapple with Covid, inflation, and Russia’s invasion of Ukraine. Macron’s governments, though, have not been serious enough about putting public finances in order. France’s budget deficit last year was 5.5 per cent of gross domestic product, with public debt at 110 per cent of GDP.

But both Marine Le Pen’s far-right Rassemblement National and the leftwing New Popular Front assembled to challenge it are now promising a dangerous mix of largely fantasy economics that France can ill-afford. The risk is that the national assembly will be dominated by blocs that are both in favour of huge spending increases, and ready to rip up France’s commitments to Brussels on deficits and debts.

With the RN leading in the polls, it is unclear exactly how much it will retain of its programme from the 2022 presidential election, which was estimated by the Institut Montaigne think-tank

would worsen the deficit by €100bn, or 3.7 of GDP, per year. Its leaders Le Pen and Jordan Bardella have adopted a pragmatic tone, saying they will have to prioritise certain measures.

Asked last week if an RN government would keep its costly promise to reverse Macron’s increase in the pension age to 64, Bardella said only “We’ll see”. It will, though, proceed with cuts to VAT on energy, fuel and food. These steps alone would blow a large hole in the budget, and the RN has presented no significant revenue-raising plans.

The leftwing alliance encompassing the hard left, Socialists and Greens has unveiled a radical agenda with vast spending commitments, including scrapping Macron’s pension reform and increasing public sector salaries. It is promising some revenue-raising steps, including reintroducing a wealth tax and ending tax breaks that often favour the upper middle class. But it is fanciful to think a programme on this scale can be financed only by squeezing the rich.

Macron’s alliance is citing parallels with the debacle triggered by former UK prime minister Liz Truss’s unfunded tax cuts in 2022

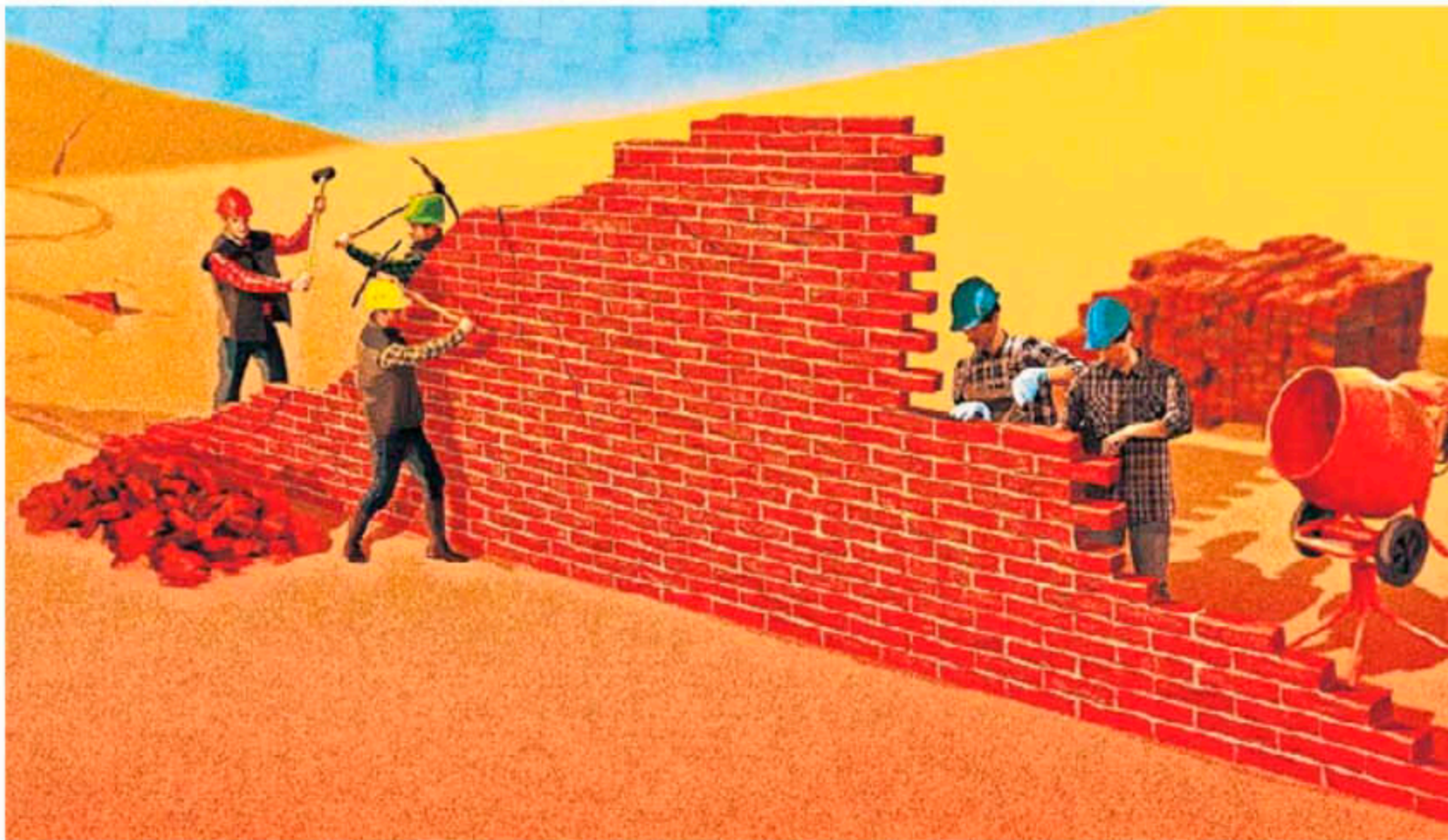
The danger for France is that its fiscal outlook is already cloudy; Standard & Poor’s downgraded its debt last month. Either programme would be likely to provoke the first clash with the EU since it adopted new fiscal rules. Unlike the Eurozone debt crisis, however, it would involve the EU’s second-biggest economy, and a founding state.

Despite a sell-off in the past week taking spreads over German bonds to their highest since 2012, French bonds are still in high demand, and in a worst-case scenario the European Central Bank has a new backdrop of emergency bond-buying powers. A senior ECB official yesterday played down any need to activate these. But there is a lack of awareness of the dangers along France’s political flanks and in the country at large. Macron’s alliance is citing parallels with the debacle triggered by former UK prime minister Liz Truss’s unfunded tax cuts in 2022, in an effort to awaken voters to the risks. Regrettably, its arguments do not seem to be cutting through.

### Opinion Immigration

## When neither politicians nor public think straight

Ewan White



If you are a European political party of the right, there is a quick and easy way to get elected: talk a lot about your plans to reduce immigration. This proved pretty successful in the elections to the European parliament, is part of why Geert Wilders finished first in the Dutch elections, and is one reason why Marine Le Pen is giving Emmanuel Macron nightmares in France. It’s also why many Conservatives think that their next successful leader will sound a lot more like Giorgia Meloni, Rishi Sunak’s new best friend on the world stage (if last week’s G7 meeting is any guide), than his foreign secretary, David Cameron.

But the bad news is that once elected, there is not a quick or easy way to keep your promises. Talk of Meloni’s “moderation in office” is often overdone. If your only gauge of moderation is

of the British economy until recently regarded as areas of strength, such as financial services and higher education. Yet the prime minister is still on course for a much worse election result than any of his immediate predecessors.

That isn’t to say that inside every European who wants lower immigration is an open borders liberal trying to get out. Displays of ostentatious cruelty – from New Labour’s ban on letting asylum seekers work while their claims are being processed to the Conservatives’ “hostile environment” – have formed part of every election-winning programme this century in the UK, and the country is not an outlier. But any politician who thinks they will be automatically rewarded at the polls for reducing immigration should think again.

Most political choices can be boiled down to a simple dichotomy: to do less or to spend more. Sometimes, technological or social change can hand you a rare win-win scenario, in which you can spend less and do more. But most of the time, you face that simple choice: immigration is no exception.

If states reduce the number of people who can come into their countries and work legally they are forced to either do less, because vacancies aren’t filled, or spend more to attract and retain domestic talent. The NHS is a useful example here: pay and conditions in the NHS are middle of the pack in terms of the global healthcare market. What that means is that some of the doctors and nurses we train end up working in the US, New Zealand or elsewhere, while we in turn recruit around 20 per cent of our staff from Africa, Asia and Europe.

So if politicians actually want to keep their promises on immigration, they need to be willing to spend and to tax more. They also need to be willing for both the state and the private sector to do less. Conservative MP Neil O’Brien, one of the most vocal and articulate migration sceptics in the House of Commons, talks a lot about what he disparages as the “Deliveroo visa”, which allows people to come to the UK and work for relatively low pay. There’s an obvious problem here: most voters like being able to get food delivered to them and they dislike tax rises.

Voters may tell pollsters that they want lower immigration, just as they say they want lower taxes and better public services. On this issue, as on so many others, they want conflicting things. But simply trying to promise everything to everyone, even when it doesn’t cohere, is one reason why the Conservative party is in such a mess – and part of why, for all that Meloni looks more electorally successful than Sunak, her record on immigration is not much better.

stephen.bush@ft.com

## Letters

## How Texas challenges notion that green policy is anti-business

The article “How red Texas became a model for green energy” (Data Points, May 25) highlights a critical shift that not only challenges current political stereotypes but also provides a beacon of hope for addressing climate change and its impact on health through the development of renewable energy sources. Texas, known for its robust oil and gas industry, has emerged as an unexpected leader in renewable energy. While this transformation may be a testament to technological and economic adaptability, it is also a step

towards mitigating the severe health consequences of fossil fuel use.

The health implications of energy choices are profound. Burning fossil fuels releases pollutants that contribute to respiratory diseases, cardiovascular conditions, and premature deaths. Transitioning to renewable energy can significantly reduce these health burdens, and the costs associated with them.

The economic incentives for this transition are clear. Renewable energy projects create jobs, stimulate local

economies and provide long-term savings through reduced healthcare costs and environmental clean-up.

Texas’s experience demonstrates that environmental and economic interests can align, challenging the outdated notion that green policies are inherently anti-business.

However, this transformation is not without difficulties. The equitable access to the benefits of green energy must be ensured, particularly for marginalised communities that have historically borne the brunt of

environmental pollution and health disparities.

As we celebrate Texas’s achievements, it is important to recognise that this is only the beginning. Tx PSR will continue to advocate for our policymakers to prioritise health and equity in their environmental strategies, ensuring that the transition to a green economy benefits all citizens.

**Adelita G Cantu**  
Chair, Texas Physicians for Social Responsibility, Austin, TX, US

### Where’s the cost benefit analysis on desegregation?

Patti Waldmeir laments that “Seventy years after Brown, integrating US schools remains a challenge” (Outlook, June 11).

The landmark US Supreme Court ruling Brown vs Board of Education was an anti-discrimination ruling – not a desegregation one. That aside, Waldmeir says she was chasing her “1960s childhood dream of a place where white and Black Americans could learn and live together”.

But when you call for reforms, you must try to prove as much as possible that the benefits will outweigh the harms. In decades of reading articles calling for forced school integration I’ve never seen one which has reported on the actual benefits of forced integration against its harms. The leftist New York Times has on multiple occasions reported on how racial integration (which is de facto underclass integration) degrades middle class education.

I’ve never seen reporting that forced school integration delivers on its main promise to narrow the achievement



gap other than through downgrading the performance of white students. Champions of forced school integration, 70 years after Brown, owe us a serious cost-benefit analysis not more of their dreams.  
**Lenny Gengrinovich**  
Oradell, NJ, US

### ‘Regrettable transgression’ in judge’s Hong Kong exit

It is regrettable that a former member of the highest courts in England and Wales, and Hong Kong, should transgress the principle that comments should not be made about legal proceedings while they are still active. That principle applies particularly where an appeal is probable and even more so when the maker of the statement has held higher judicial office than those who will hear any appeal.

Lord Sumption’s op-ed on June 11 (“The rule of law in Hong Kong is in grave danger”) is vulnerable to further criticism in confusing the correctness of the decision with his personal dislike of the relevant legislation. The logic behind the opinion breaks down on analysis into self-contradiction. That a judge may resign rather than administer a law that is considered unjust is right and proper, but those who administer that law do not commit a breach of the rule of law.

**Anthony Rogers KC**  
Former Senior Vice President, The Court of Appeal, Hong Kong

### Starmer adopts puzzling private healthcare stance

Sir Keir Starmer and his shadow cabinet ministers are entitled to respect for their refusal even to contemplate using private healthcare, as the Labour leader repeated in the first TV debate with Rishi Sunak.

Some people, however, might think that in light of there being over 6mn individual patients awaiting treatment on the NHS, those who are able to afford to pay for private healthcare (whether direct or through insurance) should do so, so as to help people in a less fortunate financial position than themselves.

**Robert Rhodes KC**  
London WC2, UK

### MI5, the Cambridge spies and cryptic X-word clues

Your cryptic crossword, No 17,762, produced several solutions relating to the Cambridge spies. I suspect I took rather longer to work it out than MI5 did to apprehend them.

**Andrew Stoddart**  
Jalon, Alicante, Spain

### OUTLOOK

#### BRITAIN

## Employees embrace WFH (work from hairdressers)



by Emma Jacobs

t’s increasingly common for clients to call Neil Moodie’s hair salon in advance to check the WiFi. “Everybody brings their laptop and does their work, especially when they get their colour done. [I’ve] had a couple of people do a Zoom meeting when they’re here with the camera on.”

WFH – or working from the hairdressers – has its stresses. “It means our internet has to be perfect,” says Moodie, whose salon is based in Spitalfields on the fringes of the City of London. “Which it isn’t and it’s a nightmare.”

As the WFH trend becomes more popular, some UK salons are incorporating i-ports, desks and quiet areas for people to work remotely while enjoying salon services. Brooke Evans, owner of a salon in Ironbridge in Shropshire, says a significant number of clients work while their colour is processing. “With this in mind, we installed USB ports and extra sockets at every station from when we opened. Since then have added a coffee [and] bar and extra seating for those who need a quieter area to work when making calls or video calls and a more comfortable space to work at a laptop.”

WFH recently went viral on TikTok after a public relations executive in the US posted her FaceTime conversation with a Gen Z employee who was having her hair washed. The young assistant told Newsweek: “As long as you’re getting your work done, I don’t see the harm.” Her manager

seemed to take it in good faith. “It doesn’t matter where she is to me, as long as her tasks are being delivered on time and delivered well,” she said.

Hairdressers have added office tools in order to lure customers. Many businesses are struggling following closures during pandemic lockdowns and high energy costs. The increase of remote working is also presenting upheavals for salons, says Caroline Larissey, chief executive of the National Hair and Beauty Federation, observing that hair and beauty businesses in city centres and business districts are particularly affected, as they often rely on a regular clientele of office workers. According to the Local Data Company, the sector has experienced a sharp increase in closures since 2020 with a net loss of 1,721 to stand at 17,047 outlets.

Millie Kendall, chief executive of the British Beauty Council, a trade body, says that suburban salons are faring better. They can benefit from people sneaking in a cut and colour while working from home, typically at lower prices.

After lockdown restrictions were lifted, the sector received a brief boost from clients seeking professional attention for their unwieldy locks.

“It was amazing how many people came in after Covid and got their hair corrected,” says Moodie. This was despite a small black market in rule-defying hairdressers cutting hair in their own homes, the back of salons and in gardens.

But in the past couple of years,

clients have been squeezed by the cost of living crisis, says Kendall. Plus, she says, shifts in attitudes to ageing means that “women of a certain age are wearing their hair longer”, encouraged by the likes of actresses Sarah Jessica Parker, Helen Mirren and Julia Roberts. The fashion for embracing grey has also had an impact.

This all comes on top of increased electricity bills. A survey last year by Uswitch found that energy bills comprise 40 per cent of hairdressers’ costs, driving up prices. The rise of TikTok tutorials and the proliferation of good styling tools for home use has also dented hairdressers’ business.

But hairdressers can be a hub for community as well as a space for remote work. A recent project led by King’s College London is working with salons to disperse information about breast cancer and heart disease to customers in south and west London.

Kendall underlines the significance of the salon as a place for socialising. It’s “much more than a hair cut. If people have problems they talk to the hairdresser, they absorb a lot of trauma.”

Long before the pandemic, the American sociologist Ray Oldenburg identified the need for a “third place”, somewhere between home and the office to build community and exchange ideas. With the addition of WiFi and charging ports, the hairdressers is a worthy contender.

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Opinion

Post-election, Britain will once again waive the rules

ECONOMICS

Andy Haldane



Elections are rarely edifying economic events. Despite the recent arrival of manifestos from the two main political parties, the UK’s seems unlikely to buck this trend. Thus far, the debate on tax and spending policies has been obscured by fiscal fog. At the macro-economic level, it has established little beyond the narcissism of small fiscal differences.

On the face of it, these fiscal differences are not insignificant. Under Conservative party plans, tax and spending are both lower than under the latest projections from the Office for Budget Responsibility. Under Labour’s plans, both will be higher. By the end of the next parliament, taxes and spending are projected to be around £25bn higher

under Labour than the Conservatives and the tax take as a share of GDP around 0.5 percentage points higher.

In practice, however, this overstates the likely fiscal and macroeconomic differences between the parties. Labour’s proposed additional spending is about one-tenth and one-fifteenth respectively of proposals in their 2017 and 2019 manifestos. The proposed public spending increment is less than a weekend’s GDP under Labour plans, and little more than a long weekend’s GDP under Conservative plans.

So while the distributional consequences – the winners and losers – of the fiscal plans do differ, there is unlikely to be much more than a lettuce leaf between the main parties in aggregate growth terms. This is the logical consequence of them committing to near-identical fiscal rules – in particular the requirement that debt relative to GDP is falling in the final fiscal year.

These self-imposed constraints are generating difficult fiscal choices which, so far, have largely been ducked by both parties. This has been called a “conspiracy of silence” among politicians. It is

worth breaching this omerta to consider which of the available post-election options is likely to be least unpalatable and hence most likely, whoever wins.

Four options are available. By far the least painful and least likely is a spontaneous growth surge. That would immediately relax fiscal constraints and open up fiscal space. It is certainly possible that a reduction in post-election uncer-

Self-imposed fiscal constraints from both of the main parties are creating tough choices

tainty could boost business investment and big-ticket household spending.

Whether such a relief rally could be sustained into higher medium-term growth is another matter. The omens are not good. For example, both parties project a fall in public investment as a share of GDP over the next parliament, from a base several percentage points below the UK’s competitors. We can

hope private investment fills the gap. But hope is not a growth strategy and private investors might be cautious about rushing in where public investment fear to tread.

Absent the growth fairy, the other options are considerably more painful. Both manifestos implicitly assume existing departmental spending plans are adhered to. With low growth and limited fiscal headroom, these imply sharp real-term cuts in public spending across a range of non-protected departments. This may not be full-fat austerity, but it is no better than semi-skimmed. And it would come against a backdrop of already fragile hospitals, schools, universities, councils, justice and social care systems. In the absence of a visitation from the public sector productivity fairy (also unlikely), this degree of austerity seems unlikely to be politically tolerable.

The alternative means of book-balancing is tax rises – or, more accurately, further tax rises since both parties’ plans envisage a rising tax burden. But increases in main tax rates have been disavowed by both parties. Labour has

ruled out rises in income tax, National Insurance, corporation tax and VAT rates, together comprising three-quarters of tax revenue.

Which leaves the final option – waiving the UK’s fiscal rules, notably on debt. That, historically, has been the path of least political resistance, they have been adjusted seven times since 2010. Given the high political and economic costs of the alternatives, modifying the UK’s fiscal rules is once again likely to be the most politically expedient post-election choice, whoever is in government.

Fortunately, it is also the most coherent economic one. Existing fiscal rules risk starving the economy of the very investment needed to boost medium-term growth and, ultimately, pay down debt and lower taxes. So when the UK’s fiscal rules are junked post-election, rejoice rather than lament their passing. It will be an all too rare example of politics and economics aligning.

The writer, an FT contributing editor, is chief executive of the Royal Society of Arts and former chief economist at the Bank of England

Latin America is the victim of protectionist contagion

Monica de Bolle

The US and Europe have grown increasingly impatient with China’s overproduction of steel and habit of “dumping” goods at cheap prices in overseas markets. Presidents Donald Trump and Joe Biden have imposed so many tariffs on Chinese steel that hardly any gets into the US these days. Europe has tariffs on 20 different grades of Chinese steel.

But these well-publicised disputes between China and its two biggest trading partners have led to a worrisome trend elsewhere. Protectionist measures, however well-intentioned, are hard to stop once they start. A little-noticed protectionist contagion is now spreading to other parts of the world, notably Latin America.

In April, Mexico, Chile and Brazil announced new tariffs on steel imports, citing an unprecedented influx of cheap steel products that was threatening local steel companies.

Colombian authorities have said they intend to follow suit, though no formal announcements have been made. Although Brazil and Mexico stopped short of mentioning China specifically, Chile has criticised pricing from Chinese steel producers.

How did the situation come to this point? The trade barriers imposed by Trump and Biden have in effect closed Chinese steel exports from US markets. As a result, excess steel produced by China has been diverted to other markets around the globe. Latin America, a target of those exports, also produces and uses steel in abundance.

While tariffs may be initially justified by predatory pricing, ultimately, everyone loses

Mexican and Chilean steel tariffs are already in effect. Mexico’s tariffs cover a range of goods in addition to steel products, all originating from countries with which it has no pre-existing free trade agreements. The Chilean and Brazilian measures are, for now, limited to steel.

While Chile and Mexico have adopted tariffs as the sole protectionist instrument against the flood of Chinese steel, Brazil has opted for a tariff-quota combination. According to the country’s Ministry for Industry and Commerce, a tariff of 25 per cent is due to apply to imports exceeding 30 per cent of the average import volume for 2020-2022. The average import duty for steel products is 10.8 per cent.

Latin America’s “steel war,” as the regional press calls these disputes, has political implications. Until recently, the region’s countries refrained from following the US in its trade wars with China, reflecting their heavy dependence on China for trade and investment.

That has now changed. In fact, the countries that have announced trade-restrictive measures against Chinese steel all have “China-friendly” governments that maintain close ties with Beijing.

Brazil’s actions come despite its membership of the Brics geopolitical bloc and the support that President Luiz Inácio Lula da Silva has given to China and Russia in the Russia-Ukraine conflict. The country’s newfound protectionism against China may well backfire.

Latin America’s steel tariffs bear an important lesson. Once started, protectionism is hard to contain and manage. As soon as a large market such as the US or the EU decides to close itself off from external competitors, the resulting cascade of antitrade measures can escalate, sometimes out of control.

While tariffs may be initially justified by predatory pricing, the need to defend domestic companies from undue external pressure, or other defensive arguments, the end result is predictable: ultimately, everybody loses. Losses may come in the form of inefficiencies, higher prices, a reduction in competitiveness and productivity, or all of the above. It may take time for the inevitable outcome to materialise, but that is not a reason to ignore the dangers of sprawling protectionism, trade wars, and the geopolitical blowback they can cause.

The writer is senior fellow at the Peterson Institute for International Economics

From France to US, the far right is on the march

GLOBAL AFFAIRS

Gideon Rachman



France’s far right would like – henceforth – to be known simply as “the right”.

One can see the logic. The Rassemblement National, the far-right party, is well ahead in the polls for fast-approaching legislative elections in France. Meanwhile the traditional right is in meltdown. If the RN becomes the largest group in the French parliament in July, the party will have redefined French conservatism.

The question of whether to rebrand the far right as the right resonates well beyond France. There is a similar issue in the US, where Donald Trump has transformed the Republican party in his own image. The traditional pro-market, internationalist party of George HW Bush barely exists today. Trump’s “America First” nativism now commands the conservative movement.

Parallel debates are going on in Italy and Britain. Does it still make sense to define Giorgia Meloni, Italy’s prime minister, as a “far-right” politician? With Nigel Farage’s Reform party creeping ahead of the governing Conservatives in one poll, there is even talk of a post-election reverse takeover of the Tories by Farage and his ideas.

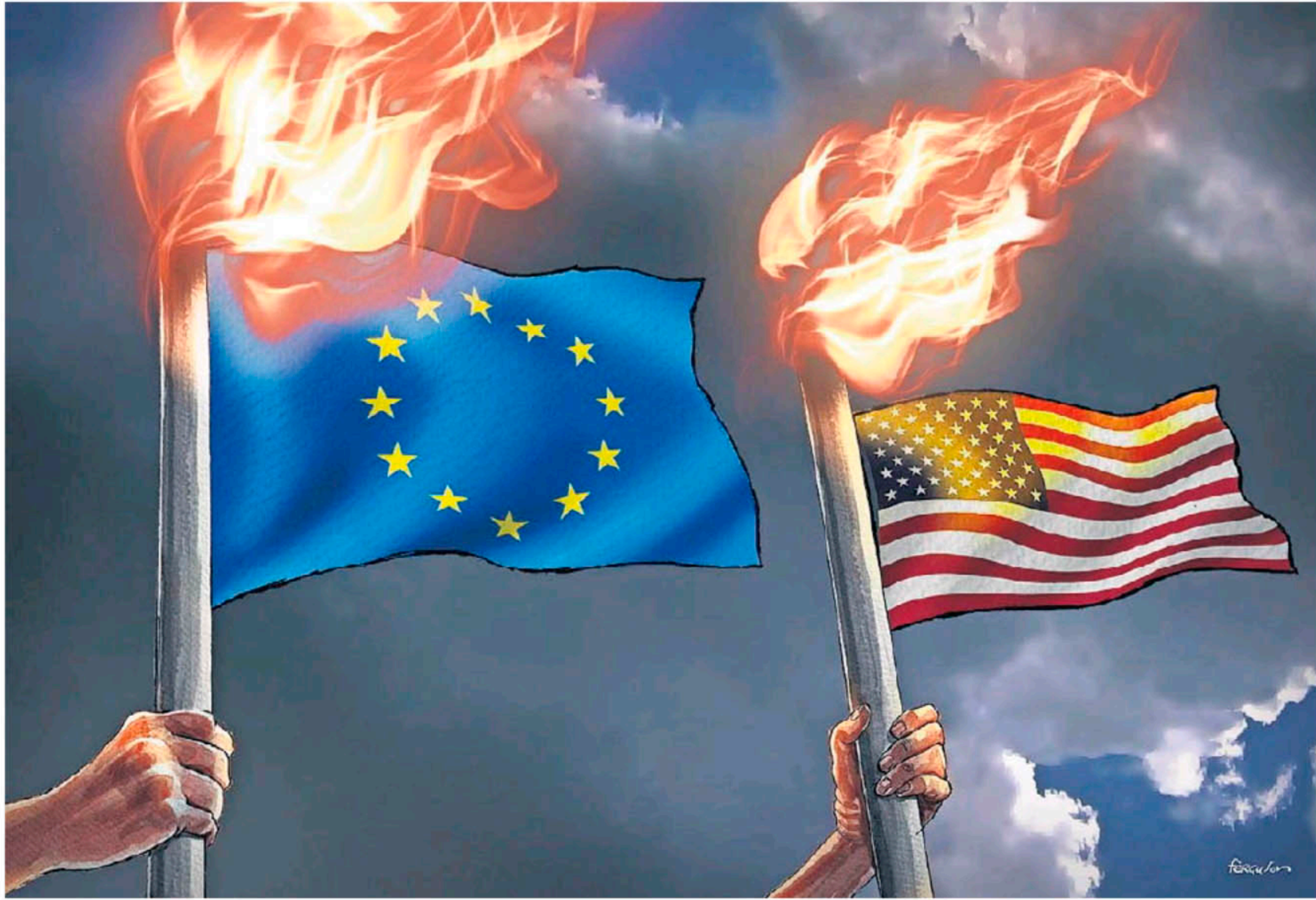
So what remains of the distinction between the right and the far right? The crucial dividing line is attitudes to democracy. If a political leader refuses to accept the results of an election and wants to smash the “deep state” (in reality, the state itself), then he or she is clearly on the far right.

But if a party pushes policies that liberals regard as unpleasant, reactionary or even racist but does that within the framework of democratic politics and the rule of law, the term “far right” may no longer be appropriate. Ideologies and political movements evolve. Some of these rising forces may simply be the new face of rightwing politics – just as Sir Robert Peel transformed British conservatism in the 19th century, or Barry Goldwater and Ronald Reagan remade the American right in the 20th century.

Political scientists talk about the “Overton window” – the range of policies that are regarded as respectable by mainstream opinion at any given time. What politicians such as Trump, Marine Le Pen and Farage have done is to shift that window, so policies once regarded as on the extreme right have moved into the mainstream.

This is most obviously the case on immigration, where variants of Trump’s “build the wall” policies now define the debate in the west. Can you really still call these policies “far right”, when majorities agree with them? Another term, such as “national populist”, seems more accurate.

Trump and his ilk have also pushed the Overton window on attitudes to



Russia and Ukraine. Here the line between a new form of conservatism and far-right authoritarianism becomes more blurry. It is possible that the likes of Trump and Le Pen want to strike a deal with Russia because they are cold-blooded isolationists who do not believe support for Ukraine is in the national interest. But their flirtation with Vladimir Putin could also reflect admiration for his authoritarianism.

Trump definitively revealed his colours after losing the 2020 presidential election. His refusal to accept the results and his encouragement of an attempted coup showed the former president to be anti-democratic to his core. Former mainstream Republicans – such as senators Marco Rubio and Mitch McConnell – have betrayed fundamental

Policies once regarded as on the extreme of politics have moved into the mainstream

principles and demeaned themselves by endorsing Trump.

Le Pen and Meloni, however, have been moving in the opposite direction. Meloni to date has looked like a relatively conventional conservative in power – although many on the Italian left remain deeply suspicious that she has a hidden agenda.

Le Pen’s entire strategy over the past decade has been to “de-demonise” the far right and to move it into the centre. To that end, she has even expelled her own father from the party and, more recently, broken with Germany’s far-right party, the Alternative for Germany.

So does that mean we can relax if the RN takes a share of power in France in July? Absolutely not. Some of Le Pen’s policies on Europe – such as restoring the primacy of French law or withholding French payments to the EU budget – could cause economic turmoil and threaten the survival of the EU.

But policies such as these could still be legitimately pursued within a democratic framework. The real danger

would come if an atmosphere of crisis created an excuse for the RN to call for emergency powers – and so cross the line into authoritarianism. There are people in the orbit of France’s far right who have flirted with sinister, anti-democratic ideas within recent memory.

To argue that the dividing line between the right and the far right is respect for democracy might seem to elevate form over content. Many hold the view that the really objectionable thing about politicians like Trump or Le Pen is the policies that they advocate – on a range of issues from immigration to the rights of women.

But as long as democratic structures survive, the voters have an opportunity eventually to reject those policies. The US turfed out Trump in the 2020 election. Poland’s ultra-conservative Law and Justice party lost office last year.

Respect for democracy and the rule of law remains the Rubicon that divides conservative politics from far-right authoritarianism.

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Stop debating carbon markets and start building them

Mark Carney

The brutal reality of climate physics is that the carbon budget to limit warming to 1.5C will be exhausted within a decade if the world remains on its current trajectory. That makes emissions reductions today especially crucial because they create time for the enormous investments needed in clean technologies, while extending the horizon to commercialise such innovations.

Voluntary carbon markets can play a key role in realising this time value of carbon. At present, VCMs are small – just \$2bn annual issuance globally. This is largely because they have lacked integrity. There are valid questions about the credibility of claims made for projects and by buyers, the negative impacts on local and indigenous communities and whether the expansion of

credits could disincentivise absolute emissions reductions.

Policymakers are now stepping up to address these concerns. The US government took a groundbreaking step last month in announcing its principles for responsible participation in VCMs. It is putting to work the power of market-based solutions to build a clean economy that supports jobs, communities and growth. This is a vital first move. To reach the scale needed, major economies should work together to build globally integrated markets, not least to expand dramatically the decarbonisation opportunities for emerging and developing economies that are currently starved of capital.

High-integrity VCMs can promote a smoother, more efficient transition. If well designed, they can accelerate the pace of absolute emissions reductions. They catalyse investment by accelerating the deployment of clean energy, improving the economics of new technologies and funding a socially just transition. They can play decisive roles in catalysing the enormous capital needed to transition from coal to clean

generation in Asia and to accelerate nature-based solutions everywhere.

But none of this will be possible unless these markets are built on solid foundations, with the right principles. The authorities must establish standards for end-to-end integrity – of supply, demand and markets. Social integrity must also ensure that benefits flow to local communities.

Far from a distraction, there is growing evidence they will help companies cut their emissions faster

Supply integrity ensures projects deliver credible emissions reductions that would not have occurred otherwise. To that end, the carbon market is coalescing around the new supply-side standards established by the independent Integrity Council for the Voluntary Carbon Market to ensure credit developers have robust governance and transparent reporting, and provide

compensation if projects don’t deliver. These standards need to be supported by third-party monitoring, assurance and risk mitigation.

Demand integrity means companies that invest in carbon credits do not delay the decarbonisation of activities over which they have most control. Only those performing against ambitious targets and transition plans should earn the right to invest in credits.

The Voluntary Carbon Markets Integrity Initiative has taken up the challenge of determining how companies can use credits for their net zero transitions, without compromising their incentives to reduce operational emissions. Policymakers must support and build upon these standards, buttressed by an assurance ecosystem for transition plans and credit use that is akin to auditors verifying the accuracy of financial accounts.

Market integrity is fundamental to ensuring the equitable treatment of participants and to developing the infrastructure for VCMs to scale up. This can be reinforced by innovations such as the Global Carbon Market Utility, which was launched at COP27

and will help ensure the markets have strong data transparency as well as management, supporting standardised contracts, robust audits and verification processes and effective dispute resolution mechanisms.

The prize is huge if we get this right. Carbon markets can provide hundreds of billions of dollars in annual cross-border capital flows to emerging markets, promote the end of high-emitting assets and help prevent new coal generation in Asia. They can also create significant financing for biodiversity and indigenous peoples, including the essential reforestation of the Amazon. Far from a distraction, there is growing evidence they will help more companies commit to ambitious net zero goals and decarbonise faster.

Now is the time for the G20 to build on the US initiative, and grasp the nettle to create a globally integrated, high-integrity carbon market. No more debating while the world literally burns.

The writer is UN special envoy on climate action and finance and a former governor of the Bank of England



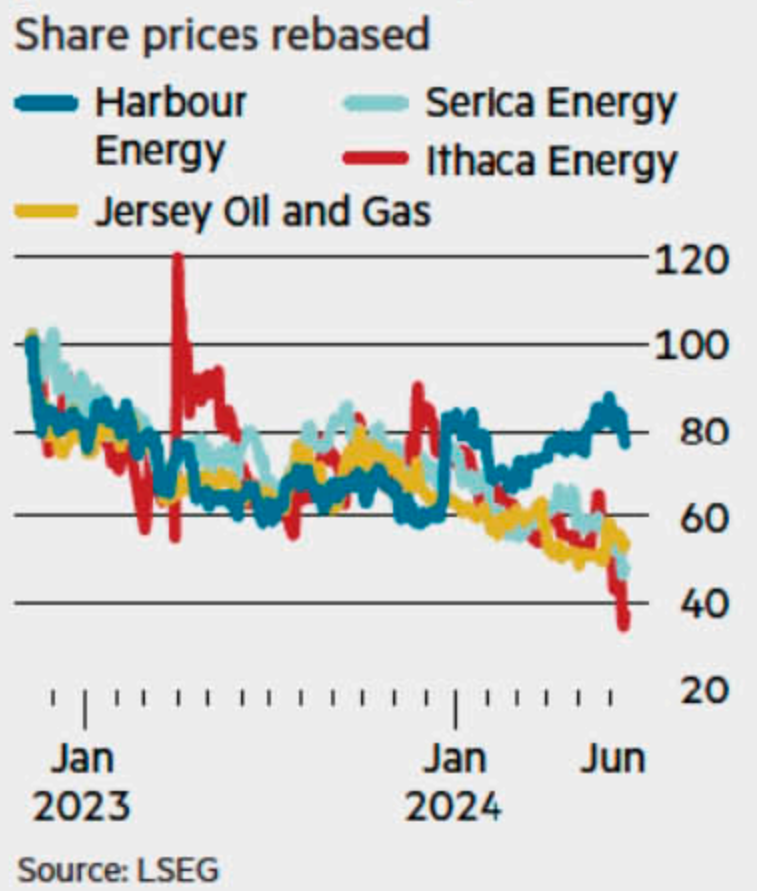


**Sujeet Indap**  
Bankers are feeling the burden of mounting workload and demands  
INSIDE BUSINESS

Proposed North Sea tax increase pours cold water on producers



North Sea oil and gas producers under pressure



Windfall taxes are unpopular with some, including Lex. True, when companies make extraordinary – and unexpected – profits, temporarily lopping off a slice does not skew the market all that much. Raising such levies when there isn't much of a windfall to tax, however, is a much trickier proposition.

That is the place the Labour party finds itself in as it lays out its policy for North Sea oil and gas production. Its manifesto pledges to raise the windfall tax rate by 3 percentage points to 78 per cent. It also promises to remove “unjustifiably generous” investment allowances. The local oil and gas industry – whose shares have taken a nosedive – has responded by warning this plan will kill off investment in the sector. Such squeals are predictable. But this time they will not be far off the mark.

In fairness, raising the headline tax rate makes little difference to the companies involved. It would also raise precious little tax revenue – in the region of £500mn a year.

The real debate concerns capital expenditure allowances. These enable companies to include their investments in future projects in the basin within their cost bases. This means that the headline tax rate is

applied to a much smaller residual profit. The idea is to give companies an incentive to invest, as well as providing them with reasonable cash flows with which to do so, and if possible return some money to their investors.

Fiddling with such allowances without harming investment is not easy. Already, the North Sea is not a particularly compelling place to do business. In Norway – where operating and investment costs per barrel are around half of those in the UK – companies generate post-tax cash flow above 140 per cent of investments, according to Christopher Wheaton at Stifel. Even under the current tax regime, post-tax cash flow generated in the UK North Sea is just over 60 per cent of capex costs, and might be more than halved if investment allowances are cut.

That would further reduce the UK's competitiveness when it comes to attracting capital. In absolute terms, the economics of individual projects might yet stack up – especially if producers believed that come 2029 the windfall tax regime will be rolled back.

But with increases and extensions to the tax regime coming thick and fast, optimism is a commodity in short supply.

Contagion risks from snap election scare off investors in French banks

Investors abhor uncertainty. They may not have much nice to say about Emmanuel Macron either. After the French president's Renaissance party suffered in the European parliamentary elections, his call for a snap election knocked the prices of local stocks and bonds.

A good performance by Marine Le Pen's rightwing National Rally (RN) party has raised the risk of a split in the Euro's support.

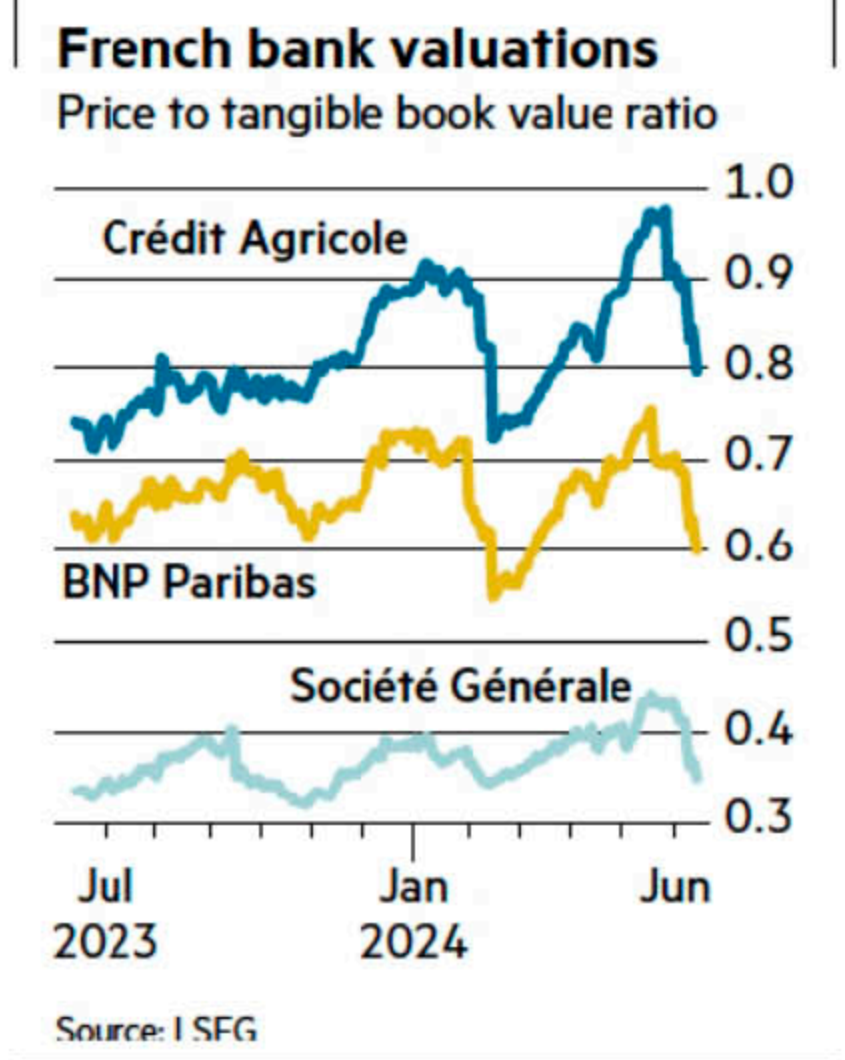
Investors fear an overall majority for the RN party and a surge of anti-EU sentiment. Share prices of French banks – holders of the regional debt and dependent on the euro – have fallen sharply in response.

Fears in the government debt markets have pushed the yield on French 10-year bonds to as much as 3.2 per cent, the highest since 2012's euro debt crisis. A previously narrow spread against equivalent German Bunds has opened up by 25 basis points this past week alone, suggesting worry.

Shares in BNP Paribas and Cr dit Agricole have fallen 11 per cent since the election announcement last week and Soci t  G n rale shares have fallen 14 per cent – all down much more than the broader equity market.

Still, markets have priced in plenty of gloom. Opinion polls suggest that the RN could win at most 40 per cent of seats – large but not a majority.

Assuming Macron continued as president until 2027, key foreign policy



and defence issues remain in his hands. But no doubt his power would be weakened.

Similarities with the rise of rightwing parties in the 2018 Italian elections are noteworthy. Spreads on Italian bonds then also jumped to historically high levels and have since narrowed.

Most of this year's price rally in French banks has dissipated in recent weeks. On current valuations, BNP and Cr dit Agricole offer a total yield – with buybacks – of 10 per cent and 8 per cent, respectively, over the next two years, using Visible Alpha estimates. Shares in the two are being more heavily shorted than SocGen, according to S&P data.

Macron has gambled that his mandate with French voters can withstand this latest threat. For contrarian investors, bank stocks offer a good way to follow that bet.

Dollar Tree needs to end its unhappy marriage with Family Dollar

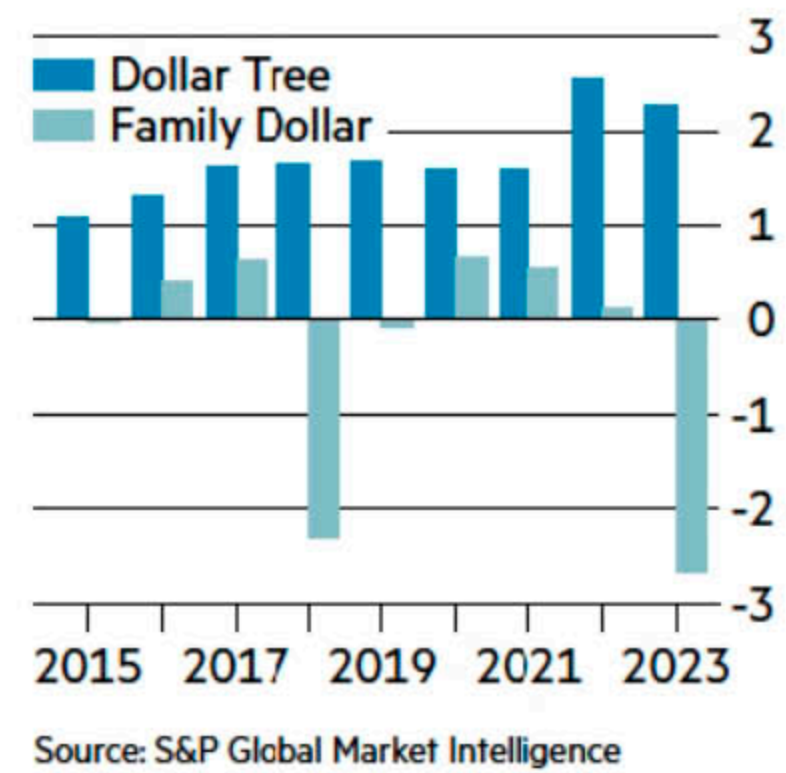
Corporate mergers are said to have less success than marriages. Depending on the study, between 60 and 90 per cent of deals fail to deliver value to shareholders. Either figure would comfortably outpace the 6.9 per 1,000 women divorce rate recorded by the US Census Bureau in 2021.

Those keeping score should add another name to their list. Dollar Tree said this month it was considering a sale or spin-off of Family Dollar. It bought the struggling discount chain for more than \$9bn in 2015 after a fierce bidding war with rival Dollar General. The deal, meant to help it compete against bigger rivals, has instead become a profit drag.

While Dollar Tree stores are mostly in suburban locations and focus on middle-income households, Family Dollar caters mainly to low-income urban customers. That is a tough segment at the moment. Lower income Americans have reined in their spending. When they do open their wallets they head to Walmart for food and essentials.

The case for selling Family Dollar is straightforward enough. Although

Dollar Tree struggles to turn around Family Dollar



both chains pull in similar revenues, Family Dollar – saddled with rundown stores, bad locations and logistics problems – struggles to turn a profit. Its operating margin was negative last year, compared with Dollar Tree's 13.6 per cent.

The former's chronic underperformance has weighed on Dollar Tree's results. Return on invested capital, which averaged 30 per cent a year between 2010 and 2014, came in at just 6 per cent in 2023.

Valuation per share has also suffered. Dollar Tree shares currently trade on a trailing enterprise value to ebitda of 12.3 times. Other value-focused retailers such as Dollar General and Walmart trade on 13.5 times and 15.5 times respectively. Dollarama, a similar Canadian chain, gets nearly 25 times.

Dollar Tree's market value is worth \$160 a share, thinks UBS. That would put it on an equity market valuation of \$32.2bn. That is about 41 per cent more than its group valuation.

A sale would allow Dollar Tree to focus on growing its better-performing namesake chain. It has already announced plans to close nearly 1,000 – or about 12 per cent – Family Dollar stores. It has also taken \$5bn in impairments on Family Dollar over the past five years.

Even with a reduced footprint, there are no obvious suitors for a business with more than 7,000 stores. A spin-off or a private equity buyout – carving it up – look more likely. This would be an embarrassing climbdown. But that should be preferable to being stuck in an unhappy marriage.

Chinese visitors are flocking to Hong Kong for insurance policies

Hong Kong was once a favourite luxury shopping destination for mainland Chinese visitors. This year, fewer visitors are spending less. There is an exception: insurance.

The Hong Kong insurance industry posted a 12.2 per cent increase in total gross premiums to \$21.1bn in the first quarter, according to provisional statistics by the city's Insurance Authority. Total revenue premiums of active policies climbed 14 per cent, driven by individual life insurance and individual retirement annuity businesses that rose by nearly a fifth.

Mainland visitors are the main force behind this increase, with insurance sales to this group up nearly two-thirds to \$2bn in the first quarter.

They are boosting sales at AIA, which counts Hong Kong as its biggest market, with the value of new business in the city up 43 per cent, pushing up its value of new business margin to 64.3 per cent. Rival Prudential's new business profit in Hong Kong has also been growing rapidly in the past year.

There are several reasons for the strong growth. Chinese investors are losing their appetite for Chinese equities, which are down about 40 per cent from their 2021 peak, as well as local property. That has meant a stampede into insurance policies, which can guarantee principal for more than a decade after buying the policy.

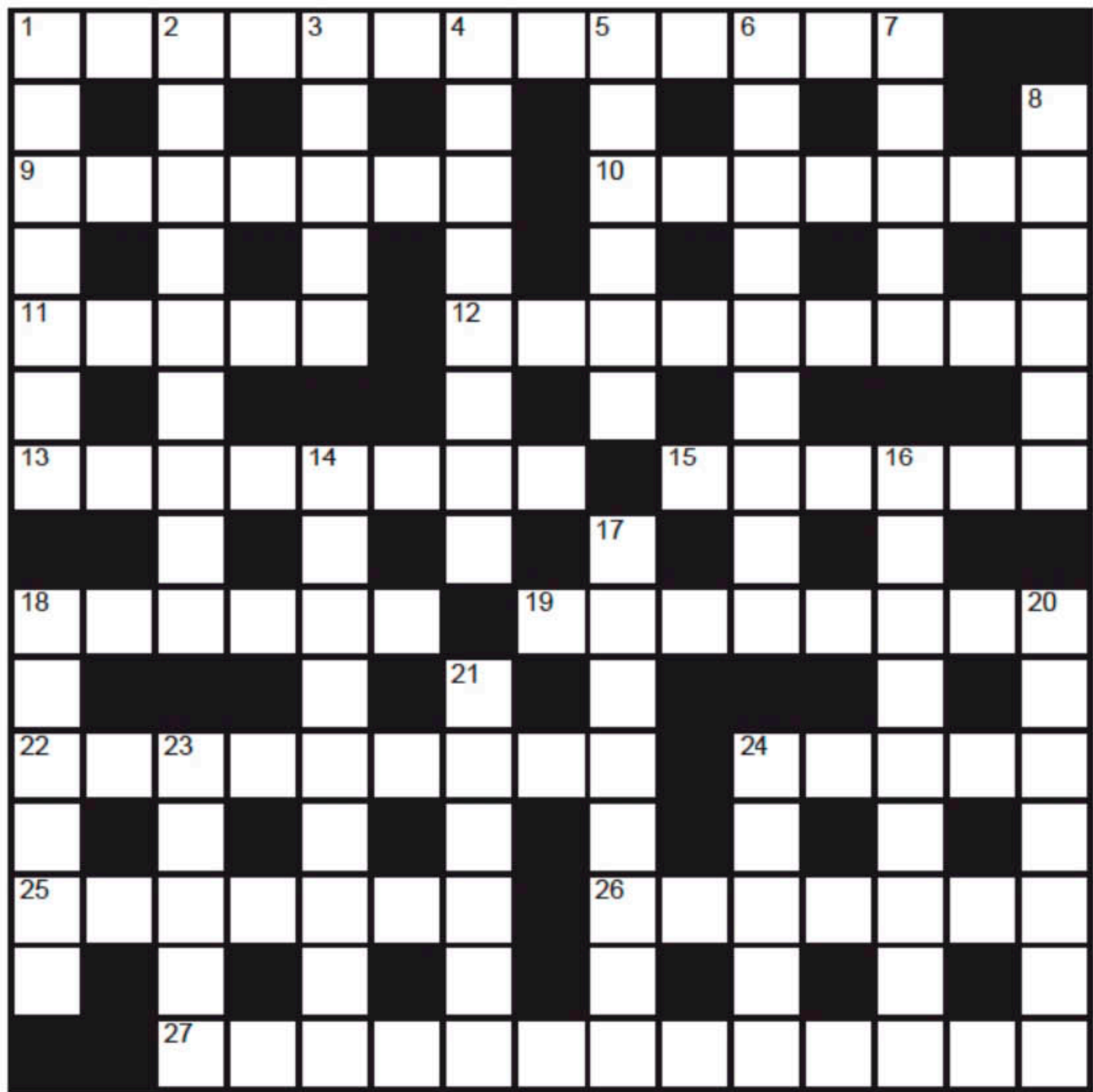
Hong Kong's insurance policies, especially those that offer dividend payments, have also been popular with investors in other parts of Asia – especially countries that have lower interest rates than Hong Kong, where the base rate is at 5.75 per cent.

While China has a free public healthcare system, wealthier locals increasingly seek private healthcare insurance.

Shares of AIA are down nearly a third in the past year. But at 14 times forward earnings it trades at more than double the multiple of rival China Life Insurance, the largest mainland insurer. The premium reflects attractive long-term prospects. Ageing populations should help sustain Hong Kong's position as a higher-yielding destination for the insurance industry.

NIKKEI Asia The voice of the Asian century

CROSSWORD No 17,765 by GURNEY



ACROSS

- 1 Sound system standard far from original (13)
- 9 Delicacy, see, best at sea, close to gourmet's heart (7)
- 10 Some err sadly, guilt results (7)
- 11 Peer, unknown, from far back in time (5)
- 12 Criminal clan have a fall (9)
- 13 Politician so very dear to the French? (8)
- 15 Allowed to accommodate troublemaker, one disinclined to move (6)
- 18 Ulster's unexpected final scoreline (6)
- 19 Make ostentatious use of mistake about currency (8)
- 22 Visitor attraction, say, in California by the city road recalled (9)
- 24 Confused situation, catch, after learner's brought in for English (5)
- 25 Painting maybe in period that is austere (7)
- 26 Approval from most powerful about a preliminary contest, time to go (2-5)
- 27 Blow from top left? (13)

DOWN

- 1 Very large opening paying its way (7)
- 2 Disconcert listener, bringing in doctor, brassy, no frills (9)
- 3 Gate maybe and someone guarding it? Not initially (5)
- 4 Indicate impending trouble – then overriding flexible rate (8)
- 5 Internet site not wholly gossip or talk (6)
- 6 Guidebook, one of a pair (9)
- 7 Part of really rich songlike poem (5)
- 8 Temporary ruler's group of soldiers – I'm put off (6)
- 14 Philatelist's prayer for missing female? (9)
- 16 One looking inquisitively round tank at centre of enemy vessel (9)
- 17 Expert with record EU rejected for a start (8)
- 18 New arrangement in relation to players (6)
- 20 Time to relax idly, heading away from Doha, flying (7)
- 21 Twist spanner (6)
- 23 Mark couple as old (5)
- 24 Like some phones in vehicles going north (5)\*

Solution 17,764

D	E	P	L	O	I	A	D	V	O	C	A	T	E
I	R	P	R	P	D	N							
S	H	A	P	E	A	B	A	S	E	M	E	N	T
C	H	N	B	M	R	L	I						
O	N	T	H	E	G	O	A	M	A	T	E	U	
U	I	R	V	I	T	T	E						
N	I	C	K	P	E	N	I	T	E				
T	A	R	C	E	M								
P	L	I	S	T	E	N	I	N	I	N	T	O	
L	I	G	H	T	E	R	O	U	T	R	A	C	
U	O	W	O	N	R	T	N						
M	E	R	C	E	N	A	R	Y	I	D	I	O	
B	G	L	C	P	V	U							
S	T	E	A	L	T	H	Y	R	E	D	E	E	



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