



**CEO survival strategies in an age of anxiety**  
RANA FOROOHAR, PAGE 19

**Britain needs a fresh start under Labour**  
FT VIEW, PAGE 18

## Le Pen's far-right defeats Macron in first round of French snap election

◆ President's centrists come third ◆ Leftwing alliance takes second place ◆ Voters flock to polls

LEILA ABOUD — PARIS

Marine Le Pen's far-right party battered President Emmanuel Macron's centrist alliance in the first round of France's snap parliamentary elections yesterday.

After unusually high turnout, the Rassemblement National (RN) party gained 34 per cent of the vote, while the leftwing Nouveau Front Populaire alliance came in second with 28.1 per cent, according to projections by the pollster Ifop. Macron's Ensemble alliance took 20.3 per cent of the vote.

The vote moves France closer to a potential nationalist government, a move that would send a shockwave across Europe. Le Pen hailed the results, saying: "The French have expressed their desire to turn the page on seven years of a government that treated them with disdain."

The RN and its allies are on track to win the most seats in the National Assembly and could potentially secure an outright majority in the final round of voting on July 7. Macron called for "a large, clear alliance between democratic and republican forces".

If the RN takes 289 seats in the 577-strong lower house, it would force Macron into a power-sharing arrangement known as a "cohabitation", in which two opposing parties must govern together.

The high turnout has created a large number of three-way runoffs, making seat projections more difficult. An intense period of bargaining will begin between leftwing and centrist parties over whether to drop out in an attempt to block the RN from winning.

The snap vote has badly backfired on Macron, who voluntarily called it earlier this month after his centrist alliance lost to the RN in European parliamentary elections. The move stunned the public and angered many in his own camp but Macron defended it as a "moment of clarification" for citizens to decide who they wanted to govern France.

His centrist alliance could end up losing more than half of its roughly 250 seats in the lower house.

The far-right has not been in power in



Marine Le Pen reacting to supporters yesterday: her Rassemblement National gained 34 per cent of the vote. The final round is on July 7 — Yves Hernu/Reuters

France since the Vichy regime collaborated with Nazi Germany in 1940-44. It could now move from the fringes of politics to the heart of government. That would be the culmination of Le Pen's decade-long efforts to detoxify the

party, including by ousting her father, who co-founded it.

Many French voters have come to reject Macron, whom they see as elitist and out of touch, and prefer Le Pen's RN for its emphasis on cost of living issues and wages, as well as its anti-immigration stance.

If the RN wins an outright majority and forms a government, Le Pen has said her 28-year-old protégé Jordan Bardella would serve as prime minister. They would run domestic affairs and set the budget, while Macron would remain

chief of the armed forces and set foreign policy.

Le Pen and Bardella have both signalled in recent days that they would challenge the president's authority on defence and foreign policy — a prospect that is likely to alarm France's allies and the financial markets.

The leftwing NFP also performed strongly yesterday as voters backed its heavy tax-and-spend economic agenda that emphasises social justice and investing more in public services.

Bruno Cautrès, a political scientist at

Sciences Po university in Paris, said: "There are two unknowns for the second round: how many candidates will drop out and how left-wing and centrist voters will behave if they know that the RN is on the verge of power."

The best-case scenario for Macron would be a hung parliament in which none of the three blocs are able to claim a majority. Gridlock would ensue, but he could make a last-ditch effort to form a technocratic government.

Germany's AfD hopes for RN page 2  
Martin Sandbu page 19

### Briefing

► **UK bosses' pay gulf with US counterparts widens**  
FTSE 100 chiefs' income has stagnated at a median of £4.1mn, widening the gulf with US bosses whose pay is rising at the fastest rate in 14 years. The gap will fuel a debate on whether UK groups can attract top executives.— PAGE 6

► **Russian fertiliser threat**  
Europe's agricultural nutrient industry has warned that a flood of cheap Russian fertiliser risks driving the continent's producers out of business, posing a risk to long-term food security.— PAGE 4

► **Bain in China retreat**  
Christophe De Vusser, new boss of the consultancy, has said the firm is pulling back from certain industries, as tension between China and the US raises scrutiny of western groups.— PAGE 6

► **Philippines nickel pitch**  
The world's second-largest producer of nickel has launched a push for western investment as it pitches itself as an alternative to the China-dominated supply for the key battery metal.— PAGE 4

► **BlackRock joins ESG fight**  
The biggest asset manager has backed a coalition of US police and firefighter labour groups that aims to remove politics from pensions, its latest bid to navigate the backlash against ESG.— PAGE 9

► **Insurers boost hydrogen**  
Zurich and broker Aon have created a new insurance scheme for hydrogen production to boost the development of a sector that is viewed as vital for the transition to clean energy.— PAGE 9

► **AfD eyes Paris results**  
Alice Weidel, chief of the far-right Alternative for Germany, has said she is hoping for a decisive win for the Rassemblement National, despite a rift between the parties.— PAGE 2; MARTIN SANDBU, PAGE 19

► **'Food wars' warning**  
Sunny Verghese, chief of Olam Agri, one of the largest traders in commodities, has said the world is heading for strife as geopolitical and climate tensions fuel conflict over waning supplies.— PAGE 8

The best-case scenario for Macron would be a hung parliament in which no bloc can claim a majority

## Democrats defend Biden as poll shows mounting doubts over fitness for office

STEFF CHÁVEZ — WASHINGTON  
JAMES FONTANELLA-KHAN  
AND LAUREN FEDOR — NEW YORK  
CHRISTOPHER GRIMES — LOS ANGELES

Prominent Democrats lined up to defend Joe Biden yesterday as a poll showed nearly three-quarters of US voters think he should end his re-election campaign following last week's disastrous debate performance.

Biden's campaign stepped up its damage control effort over the weekend as many Democrats called for the 81-year-old president to stand aside in favour of a younger candidate because of concerns about his age and fitness for office.

A CBS News-YouGov poll released yesterday showed that 72 per cent of registered voters think Biden should not be running for president, up from 63 per cent in February.

Nearly three-quarters polled after the debate did not think Biden had the cognitive health to serve as president, up from 65 per cent three weeks earlier. Just under half of respondents said the same about Republican rival Donald Trump.

Many Democratic lawmakers, donors and party operatives have questioned whether Biden should remain the nominee after his halting debate performance on Thursday in which he rambled, stumbled over his words and lost his train of thought.

Yesterday Biden was at Camp David for what aides described as long-planned time with his family; they are widely seen as the only people who could convince him to step aside. The Biden team insisted the president had no intention of leaving the race. An official said the campaign had raked in

\$33mn since the debate, including \$26mn from small donors.

Biden spent Friday night and Saturday on a whistle-stop tour of fundraisers in Manhattan, the Hamptons and New Jersey.

But many donors remained worried. "I'm not sure we needed more evidence to make up our minds but this poll is a further reminder that unless we act now Trump is a guaranteed winner in November," said one donor.

One Hollywood industry veteran predicted people would close their cheque books to Biden. "They can't justify giving more money because the right thing to do for the country is for the guy to step down," the person said.

However, high-profile Biden supporters sought to frame his debate performance as just one bad night.

Trump fears & Biden pressure page 2



### Probe into Dior supplier unsettles luxury sector

Analysis ► PAGE 8

China	RMB30
Hong Kong	HK\$33
India	Rup220
Indonesia	Rp45,000
Japan	¥650(inc.JCT)
Korea	W4,500
Malaysia	RMT1.50
Philippines	Peso140
Singapore	S\$5.80(inc.GST)
Taiwan	NT\$140
Thailand	Bht140

Subscribe in print and online

www.ft.com/AsiaSubs  
Tel: (852) 5803 3388  
email: subseasia@ft.com

© THE FINANCIAL TIMES LTD 2024  
No: 41,673 ★

Printed in London, Liverpool, Glasgow, Dublin, Frankfurt, Milan, Madrid, New York, Chicago, San Francisco, Tokyo, Hong Kong, Singapore, Seoul, Dubai



### World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS							
	Jun 28	Prev	%chg		Jun 28	Jun 21		Jun 28	Jun 21	Chg					
S&P 500	5497.75	5482.87	0.27	\$/€	1.072	1.068	€/\$	0.933	0.936		US 2 yr	4.71	4.72	0.00	
Nasdaq Composite	17911.26	17858.68	0.29	\$/£	1.284	1.263	£/\$	0.791	0.792		US 10 yr	4.34	4.29	0.05	
Dow Jones Ind	39230.55	39164.06	0.17	€/¥	0.848	0.846	¥/€	1.180	1.182		US 30 yr	4.49	4.43	0.07	
FTSEurofirst 300	2031.81	2035.82	-0.20	¥/\$	160.860	159.585	¥/€	172.402	170.470		UK 2 yr	4.25	4.22	0.03	
Euro Stoxx 50	4890.78	4902.60	-0.24	¥/£	203.342	201.517	£ index	83.387	83.632		UK 10 yr	4.27	4.24	0.04	
FTSE 100	8164.12	8179.68	-0.19	Sfr/€	0.963	0.954	Sfr/£	1.136	1.128		UK 30 yr	4.66	4.60	0.06	
FTSE All-Share	4451.92	4460.27	-0.19								JPN 2 yr	0.35	0.34	0.01	
CAC 40	7478.40	7530.72	-0.68								JPN 10 yr	1.04	1.07	-0.03	
Xetra Dax	18235.45	18210.55	0.14								JPN 30 yr	2.23	2.27	-0.04	
Nikkei	39583.08	39341.54	0.61	Bitcoin (\$)	60759.00	61800.00		-1.68			GER 2 yr	2.93	2.82	0.02	
Hang Seng	17718.51	17716.47	0.01	Ethereum	3400.01	3456.45		-1.63			GER 10 yr	2.50	2.45	0.05	
MSCI World \$	3521.90	3520.21	0.05								GER 30 yr	2.69	2.63	0.05	
MSCI EM \$	1081.87	1086.20	-0.40												
MSCI ACWI \$	803.75	803.73	0.00												
FT Wilshire 2500	7027.98	7016.78	0.16	Oil WTI \$	81.63	81.11		0.64							
FT Wilshire 5000	54841.60	54549.20	0.17	Oil Brent \$	85.14	85.58		-0.51							
				Gold \$	2323.60	2351.60		-1.19							

Prices are latest for edition  
Data provided by Morningstar

Volatility.

Complexity.

OPPORTUNITY.

Let's meet the moment.

bain.com/opportunity

BAIN & COMPANY

## INTERNATIONAL

## US politics

## EU leaders fear another Trump presidency

Potential re-election is seen as significant threat to security and trade

HENRY FOY — BRUSSELS  
GUY CHAZAN — BERLIN  
AMY KAZMIN — ROME  
RAPHAEL MINDER — WARSAW

At a meeting between Joe Biden and an EU leader earlier this year, as governments worry about what Trump's return would mean for transatlantic trade, security relations and Ukraine.

That spiked on Friday morning as European officials watched Biden's disastrous debate performance in horror, with many taking the rare step of openly criticising a sitting US president.

The anxiety comes as centrist European parties battle a rising tide of far-right and populist politicians. Hard- and far-right groups won roughly a quarter of the seats in the European parliament election, while France's far right was expected to win the largest share of the votes in yesterday's snap election.

"Maybe Europe will finally wake up after the first TV debate," said Michael

Roth, a German Social Democrat MP who chairs the Bundestag foreign affairs committee. "Anxiously hoping Biden will be re-elected doesn't help at all."

A potential second Trump presidency is viewed as a significant geopolitical threat in Europe, particularly since he threw doubt on defending Nato allies in the event of conflict and promised hefty tariffs on transatlantic trade. European diplomats are scrambling to work out mitigation measures, while at the same time praying they will not be needed.

EU officials in Brussels, who have enjoyed a far more cohesive relationship with the Biden administration, acknowledge the US president's noticeable physical deterioration over the past four years. Multiple European diplomats at this month's G7 leaders' summit

in Italy — where Biden skipped the formal summit dinner — privately remarked upon his noticeable lack of focus at times and physical limitations.

Politicians in Germany have expressed deep concern about Biden's weak debate performance. Michael Link, an MP from the liberal FDP, which is part of the ruling coalition, said: "It was sometimes hard to understand what Biden was saying." He added: "Trump's statements in the debate were alarming for Germany and Europe. His statements on foreign policy are confusing and irritating, for example when he claims that he would resolve the war in Ukraine with Putin, of course without mentioning the Europeans."

Norbert Röttgen, an MP from the centre-right CDU party and a foreign

policy expert, said: "The Democrats have to switch their candidate now."

Polish foreign minister Radosław Sikorski joined the chorus of voices hinting that Biden should consider withdrawing to avoid a disastrous handover. "It's important to manage one's ride into the sunset," Sikorski quipped.

In Italy, where deputy prime minister Matteo Salvini openly touts his support for Trump, other members of Prime Minister Giorgia Meloni's government have been highly circumspect. However, former prime minister Matteo Renzi, now a centrist opposition lawmaker, has openly called for Biden to stand down and make way for an alternative candidate.

**Ruchir Sharma and Martin Sandbu**  
See Opinion

## Europe

## Germany's AfD hopes for victory of far right in French polls

GUY CHAZAN — ESSEN

The leader of the far-right Alternative for Germany party said she was hoping for a decisive victory for France's Rassemblement National in yesterday's parliamentary election, despite a rift between the parties that she acknowledged would be hard to heal.

Alice Weidel told the Financial Times she was "keeping her fingers crossed" for the RN and was optimistic that Jordan Bardella, its leader, would become France's youngest-ever prime minister.

"I have full confidence in Bardella and the RN's ability to shake up their country," she said.

The RN's popularity showed the whole of the European right now "had the wind in its sails", said Bernd Baumann, the AfD's chief whip in the Bundestag. "Giorgia Meloni, Marine Le Pen, the FPÖ in Austria — they are all an affirmation for us and show that we are on the right side of history."

But Weidel acknowledged there was little chance of the AfD and RN overcoming the conflict that led to the German party's expulsion from the Identity and Democracy group (ID) in the European parliament in May after a series of scandals. Weidel said the AfD was "looking for new partners and trying to form our own group". She also insisted she had "no hard feelings" towards Le Pen, the RN's parliamentary leader.

But the likelihood is that the AfD's isolation in Europe will now deepen — especially after one of its closest allies, the FPÖ, announced yesterday it was forming the new right-populist group Patriots for Europe with Viktor Orbán's Fidesz and ANO of the Czech Republic.

AFD sources acknowledged it was highly unlikely that their party would be accepted into the new alliance.

An AfD official said Fidesz would prevent it from joining the group out of fear of antagonising big German companies that have investments in Hungary.

"On the other hand, the whole party landscape in the European parliament is in flux right now, and that means there are a lot of free delegations on the market," he added.

Weidel was speaking to the FT shortly after being re-elected as AfD co-leader at the party's annual conference in the west German city of Essen at the weekend. The event was overshadowed by protests as thousands of Germans converged on Essen to express their opposition to a party they see as pro-Russian, xenophobic and anti-democratic.

Although it has been designated a suspected extreme right-wing organisation by German domestic intelligence, the AfD is the most successful far-right party in Germany since the second world war. It scored 15.9 per cent in last month's European elections, its best result in a nationwide vote.

But in Europe, it is increasingly seen as a pariah. The AfD has been hit by a series of scandals over the past few months that has damaged its reputation in Europe and soured its relations with other far-right parties that should be its natural allies.

Some of its functionaries were revealed late last year to have discussed plans to deport millions of foreigners, even those with German passports.

**Martin Sandbu** see Opinion

## White House race. Democrats' dilemma

## Biden inner circle under pressure after debate flop

Family and close aides may be only people who can persuade US president to quit contest

JOSHUA CHAFFIN — NEW YORK

How do you convince a politician whose life-long ambition has been the American presidency to give it up?

Democrats were wrestling with that question this weekend in the aftermath of President Joe Biden's disastrous debate performance against Donald Trump, his Republican rival.

That 90-minute session, featuring a rasping and often incoherent Biden, has jolted a presidential race that had for months been frozen in stasis. Democrats are now in full-blown panic.

Yet as they consider changing candidates 131 days before the November election they are also uncovering the complexities. Even if Biden quit, his vice-president, Kamala Harris, is unpopular. It is hardly clear that there is another candidate who could unite a party increasingly riven on racial and generational lines and mount a forceful campaign against a vigorous Trump.

"Anyone other than a known entity would be a suicide mission," said one veteran Democratic strategist, who called the notion of replacing Biden at this point not merely folly but "folly squared".

Biden attempted to repair the damage at a rally in North Carolina on Friday, acknowledging his flaws but reminding supporters of his character. "I know how to tell the truth. I know right from wrong. And I know how to do this job," he said — a message that his former boss, Barack Obama, echoed in a supportive post on X.

Biden attended fundraisers in New York and New Jersey before retiring to Camp David on Saturday night. His advisers insisted he would not leave the race. But the shock at Biden's debate performance was in some quarters hardening into anger at the president's inner circle, whose members have for months rebutted questions about his age and fitness for office.

"I think there's going to be a huge backlash against even a beloved figure like Dr [Jill] Biden for telling us that everything was hunky-dory when it clearly was not," a Democratic consultant said.



President Joe Biden and first lady Jill Biden step off Marine One with granddaughter Finnegan Biden at East Hampton airport, New York, on Saturday  
Evan Vucci/AP

Among those who know and have closely studied the Bidens, the first lady is regarded as her husband's ultimate confidante and perhaps the only person capable of prevailing upon him to exit the race — a task akin in sensitivity to persuading an ageing boxer to hang up his gloves.

The president also takes counsel from his sister, Valerie, and at times, his wayward son, Hunter. Surrounding them is a ring of aides and former aides who have been by Biden's side for decades, including Ted Kaufman, Mike Donilon, Steve Ricchetti and Anita Dunn.

It was Kaufman who helped ease a defiant Biden out of the Democratic primary in 1987 after his campaign was sunk by allegations of plagiarism. According to Biden's own account, his

mother clinched it during a family meeting in his Delaware living room, telling her son: "I think it's time to get out." Many of those same figures were involved when the then-vice president Biden decided not to seek the presidency in 2015 — and so make way for Hillary Clinton.

The decision took Biden, who was grieving the recent death of his eldest son, Beau, four agonising months and a nudge from Obama.

Chris Whipple, who chronicled the clan in his book *The Fight of His Life: Inside Joe Biden's White House*, believed a "family intervention" was now the only chance at shifting the president's course. "If they all went to Biden, collectively, could it happen? Maybe," Whipple ventured — although he suspected not.

'Presidents, because of who they are and the way they're made, don't walk away from power voluntarily'

## Ariane 6

## European rocket launch puts bloc's space ambitions to the test

PEGGY HOLLINGER — LONDON

On July 9, Anne-Sophie Chassagnou will judge whether the skies are clear enough for Europe to launch its first new rocket in almost 30 years.

Aged just 26, the chief weather forecaster for Ariane 6's first flight holds enormous influence over the continent's space ambitions. Last year, just minutes before ignition, the meteorologist for France's CNES space agency called off the first attempt to launch Europe's €1.6bn mission to explore Jupiter's icy moons.

"My body was shaking when I had to push the red button," she said from Europe's spaceport in French Guiana, between Brazil and Suriname. But if conditions are not right for Ariane 6, she will not hesitate to do it again. "I don't want to, but if I have to, I will."

This time, far more is at stake than a deep space mission. The first flight of the Ariane 6 will test whether Europe can rebuild credibility in the commercial launch market once dominated by Ariane 5 and now by Elon Musk's SpaceX.

Europe is also counting on Ariane 6 to restore its independent access to space

— an increasingly contested domain where global superpowers are fighting for economic and strategic supremacy. For the past year, the bloc has had to rely on SpaceX to launch some of its most sensitive satellites.

Josef Aschbacher, head of the European Space Agency, has described the situation as a "crisis" for Europe. The EU's new space strategy for security and defence made restoring autonomous access to space a priority. At the Guiana Space Centre, situated near the coastal town of Kourou, teams from the ESA, CNES and ArianeGroup have been working hard to achieve that goal.

Almost 50 per cent of rockets fail on their first flight, according to Aschbacher, but officials at Kourou hope repeated tests and rehearsals have mitigated the risks. The focus was on "making everything right the first time," said Lucia Linares, ESA's head of strategy.

Even if the first flight fails, Europe's strategic needs will keep the programme alive. Less certain is whether the rocket can compete in a market that has changed radically since Europe opted in 2014 to build a conventional launcher.

SpaceX's reusable Falcon 9 has slashed prices, making it the clear leader for low-cost, reliable launches. SpaceX expects Starship — the world's most powerful rocket, which completed its fourth test flight this month — to be reusable too, unlike Ariane 6.

Europe's decision not to invest in a reusable rocket is widely seen as a mistake. Germany had been reluctant to pay for a new rocket programme, according to former ESA chief Jan Wörner. "The German idea was to continue with Ariane 5 but to have a new upper stage. This was the cheap solu-



The EU is counting on Ariane 6 to regain independent access to space

tion," he said. But France, which has dominated Europe's launcher industry, wanted to retain the jobs and skills of rocket-making with a new programme.

A compromise was reached. ArianeGroup, a merger of the Franco-German rocket businesses of Airbus and Safran, promised to design an expendable launcher that was at least 50 per cent cheaper to operate than Ariane 5, would be flying in five years and would require no subsidy, Wörner said.

The programme has failed to deliver on all those counts. Last autumn ESA member states agreed to inject a further €1bn, on top of an estimated €4bn development cost, to enable Ariane 6 to compete with SpaceX. Yet, even for a conventional rocket, demand matters and Ariane 6 enters a tougher commercial market than its predecessor.

The consultancy Novaspac estimates that about 2,800 satellites will be launched annually until 2033. Much of that business will be covered by domestic launchers, but Linares believes enough will still be open to competition — and Ariane's flexibility will be an advantage. Ariane 6 is already booked for 30 launches.

FT FINANCIAL TIMES

MAKE A WISE INVESTMENT

Subscribe today at [ft.com/subscribe](https://ft.com/subscribe)

## FINANCIAL TIMES

6th Floor, Nan Fung Tower  
Central, Hong Kong

Subscriptions and  
Customer Service  
Tel: (852) 5803 3388, [subseasia@ft.com](mailto:subseasia@ft.com)

Advertising  
Tel: (852) 2868 2863 [asiaads@ft.com](mailto:asiaads@ft.com),  
[www.ftasia.net](http://www.ftasia.net)

Letters to the editor  
[letters.editor@ft.com](mailto:letters.editor@ft.com)

Published by  
The Financial Times (HK) Limited,  
6th Floor, Nan Fung Tower, 88 Connaught Road  
Central, Hong Kong  
Asia Editor: Robin Harding

Printed by  
Australia: Spotpress Pty Ltd, 24-26 Lillian Fowler  
Place, Marrickville, NSW 2204  
Hong Kong: Kin Ming Printing Co Ltd,  
15/F BLK A, 18 Ka Yip Street, Ming Pao Industrial  
Centre, Chai Wan; Representative: Angela Mackay;  
ISSN 1025-918X

Japan: Nikkei Tokyo Newspaper Printing Center, Inc.,  
1-10-5, Shinonome, Koto-Ku, Tokyo 135-0062  
Representative: Hiroko Rizzo Hoshino;  
ISSN 0975-9460

South Korea: Maeil Business Newspaper, 30-1-1-Ga,  
Pil-Dong, Jung-Ku, Seoul, 100-728  
Singapore: SPH Media Limited, 2 Jurong Port Road,  
619088  
Representative: Anjali Mahindroo

© Copyright The Financial Times Limited 2024.  
All rights reserved.  
Reproduction of the contents of this newspaper  
in any manner is not permitted without the  
publisher's prior consent. "Financial Times" and  
"FT" are registered trade marks of The Financial  
Times Limited.  
The Financial Times and its journalism are subject to  
a self-regulation regime under the FT Editorial Code  
of Practice: [www.ft.com/editorialcode](http://www.ft.com/editorialcode)

Reprints are available of any FT article with your  
company logo and contact details inserted if required  
(minimum order 100 copies). One-off copyright  
licences for reproduction of FT articles are also  
available.  
For both services phone +44 20 7873 4816,  
or alternatively, email [syndication@ft.com](mailto:syndication@ft.com)

## INTERNATIONAL

# Afghanistan digs deep as Taliban cashes in on mining

Islamist regime has issued hundreds of deals to tap gold, gems and minerals

FT REPORTERS

Afghanistan has long been a fabled land for miners. The mountainous country sits on an estimated \$1tn of materials that decades of war have largely put off limits.

But since the Taliban seized back power from the western-backed republic in 2021, Afghanistan's new rulers have announced more than 200 mining deals worth billions of dollars.

Potentially lucrative contracts to tap gold, gemstones and minerals such as chromite, which is used in steelmaking, have gone to local Afghans as well as investors from China, Iran and beyond.

The Taliban moved fast after coming to power, approximately doubling the rate at which contracts were issued in the three years before they took charge, according to an analysis by the Financial Times and the Centre for Information Resilience, a UK-based non-profit group.

Rahimullah Samandar, a former chief executive of the Afghanistan Chamber of Industries and Mines, recalls how the halls of the mining ministry overflowed with would-be miners – including from within the Taliban itself – as the group struggled to keep control.

"Small and big Taliban commanders were coming to my office and asking, 'How can I get a mine?'" he said. "I was asking them, 'Do you have any experience in mining?' 'I don't.' 'Do you have a partner?' 'I don't.' 'Do you have money?' 'I don't.'"

Patchy trade data makes quantifying the scale of activity difficult. Of the 128

contract sites examined by the FT, 88 showed signs of either having been developed or expanded.

Many of the mines are in the early stages of development, but the Taliban initiative has had some results. The World Bank said Afghanistan's domestic revenue increased 22 per cent year on year in April and May due to the auction of mines and resources such as oil, emeralds and nephrite, a type of jade prized in China.

If the Taliban can kick-start Afghanistan's mining sector, the Islamists will succeed where two decades of western-backed initiatives had flopped – one more testament to the failures of America's \$2tn war in the country.

Mining could help the Taliban make new friends, as foreign powers such as China, Russia and Iran step in to fill the vacuum left by the departed coalition and tap Afghanistan's coveted mineral wealth. The money would also be a lifeline in a country where a quarter of the 40mn population are at risk of famine.

Yet the obstacles are enormous. Miners must navigate Afghanistan's crisis-hit economy, international sanctions and a regime isolated by the west for its repressive policies towards women.

Success may also bring problems. Western observers fear the flow of funds from a prospering industry will both finance and embolden the Taliban, leaving them with little incentive to temper their most hardline policies.

Experts estimate that during the war, the majority of mining in Afghanistan was carried out illegally, often overseen



**Tunnel vision:** an Afghan miner at work inside a gold mine in the mountains of Badakhshan province, north-eastern Afghanistan

Wakil Kohsar/AFP/Getty Images

by corrupt officials and militants including the Taliban themselves, who used it to fund their insurgency.

After crushing their local enemies in the wake of the west's calamitous exit, the Taliban began issuing small-scale contracts to Afghan entrepreneurs to mine nephrite, accounting for a third of the mining deals announced so far. To control trade, the Islamists cracked down on corruption, raised taxes and deployed loyal officials to oversee highway and border posts, according to a UK Foreign Office-funded study in April.

Before "there were huge bureaucratic problems, there was lots of corruption and lots of regional warlords", said Mansour Ahmadzai, an Afghan partner in a nephrite mine in Nangarhar whose stones are sold by middlemen to China. The takeover was "a golden chance to come forward and invest".

The regime turned to creative methods to scale up the industry. Shirbaz Kaminzadeh, co-founder of a company launched under the Taliban in 2022 called Afghan Invest, said the cash-

strapped rulers gave him a mining block in lieu of payment for a deal to finish an incomplete power transmission project.

"Nowadays we can go and work," said Kaminzadeh, who holds the rights to several mines, including for marble, lead and zinc. "No one will touch us, no one will kidnap us. If we did 10 tonnes before, now we can do 100 tonnes."

But the Taliban, reeling from an exodus of experts following their takeover, cut corners in order to show results.

Samandar said authorities bypassed the sorts of technical, financial and environmental checks essential to a modern mining sector. Many new licence holders soon realised, for example, that royalties on their products were unrealistically high, forcing them to return to the ministry to renegotiate.

Afghanistan continues to teeter near collapse, with its economy shrinking nearly 30 per cent since 2020 and in effect cut off from the global banking system. Isolation has only deepened since the Taliban barred women and girls from education and work.

"The Taliban takeover was a golden chance to come forward and invest"

Mining income is often the only thing keeping local communities from destitution, but comes at a heavy price. Mines consume scarce resources such as water and are notorious for child labour.

The Taliban have become more ambitious. Since August 2023 they have announced at least 15 "large-scale" mining deals worth more than \$6.5bn, according to CIR. Many of these have gone to foreign investors, with Chinese companies securing at least four licences.

The Taliban are banking on China to ease their isolation, with Beijing last year saying it would expand its Belt and Road Initiative into Afghanistan and sending an ambassador to the country.

Afghanistan is "an important partner", China's Ministry of Foreign Affairs told the FT. "China encourages Chinese companies to invest and start businesses in Afghanistan... [and] supports Afghanistan in making full use of its natural endowment of rich mineral resources."

Graeme Smith, a senior consultant at Crisis Group, said: "The big question is whether the Chinese push is real or not."

The Taliban have also auctioned the Ghoryan iron ore deposit, a vast trove of metal bordering Iran, to Afghan, Turkish and Iranian companies, although satellite imagery shows little evidence of development yet.

International miners looking to Afghanistan face a list of challenges that would put off all but the most determined company, from war-ravaged infrastructure to the spectre of US sanctions. Although the US Treasury announced an exemption to shield commercial transactions, analysts say few banks would risk dealing with the regime.

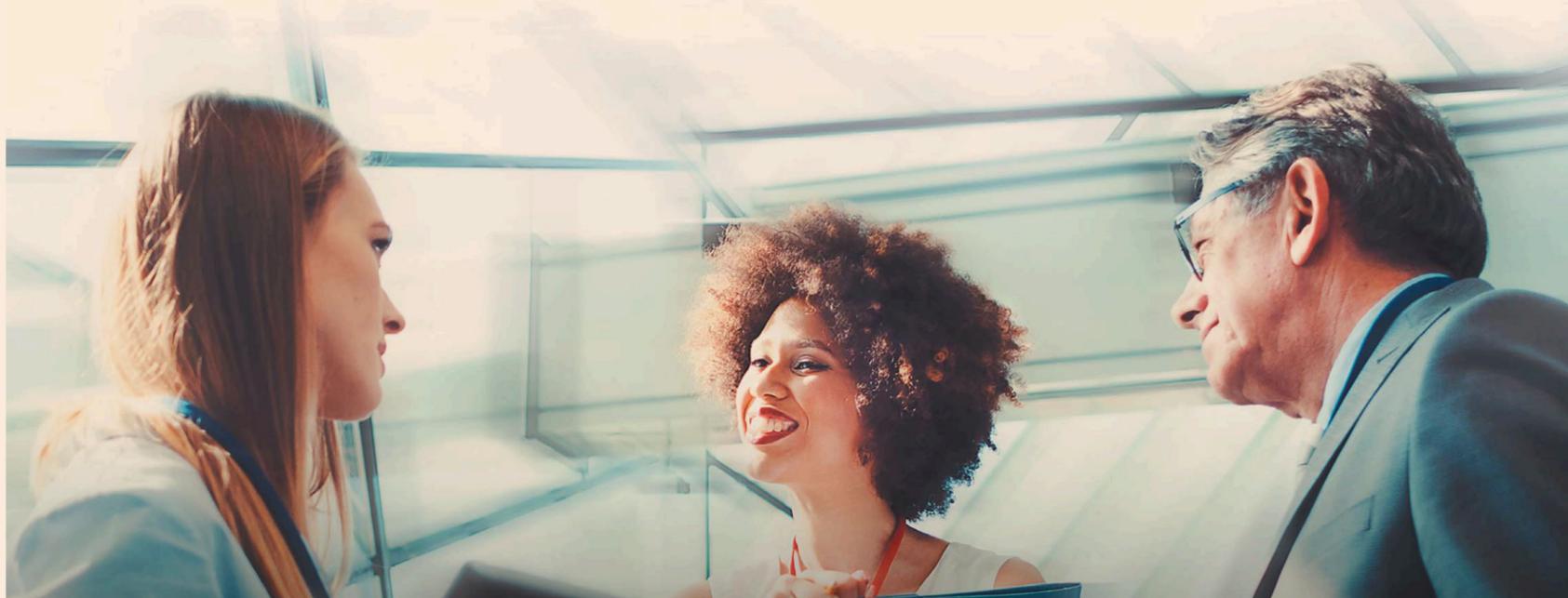
The country's new prospectors are undaunted. Ahmadzai, the gemstone miner, said he recently received a sample of higher-quality nephrite from the country's remote north-east, and was hoping to expand.

"If Afghanistan's mines are not extracted now," he asked, "when?"

Reporting by Benjamin Parkin, Jana Tauschinski, Steven Bernard, Chris Campbell, Sam Joiner, Peter Andringa, Sam Learner, Wang Xueqiao, Edward White and Jyotsna Singh

'No one will touch us, no one will kidnap us. If we did 10 tonnes before, now we can do 100 tonnes'

exec-appointments.com



## Looking for senior talent?

Choose the right solution to reach the best executive level candidates

Contact us at +44 (0)207 873 3600 to discuss advertising opportunities on [exec-appointments.com](https://www.exec-appointments.com)

A service from the Financial Times

## INTERNATIONAL

## Export exemption

# Russian fertiliser poses Europe food threat

Reliance on cheap product gives Moscow leverage, warn industry chiefs

SUSANNAH SAVAGE AND SHOTARO TANI  
LONDON

A flood of cheap Russian fertiliser risks driving European producers out of business or out of the continent, posing a risk to long-term food security, the crop nutrient industry has warned.

The flow of Russian natural gas into the EU slowed significantly after the country's full-scale invasion of Ukraine, and European countries have shifted to other sources of supply. But Russia has continued to use its gas to produce, and

export to Europe, cheap nitrogen-based fertiliser. For some types of fertiliser, such as urea, imports have even increased since Moscow's full-scale invasion of Ukraine in 2022. The cheap fertiliser has helped European farmers, but the region's own fertiliser producers have been struggling to compete.

"We are right now being flooded by fertilisers from Russia, which are significantly cheaper than our fertilisers, for the simple reason that they pay peanuts for natural gas in comparison to us European producers," said Petr Cingr, chief executive of SKW Stickstoffwerke Piesteritz, Germany's largest producer of ammonia. "If politicians will not act," he warned, Europe's production capacity "will disappear".

Cingr's comments echo those of Svein Tore Holsether, chief executive of Yara International, one of the world's largest producers of nitrogen-based mineral fertilisers, who said in April that Europe was "sleepwalking" into dependence on Russian fertiliser.

Western sanctions carve out exemptions for Russian food and fertiliser exports to avoid hampering food security, but Cingr and Holsether argue that Moscow is using this loophole to fund its war chest.

Tim Benton, food security expert at Chatham House, said European producers had long complained about the advantage their Russian counterparts derived from cheaper natural gas. But their arguments had more weight since

Russia's full-scale invasion of Ukraine, he said.

A third of EU imports of urea, the cheapest form of nitrogen-based fertiliser, come from Russia, with the amount imported in 2023 close to record levels, Eurostat data shows. Poland's imports of Russian urea climbed to almost \$120m in 2023, up from just over \$84m in 2021, for example, according to customs data.

"The crisis years are coming for the European fertiliser industry," said Benjamin Lakatos, CEO of MET Group, a Switzerland-based energy company that in June announced its intention to acquire majority shares in Baltic fertiliser producer Achema.

With 70-80 per cent of the running

cost of a fertiliser company coming from natural gas, the industry would be affected more quickly than others by rising gas and energy costs, he said.

Other big players are leaving the market. BASF, the world's largest chemicals group, has shrunk its operations in Europe over the past few years, including its fertiliser business, and instead focused new investments in the US and China, where costs are lower.

With no production in Europe, the bloc will depend on imports from other, mainly non-democratic countries, such as Russia and its ally Belarus, said Cingr. With such leverage over European food production, "nobody knows what Putin will do", he said.

Food wars warning see Companies

## Industrial metals

## Philippines seeks to woo investors for 'non-Chinese' nickel supply

A. ANANTHA LAKSHMI — JAKARTA

The Philippines is scouting for western investment to further develop its nickel reserves, pitching itself as an alternative to the China-dominated supply chain for the critical battery metal.

The country, which is the world's second-largest producer of nickel, is seeking a critical minerals agreement with the US and investment from foreign companies to build more refining plants, as it taps into rising concerns over China's control of the electric vehicle ecosystem.

"There is room now for the Philippines to be a significant player for batteries," Ceferino S Rodolfo, under-secretary of the Department of Trade and Industry, told the Financial Times in an interview. The Philippines' nickel output is just a fraction of top player Indonesia, where government officials say 90 per cent of the industry is controlled by Chinese companies.

But unease about the concentration of nickel supply in the hands of Indonesia and China — as well as low prices that have curbed output from other producers — have prompted buyers to seek other sources of the commodity, which is also a critical steelmaking ingredient.

The US, UK, Australia, Japan and South Korea are among countries that had shown interest in investing in the Philippine nickel industry, Rodolfo said. But so had Chinese companies.

"It's a race between China and the US," he said, noting that the Philippines had "a really strong argument to go for a non-Chinese investor so that we can be the supplier of non-Indonesian, non-Chinese nickel".

The Philippines' push also comes as it seeks to build closer economic ties with the US and its allies amid escalating tensions with Beijing in the South China Sea. Last week, Chinese coast guard vessels rammed Philippine military resupply boats, an incident that left one Philippine soldier severely injured.

The Philippines wants to sign a critical minerals agreement with the US, which would make it eligible for tax credits. It had also asked to join an existing agreement between the US and Japan, Rodolfo said. But no deal was on the table for now because of US reluctance to sign an agreement in the middle of an election year, officials in Manila said.

The Philippines was also aiming to produce "greener" nickel with the help of investors by using renewable energy to power smelters, Rodolfo said — distinguishing it from Indonesia, which relies on coal-fired power plants extensively, earning it a reputation as a producer of "dirty" nickel.

But Jose Manuel Romualdez, Manila's ambassador to the US, said Washington was concerned about high energy costs. "One of the main hurdles right now is energy. . . . We need to be able to establish a better, more cohesive type of energy that is cheaper," he said.

Manila was prepared to invest in cheaper and cleaner energy options, and was considering a combination of hydro, solar and wind power and natural gas, he added.

Indonesia accounts for 57 per cent of global refined nickel production — 4.5 times more than the Philippines in 2023 — and its share is forecast to rise to 69 per cent by the end of the decade, according to Benchmark Mineral Intelligence.

## South Africa. Compromise deal

## Ramaphosa to unveil coalition cabinet

Breakthrough in talks comes after fierce haggling and threat by opposition to walk away

ROB ROSE — JOHANNESBURG  
DAVID PILLING — LONDON

President Cyril Ramaphosa was due to unveil South Africa's coalition cabinet last night after a breakthrough in talks that gives the opposition Democratic Alliance up to six cabinet seats and the post of deputy finance minister.

The agreement came after fierce haggling between Ramaphosa's African National Congress and the pro-market DA threatened to scupper coalition negotiations, and a day after Julius Malema's Economic Freedom Fighters (EFF) made an eleventh-hour bid to enter the government of national unity.

The odds of the coalition talks collapsing were at their highest on Friday after the DA said Ramaphosa had reneged on an offer to let it run the powerful trade and industry ministry and the ANC accused the DA leadership of high-handedness. But a late breakthrough emerged after John Steenhuisen, DA leader, accepted a compromise offer of the agriculture portfolio. His party is likely to now run the ministries of home affairs, communications, basic education, public works, forestry and fisheries, and agriculture.

Helen Zille, DA chair, told the Financial Times that talks between the parties had come "very close" to falling apart. "We were on the brink of walking away. It was clear that the ANC wanted us to get just enough to keep them in power," she said. "Our job is not to rescue the ANC, it's to rescue South Africa."

A "statement of intent" signed between the parties on June 14 said the president retained the prerogative to appoint ministers "in consultation" with the leaders of the parties.

Zille said the near breakdown of talks led the DA to question whether being in government would work at all. "We had to ask ourselves, if they are treating us this way now, what will it be like when we are in government?"

The inclusion of the pro-market DA has buoyed markets. But two radical parties — Malema's EFF that campaigned on expropriating land and nationalising industry, and the uMkhonto weSizwe (MK) party, run by former ANC president Jacob Zuma — made a late play to be included in the unity government.



President Cyril Ramaphosa, right, with Democratic Alliance leader John Steenhuisen last month. Below, EFF leader Julius Malema  
South African GCIS/AP; Nic Bothma/Reuters

Malema on Saturday attempted to convince the ANC to ditch the DA in favour of his party, accusing "counter-revolutionary and imperialist forces" — essentially the business sector and foreign governments — of trying to institute a "soft coup" within the ANC.

Ramaphosa was expected to press ahead with the cabinet announcement yesterday, citing the urgency of sticking to an agreed timetable.

Analysts said that fractious talks between the DA and the ANC had got the government of national unity off to a

shaky start. One senior ANC official told the FT that the DA had attempted what he called a "snatch and grab" of plum positions.

The DA had been brought back to the table, the ANC official said, by powerful business donors who had been terrified of seeing the talks collapse. Speaking just before the breakthrough, he said: "The sensible part of the DA is under pressure to sit around the table and get on with the bloody thing."

Negotiations exposed lack of trust on both sides. DA insiders described the ANC as "hollowed out and devoid of talent", while an ANC member said the DA did not have a strong enough bench to fill the cabinet posts it was seeking. "They've got a very weak team," he said. He compared the two parties to companies in a merger with clashing corporate cultures.

Peter Attard Montalto, managing director of consultancy Krutham, said Ramaphosa should never have offered the trade, industry and competition portfolio to the DA if he could not follow through. The president appears to have withdrawn the offer after pressure

"The markets will rally somewhat on the cabinet [decision]"

from his own party members and union affiliates.

"The markets will rally somewhat on the cabinet announcement and then the agreement on a policy platform, once the parties can reach that," Attard Montalto said. "But the DA will struggle to make early jobs-related gains and are not in core economic lever positions."

Attard Montalto said the ANC had already been moving in a pro-business direction in the past five years, using market solutions to help fix the country's power utility Eskom, which has not had power blackouts for more than 90 days. But he said there were still risks of the unity government splintering owing to internal party friction, though probably not before local elections in 2026.

Velenkosini Hlabisa, leader of the Inkatha Freedom party, which is also part of the unity government, stressed the urgency of ironing out political differences, saying: "We cannot remain in a holding pattern when there is so much to be done."

The IFP is tipped to win two cabinet seats in the unity government, which will include 10 parties.



## Falling investment

## Businesses shy away from China's 'Taiwan Town' amid tensions over support for independence

WILLIAM LANGLEY — FUZHOU

Only a handful of shops remain open at "Taiwan Town", a huge shopping complex designed to encourage Taiwanese businesspeople to put their money in China.

For years, the island of Pingtan in China's south-eastern Fujian province has offered Taiwanese investors tax breaks, subsidies and help with securing residency. While many initially invested, few remain in the complex.

"In the past few years, because of things like Taiwan independence and Covid-19, they don't . . . come," said Chen, a shopkeeper selling speciality snacks from western Taiwan's Taichung at one of the few outlets still in business, who asked to withhold a full name.

The complex is one of the many ways Fujian — the Chinese province closest to Taiwan — hopes to attract Taiwanese investment. It is a small part of a grander scheme to establish the region as a "model zone" for cross-strait integration. Beijing regards Taiwan as part

of its territory and threatens to annex it with force if Taipei refuses indefinitely to submit to its control.

But Fujian's efforts come as Taiwanese hearts and minds overwhelmingly reject the notion of unification, and as political and economic concerns push cross-strait investment to multi-decade lows.

Taiwanese investment in Fujian fell 80 per cent year on year to just \$220m last year. Across the whole of China, Taiwanese investment fell 40 per cent to just over \$3bn. Both levels represented 22-year lows, according to Taiwanese government figures.

Trade has also suffered. The province's imports from Taiwan fell 10.2 per cent last year, while exports declined 15.6 per cent, among the sharpest declines of any its major trading partners.

Taiwanese businesspeople, meanwhile, said they were more sceptical about their presence in the country as rising production costs, trade tensions and geopolitical risk pushed them to

alternative hubs. "No matter how China wants to sell that economic zone . . . the take [up] from *taishang* seems not to be high," said Chun-Yi Lee, director of the Taiwan studies programme at University of Nottingham, using a common term for Taiwanese businesspeople.

Businesses were concerned about increased labour costs, competition with local companies and fallout from the US-China trade war, she added. "So the carrot is there but the problem is they don't want to bite."

Many of Taiwan's early Chinese settlers came from Fujian and speak versions of its local dialects. Cities such as Fuzhou in the north of the province and Xiamen in the south are less than 20km from parts of Matsu and Kinmen, Taiwan-controlled islands just off the Chinese coast.

*Taishang* have also been a feature of Fujian's modern development, having invested heavily in the province's factories and infrastructure as China opened its economy in the 1980s. Beijing hoped those ties would pro-

mote further industrial integration and head off cross-strait conflict, said Wu Liping, the Fujian-born president of the Shanxi Taiwan Compatriots Association and a member of a provincial Chinese advisory body. "Even if our political views are different . . . we are all the children of China," he said.

It is a message reinforced at Taiwan-

themed malls, industrial parks and cultural sites across the province. In Fuzhou's old town, an exhibition in a series of courtyards at the Taiwan Assembly Hall recreates a rest house for Taiwanese scholars seeking to pass the civil service examinations during the Qing dynasty. Cultural ties can promote "a beautiful future for national rejuvenation", it adds.

But Fujian's recent overtures come as the mainland has adopted an aggressive military posture towards Taiwan, which in May inaugurated Lai Ching-te as president. Beijing regards Lai as a "dangerous separatist".

In June, China unveiled laws formally criminalising efforts to promote Taiwan's independence, with punishments as severe as the death penalty, though it lacks jurisdiction over Taiwan.

Taipei's China policy body on Thursday warned its citizens against unnecessary travel to China, including Hong Kong and Macau.

With multiple concerns about the business environment in China, *taishang*



China regards Taiwan's President Lai Ching-te as a 'dangerous separatist'

were looking elsewhere, said Frank Shih-Chien Chien, vice-president of the Kaohsiung Global MICE Association, who was visiting Fuzhou for a conference. "If they are not coming back to Taiwan, then they are reinvesting in south-east Asia," said Chien.

"To us, it's just a slogan," said Chi Shih-Yuan, a Taiwanese businessman who was visiting Fuzhou for a conference promoting cross-strait co-operation in the events industry, of Fujian's pitch for "integrated development".

While he was happy to promote co-operation in the conferences industry, the agricultural machinery company in which he was an investor would look to India or Indonesia to open a new factory, given the countries' larger demographic dividends and concerns that China's industrial subsidies had stoked retaliatory measures in markets such as Europe, he added.

"At the moment, cross-strait [business] is not easy." Additional reporting by Andy Lin in Hong Kong and Kathrin Hille in Taipei

The 'juggle struggle' Teenagers are tricky, yet employers have less tolerance for family duties as children age **WORK & CAREERS**

# Companies & Markets

## Gap between chief executive pay in UK and US gets wider

- ◆ FTSE 100 remuneration stagnates
- ◆ Analysis stokes City of London fears

MICHAEL O'DWYER — LONDON

FTSE 100 chief executives' pay stagnated at a median of £4.1mn last year, widening the gulf with US company bosses whose income is rising at the fastest rate in 14 years.

Median pay for the CEOs of the UK's biggest listed groups flatlined, rising about £20,000, or 0.5 per cent, from the previous 12 months, according to analysis for the Financial Times by Willis Towers Watson.

The widening US-UK remuneration gap is likely to add fuel to a debate in the City of London over executive pay and whether UK-listed companies with a

'For a low-productivity economy to be saying we can't have access to the best managerial talent is an issue'

large international presence are able to attract top executives.

Corporate bosses, including the chair of the FTSE's most valuable company AstraZeneca, have hit out at what they see as the overly restrictive approach to boardroom pay.

The chair of one FTSE 100 company said that "one of the first things" headhunters said to him when he began looking for a new chief executive last year was that US-based candidates would be out of reach because of the limits on what UK companies could pay.

"For a low-productivity economy to be saying to itself that we can't have access to the best pool of managerial talent in the world – that seems to me an issue worth proper thought," he added.

London Stock Exchange Group, online retailer Ocado and medical devices

group Smith & Nephew are among the leading London-listed companies to have pushed through increased pay packages for their executives this year despite opposition from some investors.

These changes were unlikely to have a big effect on median CEO pay in the short term, said Richard Belfield, leader of Willis Towers Watson's European executive compensation practice. That was because they were introduced by only a handful of companies and most of the increase was in the form of long-term incentives, he said.

Although the state has no role in regulating executives' pay, company bosses have won political support from the current government. "I have no problem with high levels of executive pay if it is merited by the performance," the chancellor, Jeremy Hunt, told the Financial Times in an interview about attempts to revive the London stock market's international competitiveness.

The latest figures show a continuing divergence between the UK and the US, where median chief executive pay rose 12 per cent in the 2023 financial year, according to proxy adviser Institutional Shareholder Services. Chief executives on the S&P 500 index were paid a median of almost \$16mn, ISS found.

The gulf between the UK and US is explained only partly by the larger size of the US's biggest companies. The former chief executive of Smiths Group stands to roughly double his pay after quitting the FTSE 100 industrial conglomerate this year to take the same role at a US company half the size.

The analysis reflects executives' total remuneration, including bonuses and share awards, and is based on the 90 per cent of companies that have so far reported their figures for financial years that have ended since September 2023.

## End-of-day trading Dash for last orders on stock markets stirs concerns over glitch risk



Brendan McDermid/Reuters

### Share trading is intensifying at the end of day

% of volume executed in closing auctions



Source: big xyt

### End-of-day trading spiked when MSCI rebalanced its indices

Share of trading at closing auctions (% overall trading)



NIKOU ASGARI — LONDON

Fund managers are intensifying late-day dashes to trade shares in the US and Europe, raising concerns the heavy burst of activity leaves some of the world's largest stock markets highly exposed during a malfunction.

The proportion of daily EU equities trading that takes place in stock exchanges' end-of-day auctions hit a record 29 per cent in the first quarter, according to analytics firm big xyt. That compared with 22.5 per cent in the first quarter of 2021, the data provider said. The closing auction is a 5-10 minute period when final share prices of the day are set.

Europe's sharp rise has been mirrored in the US, where 19 per cent of share trading took place in the closing auctions on stock exchanges in the three months to March, up from 12.5 per cent over the 2021 period, according to big xyt.

Investors' focus on doing deals in the final few minutes of the day has raised fears that the late surge leaves stock exchanges vulnerable if they

suffer glitches. The end of the day is becoming "totally divorced" from the rest of trading, according to a senior European exchange executive, who added that the venue was "starting discussions with big banks about the systemic risk of the last five minutes" and questioned his own marketplace's "concentration risk".

The boom in trading around the closing auction has largely been driven by the growing popularity of exchange traded funds and passive investing, which are benchmarked to the closing price of indices. The increased activity means active fund managers, who try to outperform benchmarks, can also move large blocks of shares without their deals being detected by high-speed traders.

Trading executives are mostly concerned about the impact of an outage during the closing auction, like the one that hit European exchange group Euronext in October 2020.

"The nightmare scenario for the market is an exchange outage on the day of a major index rebalance that prevents the incumbent from running its closing auction," said Natan

Tiefenbrun, president of North American and European equities at Cboe Global Markets.

The UK's Financial Conduct Authority said it was aware of the increased activity at closing auctions, and was assessing how venues should manage outages as part of its review of secondary markets. Executives are also growing concerned that the heightened activity is sucking liquidity from the rest of the trading day, which is eight hours in Europe and six-and-a-half hours in the US.

Traders warn the thinner activity was making it more difficult to trade. The volume shift had led to "larger intraday spreads and increased volatility during continuous trading", said a senior trader at a fund manager.

Large trades also became more conspicuous, he added. "Anything [that is] 3-4 per cent of our daily volume is detectable by high-frequency traders, and the market moves away from you."

"It's a feedback loop," Tiefenbrun added. "More liquidity at the close drives people to trade more at the close."

## Bain to limit work in China amid rising tensions

SIMON FOY — LONDON  
STEPHEN FOLEY — NEW YORK

The new boss of consultancy Bain & Company has said the firm is pulling back from advising certain industries in China, as rising tension between Beijing and Washington heightens scrutiny of western businesses operating there.

Christophe De Vusser, who takes over as global chief executive of Bain today, said the US-headquartered firm would operate "less frequently" in "sensitive industries" in China. It comes after Chinese police raided Bain's Shanghai offices last year, interrogating staff and confiscating computers and phones, amid a wider series of moves by Beijing against western businesses.

"We continue to operate in China within the regulatory and legal environment that is required to operate there," said De Vusser in an interview with the Financial Times. "There is a clear set of sensitive industries that are at the heart of discussions from a geopolitical basis. So in these industries we will indeed operate less frequently."

He did not specify the industries from which Bain was pulling back, but said that all of the firm's Chinese work first went through its central risk committee. While Bain had adjusted its business to comply with new regulations in China on data and cyber security, he added: "Are we clear on how the regulatory environment will evolve? I think nobody is clear how exactly it will evolve."

De Vusser, a Belgian who was head of Bain's European private equity advisory business, cited geopolitics as one of four global trends that would dominate his time in charge of the firm.

He takes over after a bruising period for the consulting industry: most firms have cut pay and bonuses and limited hiring after a slowdown in dealmaking. While Bain has avoided significant layoffs, this year it offered some consultants in London redundancy with six months' pay, partly paid temporary leave, or an option to move overseas.

In 2022, the UK government handed Bain a three-year ban from tendering for British government contracts over a South African corruption scandal, but reversed the decision after less than a year. "The most important learning from [our South Africa] mistakes was that we've changed, in a significant way, in what we do in terms of risk," De Vusser said.

## Technology. Banking

### Financial services slow to adopt AI despite benefits

Big lenders are being held back by job fears, regulatory concerns and inertia, say fintech chiefs

CRISTINA CRIDDLE AND AKILA QUINIO  
LONDON

Financial services are failing to implement artificial intelligence successfully, European fintech executives have claimed, even as evidence mounts that the hyped technology will boost productivity and cut costs.

Job loss fears, regulatory concerns and institutional inertia are among the factors deterring bankers from fully embracing the technology that underpins products such as ChatGPT.

"The big banks will definitely not adopt [the technology] as quickly as any of the fintech," said Tom Blomfield, co-founder of Monzo and group partner at Silicon Valley start-up incubator Y Combinator. Generative AI would, however, "make banks more efficient and able to provide the same products at a cheaper cost".

Only 6 per cent of retail banks are prepared to implement AI at scale across their businesses, a Capgemini study found. McKinsey estimates, however, that the technology could add up to \$340bn in value every year to the global banking sector, equivalent to around 4.7 per cent of total industry revenues.

Many say the technology, with its capacity to answer questions and analyse vast amounts of text and numeric data in seconds, has the power to slash costs across the industry yet there are fears that the disruption will lead to job losses.

"People don't understand that it's

there as a productivity tool," said Nasir Zubairi, chief executive of fintech accelerator Luxembourg House of Financial Technology. "They still genuinely believe it will take away their jobs."

He added: "Traditional banks are fundamentally analogue by design, and converting analogue to digital has always been a tough thing to do."

Zubairi, speaking at the Financial Times' TNW tech conference last month, used the example of money laundering checks, where institutions typically hire employees to trawl through spreadsheets looking for unusual activities. He said when he demonstrated to one institution how to improve this with a customised AI model, which he estimated could save up to "€450,000 a year in salary instantaneously", it was rejected.

"People don't like firing people," he added. "They want to protect the function of their job and, if they have to fire people within their team who do these jobs, they are also potentially under threat as management or their power is also being eroded in some way."

Central banks have recently been urged to "raise their game" with AI, according to the Bank for International Settlements, which said the technology could provide productivity gains but carried risks too, such as giving incorrect information and being vulnerable to hacking.

A common issue with large language models, the technology behind most generative AI products, is their tendency to "hallucinate" to state inaccuracies as fact. They are also known to generate information based on the data they have been trained on, leading to concerns about sensitive or secure information. "There's not necessarily a

rejection of [AI], but there is hesitancy," said Wincie Wong, head of digital at NatWest, who called for the technology's risks, ethics and vulnerabilities to be assessed before deployment. "In the end, we are one of the large banks and a lot of customers hold their data and their financials safe with us. We need to respect that," she said.

Customer service is one of the areas most disrupted by AI tools, which can converse in a humanlike manner and respond to queries. For more than a decade, digital banks have used machine learning to triage online questions, often directing clients to a human customer service agent.

However, LLM-powered bots can understand a wider range of queries regardless of how they are phrased and they can execute decisions, such as ordering a bank card, removing the need for human intervention.

Many banks and fintechs, including Klarna and NatWest, already use AI chatbots for customer service. Wong said NatWest had made huge strides

with generative AI in its service AI Cora, receiving more than 11mn chats over the year, with more than half needing no human intervention.

Swedish fintech Klarna said its AI assistant could do the job of 700 customer service workers and resolve queries in under two minutes, compared with 11 minutes previously. As a result, the company expects to save \$40mn in customer service costs this year.

However, Wong said training the models to be nuanced was crucial to its success. For example, it needs to understand that a change of address could have an emotional undertone, such as a family bereavement.

Banks must also be careful to roll out the nascent technology while adhering to the industry's strict compliance rules and navigating an uncharted regulatory environment. In a landmark 2022 ruling, a Dutch court ruled in favour of neobank Bunq after it sued the Dutch central bank for banning it from using AI to conduct money laundering checks.

Regulators in May lifted restrictions on the German fintech N26 after it improved its scrutiny measures. For years the bank had a limit on new client sign-ups because of its poor anti-money laundering controls and faced millions of euros in fines for the persistent late filing of suspicious activity reports.

Carina Kozole, chief risk officer at N26, said it worked closely with regulators on building an AI model to evaluate whether a new customer was a criminal, which had reduced instances on the platform by 90 per cent.

"If we don't embrace AI in the industry, then in a few years, we will no longer be here," she added. "We need to show the advantages and how we can grow compliant if we're using AI."



It is estimated that AI could add up to \$340bn in value a year to the sector

Presented by **FT LIVE** Co-hosted by **TNW**

Is now the time to invest?

Find out on Future of AI Summit, 6-7 November 2024, London

Register now

ai.live.ft.com

Strategic partners: **aws**, **cognizant**, **AlixPartners**, **IBM**, **Microsoft**

Lead sponsor: **canada**, **NORTHERN DATA GROUP**

## COMPANIES &amp; MARKETS

# Dior bag maker raid unnerves luxury sector

Milan probe shines light on exploitation of workers in supply chains despite high-end brands' zero-tolerance pledges

SILVIA SCIORILLI BORRELLI — OPERA  
KATI CHITRAKORN — LONDON

The Dior leather bag supplier Milan investigators had long had their eyes on was located close to the Via del Lavoro, or Labour Street, in the suburban city of Opera. But behind its doors they uncovered employment practices of another age.

They found evidence of illegally hired workers, forced to sleep inside the factory and work long hours — including nights and holidays — in an unsafe working environment, according to a statement from the Milan prosecutor's office.

The Chinese-owned supplier would sell bags to Dior for €55 apiece, investigators said. A few kilometres away on Milan's ritzy Via Monte Napoleone, handbags from the French haute couture brand, which is owned by LVMH, can cost more than €2,000.

As a result an Italy-based Dior subsidiary — Manufactures Dior — was placed under court administration last month for failing to carry out appropriate due diligence and supervise its suppliers.

The sanction means it will be run by a court-appointed manager for one year in order to fix the shortfalls. Milanese prosecutors also alleged another Chinese-owned Dior supplier, based in the town of Cesano Maderno north of the city, was exploiting illegal workers.

The development has shone a light on practices in the supply chains of the luxury sector, an area hitherto regarded as problematic more for fast fashion than producers of expensive goods.

The Milan prosecutor's action against the supplier follows two other similar actions against upmarket accessories maker Alviero Martini and a Giorgio Armani subsidiary earlier this year. Such examples could be the tip of the iceberg for the luxury fashion industry, investigation insiders warn.

As investor scrutiny of environmental, social and governance considerations increases, the revelations could not have come at a worse moment.

Jean-Philippe Bertschy, managing



director and head of Swiss equity research at Vontobel, said one of the most concerning aspects of the Italian cases was the fact that the brands were "very high end and considered as exemplary in the ESG field".

Years of unprecedented growth for the luxury sector have put pressure on their supply chains.

Italian supply chains account for at least half of global luxury goods production, according to Bain & Company.

While a manufacturing exodus from the late 1980s saw many fashion businesses shift production to low-cost countries such as China, a lot of companies subsequently moved their operations back

after the move threatened their ability to brand their goods as "made in Italy" — viewed as a marker of the highest quality and craftsmanship, and earning them prestige in the eyes of customers.

But demand has since exploded due to post-pandemic spending and new classes of affluent consumers across the world. In response, companies have stepped up their marketing efforts while simultaneously releasing new collections more frequently.

Skilled artisanal workers are in high demand, especially as younger people have moved away from manual and vocational professions. The increased pace of production had necessitated

**Worlds apart:** a Dior fashion show in Paris in February and, below, the Chinese-owned Dior supplier near Milan, which is being investigated by prosecutors

Silvia Sciorilli Borrelli/FT; Victor Virgile/Gamma-Rapho/Getty Images

speed and efficiency, said Claudia D'Arpizio, a partner at Bain. "To cover the peaks of production or specific manufacturing phases, brands need to rely on external suppliers and these suppliers often rely on other sub-suppliers," she said. "It's a very complex thing to control with the time to market and the level of newness required. But that's not an excuse."

Others go further, saying changes in the industry are not conducive to human rights. According to people close to the matter, Milanese prosecutors may be looking at several other luxury labels and their suppliers, suggesting such issues may have become an industry-wide problem.

"When you are buying an item for €50 and selling it for more than €2,500, like in Dior's handbags case, you may not know your Chinese supplier is exploiting workers, but you are very aware you are making an enormous profit on each piece and evidently that's the priority so you don't ask the other questions," said a fashion industry investor speaking on condition of anonymity.

The Milan prosecutor declined to comment. Dior, which is not under investigation, declined to comment.

Earlier this year Alviero Martini and a Giorgio Armani-owned company were also placed under court administration

**'You may not know your Chinese supplier is exploiting workers, but you are very aware you are making an enormous profit'**

for allegedly failing to oversee their suppliers. The parent fashion houses are not under investigation.

Alviero Martini, owned by Rome-based Final Group, said in January its suppliers had illegally hired subcontractors violating the terms of their supply contracts, which forbid it. Armani said in April it had always sought to "minimise abuses in the supply chain" and it would fully co-operate with the court.

Beyond Italy, other luxury companies have also faced criticism for alleged shortcomings in how they source materials. A BBC investigation in May linked ingredients used by high-end perfumers, including L'Oréal-owned Lancôme and Estée Lauder's Aerin Beauty, to child labour in Egypt. At the time, both companies maintained that they had zero tolerance for exploitation and had contacted their suppliers.

Luxury cashmere brand Loro Piana has recently come under fire following a media report alleging that it was not paying indigenous workers in Peru fairly for wool that ended up in sweaters sold for thousands of dollars.

US congressman Robert Garcia, a Democrat from California who was born in Peru, wrote to the company asking about their sourcing. In response, the company said it had worked for decades to help preserve the population of the vicuña while also increasing its investments in irrigation, education and infrastructure in the country.

"We often view the low prices and resultant labour rights abuse as baked into the fast fashion model but those problems are more pervasive than that," said Natalie Swan, labour rights programme manager at the Business and Human Rights Resource Centre. "There's the expectation that if you are buying something luxury it is very bespoke and has been created closer to home. Often, that's not the case."

She warned that in the face of uncertain consumer demand and rising raw materials costs, "it might mean a doubling down of the worst elements of the business model, which is to put the price and cost of these changes on to the workers and the upstream supply chain rather than impact profit margins."

Vontobel's Bertschy added: "For many companies it's still very difficult to track the whole supply chain, especially when they are in foreign countries [and] even when trying to buy from some certified suppliers, there are still loopholes and issues."

Several luxury groups, including Chanel, Prada, Zegna and Burberry have been acquiring or investing in their strategic suppliers in order to control more of the supply chain.

Hermès, which remains committed to traditional manufacturing methods, has taken a different approach and shunned mass production in favour of training workers to stitch its leather bags by hand. In February, the company said that it would reward all employees with a €4,000 bonus following a successful year.

When the Financial Times visited the Dior supplier in Opera, it appeared to be business as usual: lights were on and vehicles, including a Porsche and a Tesla, were parked in the driveway. The FT was not granted access when the entry buzzer was pushed.

Bain's D'Arpizio said increased public scrutiny may serve as a turning point for the industry. "In luxury, [exploitation] should not happen. This is an industry of excellence and craftsmanship is a key component of it. You cannot really compromise on that aspect," she said.



## Food & beverage

### 'Food wars' warning as global supplies wane

MADELINE SPEED  
AND SUSANNAH SAVAGE — LONDON

The world is headed for "food wars" as geopolitical tensions and climate change push countries into conflict over waning supplies, said one of the world's largest agricultural commodity traders.

"We have fought many wars over oil. We will fight bigger wars over food and water," said Sunny Verghese, chief executive of Olam Agri, a Singapore-based agricultural trading house.

Speaking at the recent Redburn Atlantic and Rothschild consumer conference, Verghese warned that trade barriers imposed by governments seeking to shore up domestic food stocks had exacerbated food inflation.

Big agricultural commodity traders, which reaped record profits in 2022 after Russia's full-scale invasion of Ukraine sent food prices soaring, have been accused of exacerbating food price inflation through profit-boosting mark-ups.

But Verghese argued that elevated

food price inflation was in part the result of government intervention. A proliferation of non-tariff trade barriers in 2022 in response to the war — 1,266 from 154 countries by his count — had "created an exaggerated demand-supply imbalance", he said.

Wealthier countries were building up surpluses of strategic commodities,

**'India, China, everybody has buffer stocks. That is only exacerbating the global problem'**

leading to exaggerated demand, and in turn higher prices, Verghese said. "India, China, everybody has buffer stocks," he said. "That is only exacerbating the global problem."

Food prices started to climb in the wake of Covid-19 and surged following the start of the war in Ukraine as some exports of grain and fertilisers were blocked by the conflict. This deepened food insecurity in poorer countries and

left consumers all over the world facing a cost of living crisis.

With this rise and climate change hampering agricultural production globally, governments are increasingly turning to protectionist policies.

In 2022, Indonesia banned palm oil exports to protect the local market.

Last year India imposed export restrictions on certain types of rice 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. "That was precisely the wrong thing," Verghese said. "You're going to see more and more of that."

Addressing the impact of climate change on global yields, Verghese urged the gathering of consumer industry executives, including the bosses of Coca-Cola and Associated British Foods, to "wake up" and take more action on climate change.

Governments should charge a tax for carbon, he argued.

"Carbon is free today, so we are polluting indiscriminately," he said.

**FT FINANCIAL TIMES**

FT ENERGY SOURCE

## CREATING AN ISLAND OF NET ZERO EMISSIONS

Explore the crucial issue of decarbonising energy, with Series Two of FT Energy Source.

The latest video takes us inside Bilbao's Zorrotxaurre, a real-life testing ground for energy transition solutions. How is the project developing smart grids for a mixed-use sustainable island?

Watch Zorrotxaurre: Blueprint for a Smart City at [channels.ft.com/en/ft-energy-source](https://channels.ft.com/en/ft-energy-source)

PARTNER CONTENT by

**Iberdrola**



## COMPANIES &amp; MARKETS

## Financial services

## BlackRock backs pensions ESG backlash

Move reflects growing hostility to climate-related shareholder proposals

LEE HARRIS — LONDON  
BROOKE MASTERS — NEW YORK

BlackRock has thrown its weight behind a coalition of US police and firefighter labour groups that is making the case for getting politics out of pensions, in its latest effort to navigate the backlash to environmental, social and governance investing.

The world's largest money manager is the only financial group among the founding members of the Alliance for Prosperity and a Secure Retirement, a

Delaware-registered non-profit that warns on its website that "politics has no place in Americans' investment decisions". After coming under fire over its advocacy for sustainable investing, BlackRock has increasingly highlighted the primacy of investor choice.

A handful of small business and consumer non-profits are also members of the alliance, which launched this year amid a flurry of ESG-related activity. Forty-four state legislatures considered 162 bills in 2023, and 76 more proposals have been put forward this year, according to law firm Ropes & Gray. Roughly 80 per cent of the proposals sought to ban consideration of sustainability factors, while the rest actively promoted it.

"We are not pro-ESG. We are not anti-

ESG. What we are is 'pro' letting investment professionals, who have a fiduciary duty to their beneficiaries, do the work that they're supposed to do," Tim Hill, a retired Phoenix firefighter who is

**'We are "anti" politicians interfering with fiduciary duty so they can carry out an agenda'**

president of the alliance, told the Financial Times. "We are 'anti' politicians, from either the right or left, interfering with that fiduciary duty so they can carry out a political, social agenda."

Hill said the group had been set up to

rally pension industry participants. "We decided we were going to try and take this different tack of enlisting the industry to assist us, primarily in the financial burden of pushing back and protecting our funds and fund managers," he said.

BlackRock said in a statement that it was "proud" to back the alliance, adding: "As a fiduciary, our mission is to help more people experience financial wellbeing in all phases of life. The alliance is one of many organisations that BlackRock supports which are committed to helping more Americans retire with dignity on their own terms."

The \$10.5tn money manager has been at the centre of the political fight over ESG since 2020 when chief executive Larry Fink beat the drum for sustaina-

ble investing, pledging in his annual letter to make "sustainability integral to portfolio construction and risk management . . . governments and the private sector must work together to pursue a transition that is both fair and just".

BlackRock became a target for both Republican politicians who objected to what they described as "woke capitalism" and progressives who wanted the firm to go further in forcing its investee companies to decarbonise.

In the past three years, BlackRock's stewardship has become much more sceptical of climate-related shareholder proposals. Last year it voted against most of them, saying the others were too prescriptive or were not in the financial interest of its clients.

## Insurance

## Zurich and Aon plan cover for hydrogen developments

IAN SMITH AND RACHEL MILLARD  
LONDON

Two of the insurance industry's biggest companies, insurer Zurich and broker Aon, have created a new insurance scheme for hydrogen production to boost the development of a sector viewed as vital for the transition to clean energy.

The platform will bring together a number of insurers, led by Zurich, to underwrite smaller individual projects of up to \$250m in capital expenditure that would otherwise struggle to find insurance. The projects will be offered a range of cover from construction to operational risks.

The development comes at a time of growing concern about whether there is enough capacity in the insurance industry to provide the trillions of dollars of cover that will be required for green energy projects.

"The insurance is often the difference between go or no-go for these [smaller] projects," said Joseph Peiser, global chief executive of commercial risk at Aon.

The cover targets two key low-carbon methods of producing hydrogen: making it from natural gas and capturing the emissions released, and splitting it from water using renewable electricity.

Peiser said the insurance facility had been two years in development but was now quoting for its first projects and could eventually provide policies for 10-20 projects a year, with total

**'The insurance is often the difference between go or no-go for these [smaller] projects'**

coverage running into the billions. Around two-thirds of such hydrogen projects would be in the scope of the programme, he added.

Zurich will be the lead insurer on each project, in combination with other insurers, a model that is common to underwriting big commercial risks. Businesses will be able to buy cover for a range of risks, such as third-party liability during construction through to cover for outages once a facility is built.

Sierra Signorelli, chief executive of commercial insurance at Zurich, said hydrogen had "immense potential" as a greener alternative to fossil fuel.

Many countries are counting on hydrogen to help cut carbon emissions, hoping it can be used instead of fossil fuels in sectors from steelmaking to transport and heavy industry.

But the majority of hydrogen in use today is made by splitting it from natural gas, which releases carbon dioxide in the process. Producing it in a lower-carbon way requires either capturing and storing those emissions to make "blue" hydrogen, or extracting it from water using low carbon electricity, for "green" hydrogen.

Both processes require major investment and the sector is currently held back by high costs and uncertainty over demand. The Zurich-Aon scheme is intended to cover a range of hydrogen infrastructure including production, storage and transportation.

Only 7 per cent of clean hydrogen projects around the world have so far been given the go-ahead with a final investment decision, according to S&P Global Commodity Insights.

## Market questions. Week ahead

## Investors watch US job figures for signs of weakness

## Will US jobs market begin to cool?

Friday's non-farm payrolls figures for June will be the standout of a data-packed week in the US that will be shortened by the July 4 celebrations.

Analysts polled by Reuters expect a further 180,000 new jobs to have been created in June and they forecast that the unemployment rate will hold steady at 4 per cent, its highest since February 2022.

A blowout headline gain of 272,000 in May — far above expectations — provided some reassurance on the health of the economy, but economists pointed to nuances in subsequent economic data, which suggest slowing growth.

"Americans continue to see jobs as broadly easy to get," said Yelena Shulyatyeva, senior US economist at BNP Paribas, who added that growth in healthcare, leisure and hospitality and also local and state government jobs should support the headline number.

A number that falls below expectations could unsettle investors concerned that the US economy is losing its zip. Data in June showed continuing claims for unemployment benefits had reached 1.84mn, its highest level since November 2021, suggesting would-be workers were finding it hard to get jobs, even if those in work were relaxed about their prospects.

Traders will also pay attention to average hourly earnings (AHE) growth and its signals for inflation. Data for May showing a gradual decline in core personal consumption expenditure — the Federal Reserve's preferred inflation gauge — supported those hoping for an interest rate cut in the coming months. The earnings growth rate for June is forecast to slip to 3.9 per cent year-on-year for a new post-pandemic low.

"Historically, AHE growth in the vicinity of 3 per cent has been more consistent with [personal consumption] inflation growth of 2 per cent," added Shulyatyeva. *Jennifer Hughes*

## How would sterling react to a Labour landslide?

Markets have shrugged off the twists and turns of the UK general election campaign in recent weeks, with the opposition Labour party widely expected to enter government with a majority of seats in parliament after voters head to the polls on Thursday.

Since Prime Minister Rishi Sunak's surprise announcement in May of a July 4 election, sterling has weakened 0.6 per



**Ready for work: people at a jobs fair in Sunrise, Florida, last month. Data in June suggested would-be workers in the US were finding it hard to get employment**  
*Joe Raedle/Getty Images*

cent against the dollar. The fall has mostly been driven by a strong greenback, which has strengthened 1 per cent against a basket of six currencies over the same period.

While UK government bond prices have been affected by economic data expectations of when the Bank of England will start lowering interest rates, they have been much steadier than their French counterparts before parliamentary elections in France.

Investors say a very large Labour majority could provide some support to sterling and to UK debt if it helps reassure markets that a new government will usher in a prolonged period of stability in UK politics and makes it easier to reform planning permission rules, which could help stimulate growth.

"In relative terms [to France], the UK [election] is being treated as a non-event," said Peter Goves, head of developed markets rates strategy at MFS International.

He added that "at the margin" a Labour landslide would support sterling because it "ought to provide a degree of

stability in the UK that arguably has been lacking".

Labour leads the ruling Conservatives by around 20 percentage points in the FT's aggregation of national voting intention polls. If the polls are broadly correct, Labour could win around 450 of the 650 House of Commons seats. *Mary McDougall*

## Will the European summer holiday season stoke inflation?

The start of the summer tourist season is pushing up prices of many services from package holidays to hotels, threatening to delay the decline in Eurozone inflation expected by many analysts.

The latest inflation figures for the bloc to be published tomorrow will indicate how much services prices are being lifted and whether this is offset by slowing energy and food prices.

Economists polled by Reuters forecast overall Eurozone inflation would dip slightly, from 2.6 per cent in May to 2.5 per cent in June.

The early signs from figures released in France, Spain and Italy on Friday are

**A Labour landslide 'ought to provide a degree of stability in the UK that arguably has been lacking'**

Peter Goves,  
MFS  
International

that the downward pull from easing energy and food inflation is slightly stronger than the upward push from sticky services prices.

Inflation fell slightly in France and Spain, but rose slightly in Italy. After stripping out energy and food, core inflation was either flat or dipped slightly in all three countries. George Moran, a European economist at Nomura, said: "The evidence on core inflation suggests slight upside risks."

The figures should still provide some reassurance for the European Central Bank, which recently cut interest rates for the first time in five years while expressing concern about the stickiness of services prices.

"Overall, these releases won't overly worry ECB officials, but stalling disinflation in services will strengthen their resolve to be cautious," said Franziska Palmas at Capital Economics.

She predicted the ECB was likely to keep interest rates on hold at its meeting this month but then cut them twice by a total of a half-percentage point by the end of the year. *Martin Arnold*

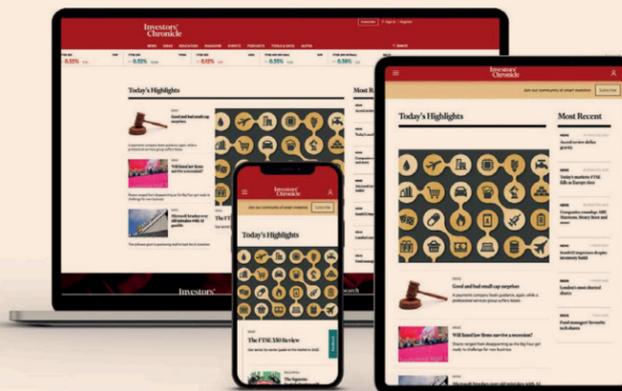
## Investors' Chronicle

## Register now for free

Get access to three\* online articles a month by registering to Investors' Chronicle.

Our comprehensive news and analysis of the UK stock market will give you the ideas and guidance you need to manage and protect your portfolio.

Join us now:  
[investorschronicle.co.uk/signup](https://investorschronicle.co.uk/signup)



\*Excluding Alpha, Opinion and Ideas articles

MARKET DATA

WORLD MARKETS AT A GLANCE

Change during previous day's trading (%)



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



Table listing various stock indices and their latest values, including S&P 500, Nasdaq Composite, Dow Jones Industrial, FTSE 100, Nikkei, Hang Seng, etc.

Country Index Latest Previous... (Detailed table of country indices and their performance)

STOCK MARKET: BIGGEST MOVERS

Table listing the biggest movers in the stock market, categorized by region (AMERICA, EURO MARKETS, ASIA, UK MARKET) and showing stock names, prices, and changes.

CURRENCIES

Table showing currency exchange rates for various countries, including the Dollar, Euro, Pound, and others.

FTSE ACTUARIES SHARE INDICES

Table listing FTSE Actuarial Share Indices, including FTSE 100, FTSE 250, FTSE 350, etc., with their respective values and changes.

FTSE GLOBAL EQUITY INDEX SERIES

Table listing FTSE Global Equity Index Series, including FTSE Global All-Share, FTSE Global ex-EM, etc., with their respective values and changes.

FTSE SECTORS: LEADERS & LAGGARDS

Table listing FTSE Sector Indices, including Industrial, Aerospace & Defense, Healthcare, etc., with their respective values and changes.

UK STOCK MARKET TRADING DATA

Table showing UK Stock Market Trading Data, including Order Book Turnover, Order Book Gains, etc.

UK RIGHTS OFFERS

Table listing UK Rights Offers, including company names, amounts, and dates.

UK COMPANY RESULTS

Table listing UK Company Results, including company names, turnover, and EPS.

UK RECENT EQUITY ISSUES

Table listing UK Recent Equity Issues, including company names, issue sizes, and dates.

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier. For more information on dividend payments visit www.ft.com/marketsdata



Data provided by Morningstar | www.morningstar.com. All data provided by Morningstar unless otherwise stated. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. FT does not warrant or guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table of FT500 companies with columns for Stock, Price/Week, High, Low, YTD, P/E, MCap, and 52 Week performance.

Table of FT500 companies (continued) with columns for Stock, Price/Week, High, Low, YTD, P/E, MCap, and 52 Week performance.

Table of FT500 companies (continued) with columns for Stock, Price/Week, High, Low, YTD, P/E, MCap, and 52 Week performance.

Table of FT500 companies (continued) with columns for Stock, Price/Week, High, Low, YTD, P/E, MCap, and 52 Week performance.

Table of FT500: TOP 20 with columns for Name, Price, Change, % Change, and Market Cap.

Table of FT500: BOTTOM 20 with columns for Name, Price, Change, % Change, and Market Cap.

Table of Bonds: HIGH YIELD & EMERGING MARKET with columns for Name, Rating, Bid, Bid Change, Days to Maturity, Spread, and Yield.

Table of Bonds: GLOBAL INVESTMENT GRADE with columns for Name, Rating, Bid, Bid Change, Days to Maturity, Spread, and Yield.

Table of Interest Rates: OFFICIAL with columns for Name, Rate, Change, and Last.

Table of Bonds: INDEX-LINKED with columns for Name, Price, Yield, Prev, Month, Value, Market, and No. of Stocks.

Table of Bonds: BENCHMARK GOVERNMENT with columns for Name, Coupon, Bid, Bid Change, Days to Maturity, Wk Chg, Month Yld, and Yield.

Table of Bonds: UK FTSE ACTUARIES INDICES with columns for Name, Price, Yield, Return, and Yield.

Table of Interest Rates: MARKET with columns for Name, Rate, Change, and Last.

Table of Bonds: TEN YEAR GOVT SPREADS with columns for Name, Spread, Bid vs vs, and Spread vs Spread.

Table of Bonds: VOLATILITY INDICES with columns for Name, Index, Day's Change, Month's Change, Year Change, Return, and Return.

Table of Bonds: GILTS: UK CASH MARKET with columns for Name, Price, Yield, Change in Yield, and Yield.

Table of Commodities with columns for Name, Price, Change, and Last.

Table of Bonds: COMMODITY with columns for Name, Price, Yield, Prev, Month, Value, Market, and No. of Stocks.

Table of Bonds: VOLATILITY INDICES (continued) with columns for Name, Index, Day's Change, Month's Change, Year Change, Return, and Return.

Table of Bonds: GILTS: UK CASH MARKET (continued) with columns for Name, Price, Yield, Change in Yield, and Yield.



SWAMP NOTES - The FT's newsletter on US politics and power. Sign up now at ft.com/newsletters. Includes a logo for Tradedwell and a note about data provided by Morningstar.

MANAGED FUNDS SERVICE

SUMMARY

FT.COM/FUNDS

Table with 4 main columns: Winners - Europe ex-UK Equity, Losers - Europe ex-UK Equity, Morningstar Star Ratings, and Global Broad Category Group - Commodities. Each column lists fund names and their performance metrics.

Advertising Feature for Edentree Investment Management. Includes a performance chart for Edentree UK Equity Opps Cls B Inc from Jun 2021 to Jun 2024, showing a peak in late 2021 followed by a decline and then a recovery. Text includes 'Performance', 'Weightings - As of 30/04/2024', and 'Top 10 Holdings - As of 30/04/2024'.

Information reproduced courtesy of Morningstar. While the Financial Times takes every care to ensure that the information is faithfully reproduced, the information is not verified by the Financial Times and therefore it accepts no liability for any loss which may arise arising from any use of this information.

© 2024 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely.

Algebra Investments (IRL) and Blue Whale Investment Funds ICAV (IRE). Includes logos for Algebra Investments, Blue Whale Growth Fund, and Brooks Macdonald. Lists various fund offerings with their respective performance metrics and details.

Dragon Capital (UK) and Cantab Asset Management Ltd (UK). Includes logos for Dragon Capital and Cantab Asset Management. Lists various fund offerings with their respective performance metrics and details.

Artemis Fund Managers Ltd (1200IF) (UK) and CP Global Asset Management Pte. Ltd. Includes logos for Artemis and CP Global. Lists various fund offerings with their respective performance metrics and details.

Ashmore (UK) and CG Asset Management Limited (IRL). Includes logos for Ashmore and CG Asset Management. Lists various fund offerings with their respective performance metrics and details.

Edentree Investment Management Ltd (UK) and DWS. Includes logos for Edentree and DWS. Lists various fund offerings with their respective performance metrics and details.

Findlay Park (IRL), Janus Henderson Investors (UK), and various other fund providers including Fidelity, Lazard, and Ashmore. Includes logos for Findlay Park, Janus Henderson, Fidelity, Lazard, and Ashmore. Lists various fund offerings with their respective performance metrics and details.

MANAGED FUNDS SERVICE

Fund Bid Offer +/- Yield 1Yr 3Yr Fund Bid Offer +/- Yield 1Yr 3Yr Fund Bid Offer +/- Yield 1Yr 3Yr Fund Bid Offer +/- Yield 1Yr 3Yr

**LGT Wealth Management (CI) Limited (JER)**  
 Sir Walter Raleigh House, 48 - 50 Esplanade, St Helier, Jersey, JE2 3QB  
**ICA Recog/regulated**  
**Volare Offshore Strategy Fund Limited**  
 Bridge Fund £2.4222 - 0.0073 2.26 13.66 2.89  
 Global Equity Fund £3.9373 - 0.0144 1.31 17.72 6.03  
 Global Fixed Interest Fund £0.7580 - 0.0008 4.75 7.19 -2.99  
 Income Fund £0.6942 - 0.0024 3.00 15.00 3.90  
 Sterling Fixed Interest Fund £0.8920 - 0.0004 4.68 10.40 -4.72  
 UK Equity Fund £1.9339 - 0.0190 3.29 7.42 -0.10



**Toscafund Asset Management LLP**  
 www.toscafund.com  
 Tosca Mid Cap GBP £117.80 - -0.04 0.00 -29.93 -21.59  
 Tosca Opportunity B USD \$252.81 - -15.03 0.00 -29.95 -19.98  
 Progress Fund Ltd A-1 GBP £27.83 - -0.23 0.00 -32.66 -22.42

**TROY**  
 ASSET MANAGEMENT

**Oasis Crescent Global Investment Funds (UK) (ICVC) (UK)**  
**Regulated**  
 Oasis Crescent Global Equity Fund USD A (Dist) \$ 38.26 - -0.08 0.79 9.30 -0.18  
 Oasis Crescent Global Income Fund USD A (Dist) \$ 10.14 - 0.00 3.76 5.16 0.06  
 Oasis Crescent Global In-Equity Fund USD A (Dist) \$ 12.97 - -0.01 1.45 7.21 -0.40  
 Oasis Crescent Global Multi-Sector Fund USD A (Dist) \$ 14.57 - -0.01 1.04 7.26 -0.30  
 Oasis Crescent Global Property Fund USD A (Dist) \$ 8.81 - 0.07 1.67 15.24 -1.49  
 Oasis Crescent Global Short-Term Income Fund USD A (Dist) \$ 0.94 - 0.00 3.45 4.15 0.85  
 Oasis Crescent Variable Fund GBP A (Dist) £ 10.27 - -0.04 0.71 8.97 0.17

**Ruffer LLP (1000)F (UK)**  
 2nd floor, 20-22 Bedford Row, London, WC1R 4EB  
 Order Desk and Enquiries: 0345 601 9610  
**Authorised Inv Funds**  
**Authorised Corporate Director - Waystone Management (UK) Limited**  
 WS Ruffer Diversified Rtm C Acc 100.52 - 0.13 1.16 1.04 -  
 WS Ruffer Diversified Rtm C Inc 97.53 - 0.13 1.17 1.04 -  
 WS Ruffer Equity & General C Acc 810.85 - -2.38 1.26 8.36 2.22  
 WS Ruffer Equity & General C Inc 544.27 - -2.13 1.28 8.36 2.22  
 WS Ruffer Gold C Acc 308.35 - 2.29 0.34 30.87 4.34  
 WS Ruffer Gold C Inc 194.63 - 1.98 0.33 30.87 4.34  
 WS Ruffer Total Return C Acc 536.07 - -1.70 1.99 0.13 -0.58  
 WS Ruffer Total Return C Inc 323.37 - -1.02 2.02 0.13 -0.57

**Troy Asset Mgt (1200) (UK)**  
 2nd floor, 20-22 Bedford Row, London, WC1R 4EB  
 Order Desk and Enquiries: 0345 608 9550  
**Authorised Inv Funds**  
**Authorised Corporate Director - Waystone Management (UK) Limited**  
**Troyan Investment Funds**  
 Troyan Ethical Global Inc D Acc 107.52 - -0.16 2.49 6.78 -  
 Troyan Ethical Global Inc O Inc 100.80 - -0.15 2.53 6.78 -  
 Troyan Ethical O Acc 137.11 - 0.04 1.23 8.32 3.32  
 Troyan Ethical O Inc 134.99 - 0.04 1.44 8.47 3.39  
 Troyan Ethical Income O Acc 149.07 - -0.04 2.68 8.60 1.40  
 Troyan Ethical Income O Inc 119.64 - -0.04 2.74 8.60 1.39  
 Troyan Fund O Acc 405.34 - 0.00 1.02 6.19 2.76  
 Troyan Fund O Inc 323.83 - 0.01 1.03 6.19 2.76  
 Troyan Global Equity O Acc 599.87 - -1.61 0.21 18.10 6.77  
 Troyan Global Equity O Inc 459.82 - -1.33 0.21 18.10 6.77  
 Troyan Global Income O Acc 158.12 - -0.33 3.04 4.40 3.54  
 Troyan Global Income O Inc 126.02 - -0.26 3.10 4.39 3.54  
 Troyan Income O Acc 360.02 - -0.41 2.93 6.30 0.82  
 Troyan Income O Inc 169.76 - -0.19 3.01 6.30 0.82

**M & G Securities (1200)F (UK)**  
 PO Box 5038, Chelmsford, CM99 2XF  
 www.mandg.co.uk/charities/eng/Dealing: 0800 917 4472  
**Authorised Inv Funds**  
 Charifund Inc 1516.77 - 8.41 5.69 15.05 5.16  
 Charifund Acc 3526.69 - 180.51 5.08 15.03 5.15  
 M&G Charifund Investment Fund (Dist) £ 1.09 - 0.00 - 8.11 -1.05  
 M&G Charifund Investment Fund (Dist) £ 41.29 - 0.01 3.60 8.11 -1.05  
 M&G Charity Multi Asset Fund Inc £ 0.93 - 0.00 4.34 11.86 5.85  
 M&G Charity Multi Asset Fund Acc £ 119.59 - 0.48 3.77 11.86 5.85

**Omnia Fund Ltd**  
**Other International Funds**  
 Estimated NAV \$119.88 - 32.23 0.00 24.32 20.48



**MMP Investment Management Limited (GSY)**  
**Regulated**  
**Multi-Manager Investment Programmes PCC Limited**  
 UK Equity Fd CI A Series 01 £380.40 380.41 231.75 - -2.98 13.94  
 Diversified Absolute Ret Fd USD CI AF2 \$1888.02 - 45.93 - -1.51 1.32  
 Diversified Absolute Return Stip Fd AF2 £1579.00 - -1.96 - 0.70 2.45  
 Global Equity Fund A Lead Series £1747.16 1747.16 -5.31 - -1.04 6.13

**Platinum Capital Management Ltd**  
**Other International Funds**  
 Platinum All Star Fund - A \$165.41 - - - 11.78 2.41  
 Platinum Global Growth UCITS Fund \$ 10.03 - 0.00 0.00 19.98 -11.74  
 Platinum Global Growth UCITS Fund \$ 9.42 - -0.70 0.00 -19.83 13.34  
 Platinum Global Dividend UCITS Fund \$ 48.58 - -0.09 0.00 5.32 -6.24

**Rubrics Global UCITS Funds Plc (IRL)**  
 www.rubrics.com  
**Regulated**  
 Rubrics Emerging Markets Fixed Income UCITS Fund \$ 140.95 - 0.08 0.00 0.04 -0.18  
 Rubrics Global Credit UCITS Fund \$ 17.69 - 0.02 0.00 4.80 -0.67  
 Rubrics Global Fixed Income UCITS Fund \$ 174.68 - 0.22 0.00 1.74 -1.05

**Marwyn Asset Management Limited (CIM)**  
**Regulated**  
 Marwyn Value Investors £329.72 - -6.14 0.00 - -7.17

**Scottish Friendly Asset Managers Ltd (UK)**  
 Scottish Friendly Hse, 16 Blythswood Sq, Glasgow G2 4HU 0141 275 5000  
**Authorised Inv Funds**  
 Managed Growth 390.50 - 2.00 - 12.67 4.89  
 UK Growth 438.40 - 3.00 - 9.87 1.73



**Private Fund Mgrs (Guernsey) Ltd (GSY)**  
**Regulated**  
 Monument Growth 25/06/2024 £576.84 582.49 1.73 0.85 7.81 2.60



**McInroy & Wood Portfolios Limited (UK)**  
 Easter Alderston, Haddington, EH41 3SF 01620 825867  
**Authorised Inv Funds**  
 Balanced Fund Personal Class Units 6209.50 - 4.70 1.40 6.54 3.25  
 Income Fund Personal Class Units 2951.10 - 3.20 2.40 8.53 4.41  
 Emerging Markets Fund Personal Class Units 2037.10 - 2.80 1.48 -6.98 -3.76  
 Smaller Companies Fund Personal Class Units 6177.50 - 16.90 1.30 1.04 -5.16

**Prusik Investment Management LLP (IRL)**  
**Regulated**  
 Enquiries: 0207 493 1331  
**Regulated**  
 Prusik Asian Equity Income B Dist \$187.43 - 0.43 5.96 -2.45 -0.15

**SICO BSC (c) (BHR)**  
 +973 17515033  
 www.sicobank.com  
 Khaleej Equity Fund \$605.49 - -14.95 0.00 3.97 7.47  
 SICO Kingdom Equity Fund \$ 37.11 - -1.03 0.00 5.24 8.19  
 SICO Gulf Equity Fund \$163.42 - -2.23 0.00 6.23 7.50

**Purisma Investment Fds (UK) (1200)F (UK)**  
 2nd floor, 20-22 Bedford Row, London, WC1R 4EB  
 Order Desk and Enquiries: 0345 922 0044  
**Authorised Inv Funds**  
**Authorised Corporate Director - Waystone Management (UK) Limited**  
 Global Total Fd PGC A 536.14 - 0.85 0.26 29.67 11.53  
 Global Total Fd PGC B 528.58 - 0.84 0.07 29.34 11.25  
 Global Total Fd PGC INT 517.21 - 0.81 0.00 29.02 10.97



**Purisma Investment Fds (CI) Ltd (JER)**  
**Regulated**  
 PGC B 415.05 - 0.25 0.00 30.33 7.45  
 PGC C 402.44 - 0.24 0.00 30.05 7.22

**Stonehage Fleming Investment Management Ltd (IRL)**  
 www.stonehagefleming.com  
 enquiries@stonehagefleming.com  
**Regulated**  
 SF Global Best Ideas Eq B USD ACC \$282.15 - 0.54 0.00 13.10 0.80  
 SF Global Best Ideas Eq D GBP INC £338.40 - -0.06 0.00 13.95 4.06



**Milltrust International Managed Investments ICAV (IRL)**  
 mmi@milltrust.com, +44(0)20 8123 8316 www.milltrust.com  
**Regulated**  
 Milltrust Global Emerging Markets Fund - Class A \$ 89.74 - -0.22 0.00 -4.45 -12.10



**Milltrust International Managed Investments SPC (UK)**  
 mmi@milltrust.com, +44(0)20 8123 8316 www.milltrust.com  
**Regulated**  
 Milltrust Alaska Brazil Fund SP A \$ 84.30 - 2.49 0.00 -16.49 -2.76  
 Milltrust Lauran Africa Fund SP A \$181.30 - -2.57 0.00 5.72 -1.69  
 Milltrust Mauritius India Fund SP \$157.97 - 0.80 0.00 19.33 5.57  
 Milltrust Single ASEAN Fund SP Funders \$144.94 - -0.08 0.00 14.63 -2.28  
 Milltrust SPARK Korea Equity Fund SP A \$142.18 - 1.15 0.00 12.01 -6.36  
 Milltrust Xinghai China Fund SP A \$ 80.66 - -1.14 0.00 -13.82 -22.50  
 The Climate Impact Asia Fund SP A \$ 70.25 - -0.50 0.00 -9.36 -11.91

**Ram Active Investments SA**  
 www.ram-ai.com  
**Other International Funds**  
 RAM Systematic Energy Markets Eq £253.67 253.67 -0.60 - 13.67 0.54  
 RAM Systematic European Eq £608.16 608.16 -0.21 - 16.93 2.33  
 RAM Systematic Global Sustainable Income Eq \$172.10 172.10 0.10 0.00 13.91 3.50  
 RAM Systematic LongShort European Eq £189.24 189.24 0.79 - 15.17 5.04



**Royal London (UK)**  
 80 Fenchurch Street, London EC3M 4BY  
**Authorised Inv Funds**  
 Royal London Sustainable Diversified A Inc £ 2.62 - 0.00 - 13.14 1.94  
 Royal London Sustainable World A Inc 489.10 - -0.20 - 16.02 4.13  
 Royal London Corporate Bond With Income 76.95 - 0.04 - 11.15 -2.23  
 Royal London European Growth Trust 231.40 - 0.00 - 12.36 5.68  
 Royal London Sustainable Leaders A Inc 852.00 - -1.10 - 10.72 4.80  
 Royal London UK Growth Trust 685.40 - 2.60 2.09 13.72 4.16  
 Royal London UK Income With Growth Trust 216.90 - 0.80 4.59 14.80 5.12  
 Royal London US Growth Trust 515.30 - 2.00 - 29.71 15.03

**Thesis Unit Trust Management Limited (UK)**  
 Exchange Buildings, St Johns Street, Chester, West Sussex, PO19 1UP  
**Authorised Funds**  
 TM New Court Fund A 2011 Inc £ 20.44 - 0.01 0.24 8.13 0.88  
 TM New Court Fund - A 2014 Acc £ 20.67 - 0.01 - 8.16 0.89  
 TM New Court Equity Growth Fund - Inc £ 22.85 - 0.02 0.06 9.44 0.86

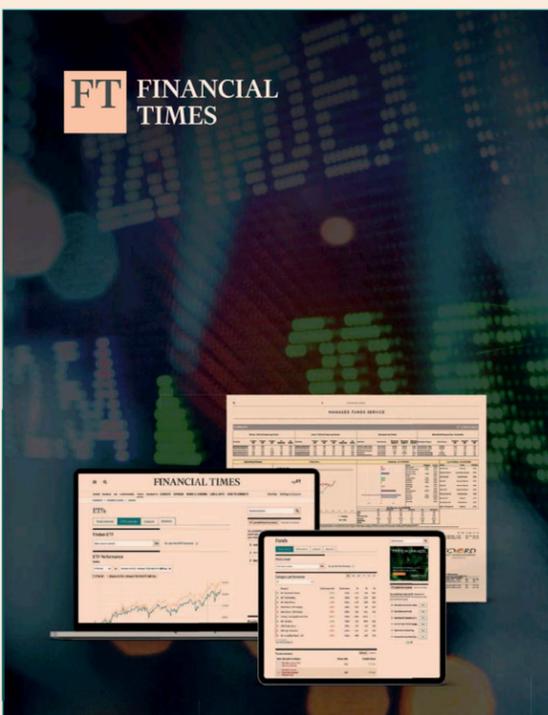
**Mirabaud Asset Management (LUX)**  
 www.mirabaud.com, marketing@mirabaud-am.com  
 Please find more details on our website: www.mirabaud-am.com  
**Regulated**  
 Mir - Glob Strat. Bd I USD \$125.89 - 0.14 - 7.93 0.47  
 Mir - DiscEur D Cap GBP £189.92 - 0.75 0.00 19.68 -2.35

**KEEP THE SPOT-LIGHT ON YOUR FUNDS**

Publish your funds in the Financial Times to stand out in a crowded market and reach an affluent audience with the liquidity to invest.

The FT's managed funds pages are a powerful way to promote your brand, communicate with your clients and attract new investors.

Contact data@ft.com or +44 (0) 20 7873 3132



**MANAGED FUNDS SERVICE**

Promote your brand, communicate with clients and attract new institutional & retail investors.

- Publish fund performance
- Connect with global investors
- Expand your reach

Advertising enquiries: data@ft.com

ft.com/funds



**MANAGED FUNDS SERVICE**

Promote your brand, communicate with clients and attract new institutional & retail investors.

- Publish fund performance
- Connect with global investors
- Expand your reach

Advertising enquiries: data@ft.com

ft.com/funds

**Guide to Data**

The fund prices quoted on these pages are supplied by the operator of the relevant fund. Details of funds published on these pages, including prices, are for the purpose of information only and should only be used as a guide. The Financial Times Limited makes no representation as to their accuracy or completeness and they should not be relied upon when making an investment decision.

The sale of interests in the funds listed on these pages may, in certain jurisdictions, be restricted by law and the funds will not necessarily be available to persons in all jurisdictions in which the publication circulates. Persons in any doubt should take appropriate professional advice. Data collated by Morningstar. For other queries contact reader.enquiries@ft.com +44 (0)20 7873 4211.

The fund prices published in this edition along with additional information are also available on the Financial Times website, www.ft.com/funds. The funds published on these pages are grouped together by fund management company. Prices are in pence unless otherwise indicated. The change, if shown, is the change on the previously quoted figure (not all funds update prices daily). Those designated \$ with no prefix refer to US dollars. Yield percentage figures (in Tuesday to Saturday papers) allow for buying expenses. Prices of certain older insurance linked plans might be subject to capital gains tax on sales.

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

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

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

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

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

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

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

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

**Time:** Some funds give information about the timing of price quotes. The time shown alongside the fund manager's/operator's name is the valuation point for their unit trusts/OEICs, unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

**The symbols are as follows:** \* 0001 to 1100 hours; # 1101 to 1400 hours; ▲ 1401 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that managers/operators deal at the price to be set at the next valuation.

Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators. \* Indicates funds which do not price on Fridays.

Documents may be obtained free of charge from fund managers/operators. \* Indicates funds which do not price on Fridays.

Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact data@ft.com or call +44 (0)20 7873 3132 for further information.



Data as shown is for information purposes only. No offer is made by Morningstar on this publication.

## WORK &amp; CAREERS

## Sponsor an arts festival now? You'd have to be mad



Rutherford Hall  
Critical Comms

Messages from the archive of Rutherford Hall, critical communications strategist

From: Rutherford@Monkwellstrategy.com  
To: AliceK@WhichWay360.com

Alice, how can I put this? Are you absolutely out of your mind? Under no circumstances whatsoever should your business sponsor a literary festival. Or an arts festival, a music festival or any kind of gathering that relies on the attendance of anyone in the arts. Also higher education. Do not give any money to an Oxbridge college.

Do not take advantage of this "once in a generation" offer to secure the naming rights for a prestigious book prize. For one thing, let me assure you it is not going to be a once in a generation opportunity. If current trends are anything to go by this is more likely to be a once in a month opportunity.

I know that in a previous life – earlier this year perhaps – I would have advised you that this was an extremely valuable brand association with all the advantages of linking your company to culture. But that was then. The targeting of businesses that support the arts by headline protest groups has made this a high risk exercise that

exposes you to attacks and brand damage. The attacks are often specious and highly misleading. But as they say at the BAF IAs, a lie is halfway around the world before the truth has managed to lace up its Zegna sneakers. Frankly, anything that puts your business at the mercy of the whims of Charlotte Church or a book festival that folds at the threat of losing her is a comms no-no. Personally I'd pay good money to go to a book festival that guaranteed Greta Thunberg wasn't coming but you can't argue with her clout.

It's a shame but seriously. Steer clear. Maybe sponsor a yacht race, something wetter and less vulnerable to boycotts.

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

From: Rutherford@Monkwellstrategy.com  
To: AliceK@WhichWay360.com

Alice, of course I know that WhichWay 360 is not a fossil fuel firm but an investment house with the highest ethical standards and a great record on sustainability, which is why we are so proud to work with you. Nor do you export arms to Israel or drones to Russia (although I'm not sure the last is as big a problem for these people). But you have all kinds of investments and some of

them will indirectly link back to something these people don't like. It may be a rounding error on your balance sheet but they don't care. In fact, that makes you a better target for organisations like Fossil Free Books or Israel Free Jazz since they think you are more likely to give in and divest from something not central to your P&L.

I know from our many conversations, your deep and abiding passion for literature and the arts. Some of the plays you've recommended have accounted for the longest nights of my life! But political protest groups don't recognise good intentions or a desire to spread culture. They simply accuse you of "artwashing". They don't understand it's nothing to do with the brand and much more about buying the chance to spend the weekend hanging out with Zadie Smith in the green room.

The danger is you will find your offices targeted, your name trashed. Writers, musicians and whoever will come under pressure to pull out – threatening the festivals' cash flow and ticket sales – unless you divest from some index tracker fund that's done well for your customers. Organisers who were fawningly grateful for your cash will suddenly be disassociating themselves from you.



Maybe back a yacht race, something wetter and less vulnerable to boycotts



Look at Baillie Gifford. You could hardly find a more benign organisation, more genuinely committed to the arts. Did it make a difference?

Best, Rutherford  
Find me at . . .

From: Rutherford@Monkwellstrategy.com  
To: AliceK@WhichWay360.com

Alice, I salute your courage and indefatigability. You are right someone needs to stand up to threats. But my strong advice is that someone really ought to be someone else. Yes, arts and culture will be the losers. The big name artists won't suffer but the next generation will find a smaller world for their work. It is a wretched state of affairs. But that's not a reason to make their problems yours. They need to show backbone and fight their own battles. Don't take the bullet for them.

I know this feels wrong. It is wrong. But this could not be an easier call. If you are looking for other outlets, Formula One is high visibility and none of the drivers are able to join a fossil fuel protest. I'd be happy to represent you in Monaco.  
Best, R

Messages recovered by Robert Shrimley

## Employment

# 'You have to be around for the moment they might speak to you'

Working parents with teenagers often receive less empathy over the 'juggle struggle', writes Emma Jacobs

Maternal responsibilities have compelled Katy Hewin to take a step back in her career with asset manager Janus Henderson. The single mother has not been juggling bath-time and weaning with her job as business manager but supporting her son through his recent A-levels and her teenage daughter.

"I always think, 'bigger kids, bigger problems,'" she says. "Adolescence is really hard. You're wanted and you're not . . . You have to be around for the moment they might speak to you."

Hewin feels supported by her employer and has flexibility around her schedule and location. "I know I'm working very hard – [I just] do it at different times." Nonetheless, she has curbed international travel, and not sought big supervisory roles because she feels she lacks the bandwidth to take on extra responsibility. "When you manage you get enmeshed in [staff's] lives." Her children are on the cusp of independence but she is paradoxically tethered to the home more than when they were younger and she was helped by an au pair and wrap-around school care.

Working parents of teens are grappling with different challenges to those deep in nappies and fatigued by broken sleep. Miranda Perry, co-founder of Abrial, which advises schools and parents, says: "It's normal to be a working parent and stressed with a teenager. They need reassurance. The networks parents had before in school were different, you had more reassurance through WhatsApp groups." While the challenges are still demanding, many working parents feel unsupported by employers.

Since the pandemic, Daisy Dowling, an executive coach for parents who also advises employers, observes greater stresses, including mental health problems, among children. In the US, Vivek Murthy, the surgeon general, recently warned the mental health crisis among young people was "an emergency." In the UK, almost one in five children aged 7-17 has a probable mental disorder, a 50 per cent increase from 2017, according to the Royal College of Paediatrics and Child Health. There is also anxiety over teens' use of technology and greater demands on parents. "Home used to be a refuge," says Dowling. "[Now] work follows you home."

Few employer initiatives and employee resource groups for parents include those with older children. "The parents of teenagers are almost invisible," says Dowling. "Ninety-eight per cent of resources are targeted at people who are going out on parental leave and returning."

Beyond that, statutory benefits vary across the world. In the UK, employees are entitled to up to four weeks



Katy Hewin took a step back in her career to focus on her children  
Anna Gordon/FT

unpaid leave a year for each child, with a maximum of 18 weeks.

Some parents identify less tolerance of family duties from employers when their children are older. "Once your child has got to a certain age, it's expected that you will increase your hours," says one mother who works in law. "There's less understanding of the demands of [older] children."

However, Anita Cleare, author of a forthcoming book *How to Get Your Teenager Out of Their Bedroom*, observes a recent shift – one of her most requested sessions for employers this year has been on how to persuade teenagers to open up. "I do think firms are cottoning on to the potential impacts the teen years can have on working parents."

Cleare says the "tendency for parents to be more interventionist and hands on these days which, alongside a teen who might have a bit of a gaming or phone habit or just not be very motivated to study, can make parents want to be around a bit more so they can supervise and galvanise."

A study last year by Essex University found that in the UK "in 1961, mothers spent an average of 96 minutes per day on childcare, which increased to 162 minutes per day in 2015. Fathers did 18 minutes of childcare per day in 1961, which increased to 71 minutes per day in 2015."

This is also a time in their lives, Dowling observes, when parents are anticipating regret. "Where somebody has a 15 or 14-year-old and they realise, oh, my gosh, I've got two years left – when my child is gone am I going to realise I've misused my time with them. There's a reckoning point when they realise how much time they've got left."

Michael Whitworth, a former headteacher and co-founder of Abrial, says an additional pressure has been the "rapidly growing diagnoses of neurodivergence, which require . . . a lot of time spent with medical practitioners and

schools and a lot of knock on stress."

In some cases, parents are opting to take time out of work, dubbed "teen-ternity", to support their children during exams or through a crisis.

Suzanne Alderson stepped back from the business she ran with her husband after her daughter suffered an acute mental health crisis. "When you are in this situation, you are in fight or flight."

Her experience led her to set up charity Parenting Mental Health. She says returning to work after such crises can be a challenge. "Your brain is offline. You're unable to take information in. But we see loads of parents go back [finding] it affirming. Parents say work can be the thing that keeps you going."

However a recent survey by her charity found that 13 per cent of parents who

**'Once your child has got to a certain age, it's expected that you will increase your hours'**

were dealing with their child's mental health had to give up their job completely. Many others have to take unpaid leave, which "can add another layer of financial and career stress".

Molly Walsh took six months off from her job in financial services after her teenage son started to struggle. It could take up to an hour for her together with teachers to coax him into school. "I was late for work all the time."

Now her son is happier, following an autism diagnosis and support. "If you'd told me five years ago that he would be sitting his GCSEs I would not have believed you," Walsh says.

The experience made her determined to create a "positive" outcome for others. "I thought I can't be the only person going through this. There's so much parent shaming and vilification." After set-

ting up a company employee resource group for parenting, she held a session on her own experience. "I was gobsmacked to find how many parents were going through it." Her group now advises colleagues who are dealing with prosecution for their child's poor school attendance and helps parents navigate mental health services.

Dowling stresses that employee resource groups should be inclusive. "Make sure it's for parents of older children. Newer parents tend to cluster, whereas working parents [of teens] don't tend to do that."

They should also include fathers. Jeremy Davies, deputy chief executive of the Fatherhood Institute, says "fathers do seem to take more of a step back from the full-on breadwinner role when they have older children. It may be that this happens when fathers reach a level of seniority that enables them to take the foot off the pedal a bit."

Informal flexibility is also important to allow parents to go to school or health appointments. Alderson says that post-pandemic, employers have become more sympathetic to what she calls the "juggle struggle", but return to office mandates may see this reverse. "The more open we can be about the demands we face outside of the office and what would help both employers and employees, the more committed and loyal we will become."

Internal communications can support this message, says Dowling. "Imagine at the next town hall, a senior person gets up and says they were at home yesterday as their 14-year-old was ill, it makes it easier for others to do."

Robbie Green, an executive coach at TalkingTalent, says "companies need to be respectfully responsive when parents set boundary lines".

Alderson adds that should continue beyond the early years. "It's an error in our thinking that the harder times are when our child is younger."

## Work watch

### The pros and cons of staff promoting their company on private social media feeds



Leah Quinn

Would you let your boss examine your social media? For many of us, the answer would be a firm no. What about allowing your manager to tell you what to post?

It may sound dystopian but increasingly workers are willing to post on their employer's behalf. A number of companies have identified marketing potential in staff's personal X, LinkedIn or Instagram profiles and, in what are innocuously known as "employee advocacy programmes", are encouraging workers to share positive news about the company.

"Employees [are] an organisation's best and most authentic influencers," says Scott Morris, chief marketing officer of software company Sprout Social. "Brands are utilising advocacy programmes to harness the influence of their employees by encouraging them to promote their company, products and wins."

For employers, such programmes are alluring. We listen more to our friends and family than companies, so getting employees to make chirpy posts about products looks like a quick route to more effective promotion – at a fraction of the price of hiring external adspace.

Do-it-yourself marketing can also "increase employee engagement and productivity" says Gartner, by providing staff with a way to consider their stake in the company, and to act on their belief in its work.

When Texas-based software company Simplifi launched an employee advocacy programme in 2023, Morris says, it benefited from nearly \$90,000 in estimated earned media value. Another company that launched a similar scheme, software group Ivanti, "saved \$500,000 in annual marketing costs by tapping their employees to reach more customers."

One member of staff at Ivanti made a company-approved post on LinkedIn highlighting the "exceptional employee experiences" and other benefits it can offer customers.

Employees at Ivanti were incentivised to take part in the scheme, with staff who had the most impact

winning up to £500 in award points or Amazon gift cards each quarter.

Whether employees are paid for promoting their company on social media differs from firm to firm, says Jenna Jacobson, research fellow at Toronto Metropolitan University's Social Media Lab. "Some companies have formal arrangements [around payment]" she says, involving employer-approved posts. In other companies, programmes are unpaid.

But that doesn't mean there is nothing in it for staff: according to Hinge Research Institute, 86 per cent of employees in an advocacy programme said it had a positive effect on their careers, for example by expanding their network.

Asking employees to mix their personal online presence with work can get murky, though. Staff posts may not always give the positive marketing boost companies hope for, and requests that staff take work out of the office may be perceived as an intrusion.

"Employees have a powerful voice but this is also risky for employers," Jacobson says.

Authenticity, she adds, is "highly valued on social media" and employee influencers risk being "seen as inauthentic if they are posting too often or are overly enthusiastic". That can have blowback.

Entrepreneur Ben Askins, who calls out bad bosses to his 741,000 TikTok followers, describes it as "a real red flag when companies think they can treat employees' personal social accounts as PR arms". He says he has heard of cases where staff have been threatened with disciplinary action if they refuse to share a company post to their social channels.

Employees may also be obliged to declare their posts as advertising. The UK's Advertising Standards Authority classes influencers as people "paid to promote a product or service on their social media". Influencers are required to declare such posts, preferably "through #ad" being prominently displayed.

All that suggests companies hoping to take advantage of employee advocacy programmes must tread carefully, says content creator Jacob Simon. "The strength of a portrayal often comes in the proof they have," he says. "Audiences are smart, and saying 'we're doing good' without saying 'and here's how . . . ' falls short."

## WORK &amp; CAREERS

## Technology

## Five ways AI is helping at work

FT's Working It podcast team Isabel Berwick and Mischa Frankl-Duval find out what new tech can do

**T**alk of how generative artificial intelligence is shaking up our work life is everywhere – from its ability to automate mundane everyday tasks, to producing personalised avatars to take our place in meetings.

But how much does the average worker yet understand about the opportunities and risks for their careers and how can they get the most out of the rapidly evolving technology?

The question prompted the Financial Times' Working It podcast team to produce a three-part series about AI at work: what it can do, what it can't do – and what might happen in the future.

They have distilled what they learned into five top insights. Listen to the series in full at [ft.com/working-it](https://ft.com/working-it).

### 1. AI helps with succession planning – and career progression

Everyone knows generative AI is trained on the data it is fed and, when it comes to its use in recruitment, that has downsides. Much attention has been paid to potential hiring biases and other grim (let's hope, unintended,) consequences. If the data contains human biases, these will be reflected in potentially discriminatory AI decisions.

But Chano Fernández, co-chief executive of Eightfold, an AI-based talent platform, points out ways the technology can enhance recruitment practices.

"Usually large [tech] companies tend to think about succession management for the top 200 executives," he says. AI expands that – we might say democratises it – suggesting succession plans for lower-ranked employees and helping companies identify candidates for vacant roles from a wider pool.

The software can highlight vacancies to a large number of people – but a twist is that it can also show candidates which key skills they are missing for a particular vacancy. That gap might prevent workers from getting the job this time round, but, Fernández says, the AI helps workers to look at the future in a more

We will pay extra for the cachet . . . of something crafted by hand (or by mind, in this case)

structured way. It will show them how to acquire the skills to be eligible for that level of job but it will also, he suggests, "expose different career paths, different journeys that [they] could have as a professional".

This can be useful for businesses preparing to hire – and also prompts more imaginative career planning for workers.

### 2. Prompt engineer will be an in-demand job

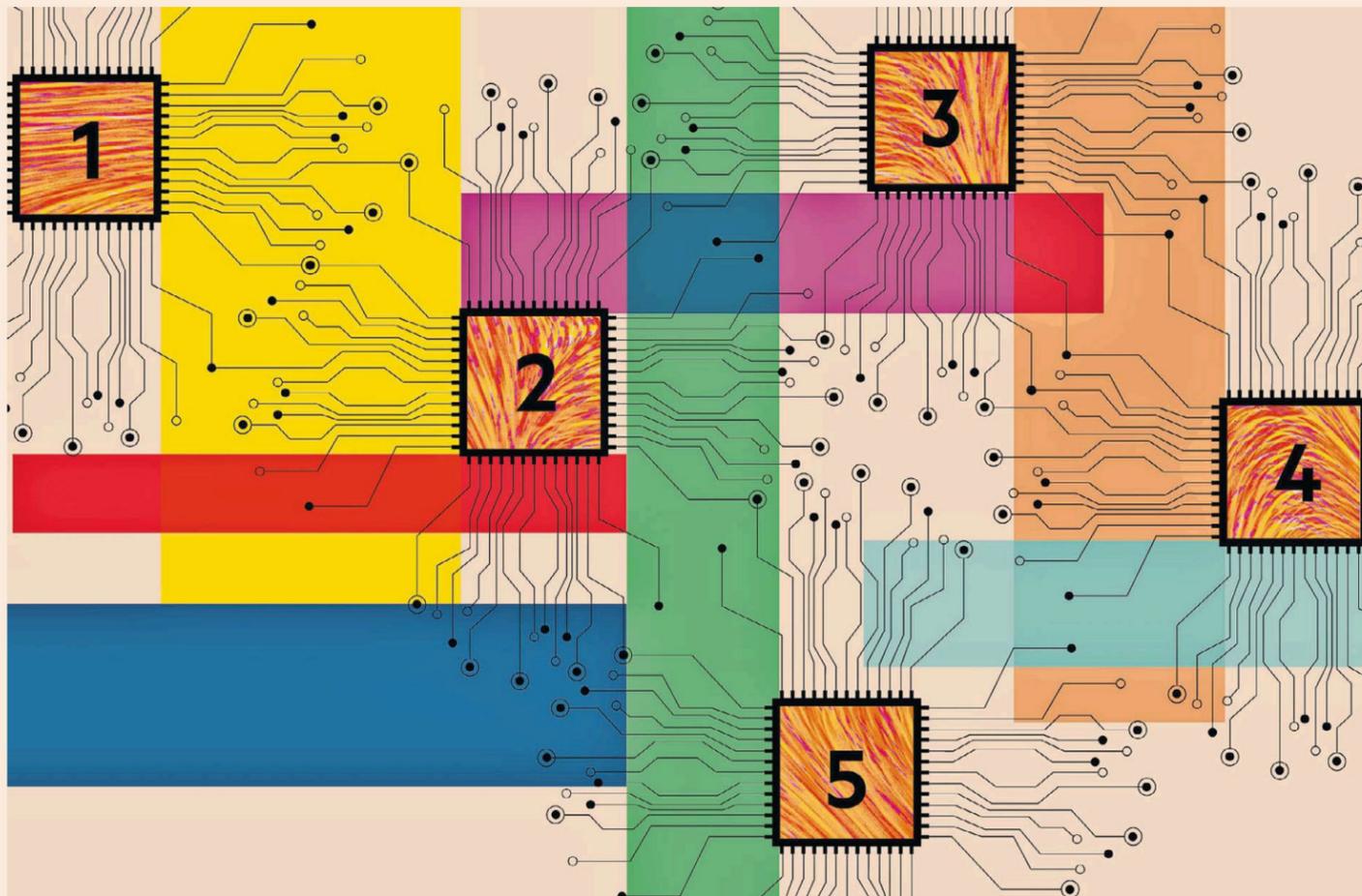
Prompt engineering – the words, queries and requests that are fed into an AI tool to generate the desired output – is going to be *the* in-demand job of the future (so those humanities degrees may not be in vain). Generative AI is only as good as the instructions humans give it, so we need to develop our communication skills – and it will learn with us.

Marcus du Sautoy, the Simonyi professor for the public understanding of science at Oxford university, tells us how that is shaping up: "I'm not particularly good yet at prompting [AI] to go in the directions I would like to push it. [But] I can see that there are already people who are practically artists of the prompt. They are almost writing poetry into the AI, which elicits . . . incredible visual or oral responses."

Dan Sherratt, vice-president of creative and innovation at the design agency Poppins, gives a practical example of the basics of prompt engineering: "It still is a computer. It still responds to commands. And that is still, essentially, when you break that down to its simplest form, ones and zeros.

"You have to give it commands in order to receive the right answers. For example, you could ask it specifically to create a photograph that was shot on a specific kind of film, with a specific camera at a specific time of day. So recreating images is far more impressive than just using it like a stock photography search engine."

Prompt engineering is a skill – not



Prompt engineering – the words, queries and requests that are fed into an AI tool to generate the desired output – is going to be *the* in-demand job of the future – FT montage/Unsplash/Dreamstime

just a set of instructions – and companies are increasingly likely to need to hire people who are good at it.

### 3. AI is already taking our work – but not the good stuff

When we asked our podcast guests about AI models taking away their work, they said broadly the same thing: *AI is* (or will soon be) taking some of it. But it is not taking away the parts that necessarily matter to them. This reminds us of the well-established practice of "job crafting", where workers are allowed to ditch the bits of their job that they don't like in order to get more meaning and purpose from the parts they value.

In the past, this probably meant an unfortunate colleague was landed with your boring data inputting or admin tasks. Now generative AI can do it.

To ease the demands on her time, Iliana Oris Valiente, an executive at Accenture Canada, turns to her "digital twin," Laila. Trained on years of Accenture case studies and research reports, Laila "can and absolutely will" attend meetings in Valiente's stead. That means tasks get done more quickly, as Valiente is freed up – and she can dodge repetitive conversations about previous projects. "By the time you've had [that conversation] 15 times, it's really not that interesting," she says.

The podcast team's bigger question is around the advisability of allowing digital assistants, and AI generally, to take on more of our work. We asked Madhumita Murgia, the FT's AI editor and author of *Code Dependent: Living in the Shadow of AI*, to give us her perspective on what the tech can – and can't – do for us at work.

There are two aspects to this: first, the human one. We may not feel comfortable with an avatar coming to our meetings. And what does it say to the team if a manager just never turns up in person? A digital twin may even look like the boss – Laila looks like Iliana, for example – but perhaps that makes it even weirder?

And, more importantly, AI just *makes stuff up*. As Murgia says: "I think it's going to take a lot more behavioural change for us to have these twins or assistants do our jobs, because they're not fully accurate. They're riddled with errors. This is inherent, actually, to how generative AI systems behave. They make things up.

"So for us to say, 'is it OK for me to have a digital twin take notes in a crucial meeting that I've got to act on?' – that is a big jump from a human perspective. I'm not convinced that we're all just going to divest responsibility on that."

### 4. Human-made creative work will be a luxury, high-status product

We are often happy to pay more for a coffee made in a trendy shop, where the barista puts their signature pattern into

the foam, rather than choosing a (slightly) cheaper drink ejected at the touch of a button. That analogy can help explain the potential future of creative work. We will pay extra for the cachet and superiority of something crafted by hand (or by mind, in this case).

For jobs, that means individual, high-value creative work involved in industries such as design and marketing, is not likely to be replaced by AI anytime soon.

Dan Sherratt says his company uses AI "almost exclusively in the pitch and proposal process" and would not use it in the actual execution of creative work. "It's really, really good for conceptual work and it's not quite as good as you'd expect it to be yet at producing finished files."

He notes that "higher value is [already] applied to things that were made with harder work [in industries such as fashion] . . . You buy a custom pair of shoes from an Italian shoemaker who's got a family business hundreds of

'Higher value is [already] applied to things that were made with harder work'

years old, versus a mass produced sweatshop sneaker that has no intrinsic value, or storytelling, to be had with it. So, creatively, that could be where we're heading."

### 5. AI can help introverts to shine

The use of AI in recruitment is already fairly widespread, with tools available to, for example, screen job applications and help candidates write CVs. Ali Ansari, founder of recruitment service micro1, goes one step further, offering an avatar interviewer in its AI-based system for software engineers. He says this can be particularly beneficial to introverts and people with neurodiverse conditions such as autism, for example, who can find face-to-face interviews (whether online or in person) intimidating.

Does an avatar ease the tension? Yes, says Ansari. "We've seen a lot of comments about that, candidates basically saying: 'I'm an introvert and this was really great. I was able to talk about the sort of architecture of some back end system or the design of some front end system, without being nervous that I'm talking to another human'."

He says this sort of digital interview can improve the experience for candidates and "eventually be much better than that of a human technical interview".

As new generations enter the workforce, having spent their childhoods gaming, avatar interviewers are likely to feel like a natural progression.



FT BOARD DIRECTOR PROGRAMME

## BOARD DIRECTOR ONLINE

### Self-paced, eLearning for rapid upskilling of senior executives to help grow stronger, more effective boards.

Are you looking to develop the skills to be a more effective director? Or gain a better understanding of the roles and responsibilities of the board?

Designed by experts in the field, the Board Director Online is a series of self-led, e-learning courses developed by the FT Board Director Programme for existing board directors, as well as individuals not yet at board level.

Whether you are a newly appointed director, already have board experience, or are not yet working at board level, the Board Director Online will provide you with an in-depth understanding of the role of a board director. Each course is formally CPD accredited, 4 hours' duration, and completed at the learner's pace.

#### Our Courses:

- The Role of the Board
- The Role of a Board Member
- Essential Financial Skills for Board Members
- Culture, Strategy and the Board

In association with



Find out more at [bdp.ft.com](https://bdp.ft.com) +44 (0) 207 873 4909

## ARTS

# Supercharged spectacular

Glastonbury Festival had K-pop debutants, 1960s veterans and undiluted Coldplay feelgoodism, writes Ludovic Hunter-Tilney

Glastonbury's Saturday-night headliners are usually the gateway into a wild night of escapades in the festival's madly diverting 900-acre site. But after Coldplay's record-breaking fifth time headlining the Pyramid stage, I needed a lie-down in a darkened tent. This was a retina-dazzling, synapse-frying, sensory overload of a show. I found it unbearable.

Mind you, everyone else crammed into the vast Pyramid space, which holds more than 100,000 people of the 210,000 people present at the festival, seemed to love the performance. From the moment the British band launched into their opening number "Yellow" — one of their earliest and best anthems — to their finale with blandly comforting new single "feelslikeimfallinginlove", the place was a ferment of flares, hands in air, girls perched on lads' shoulders, flags, fireworks, confetti, flashing electronic bracelets and lasers.

This was a spectacle designed to be seen from outer space: Chris Martin and his bandmates were out to make a Big Glastonbury Statement. They were joined by a large, random assortment of guests: a string orchestra, Femi Kuti's Afrobeat big band, a choir led by the singer-songwriter Laura Mvula, rapper Little Simz, the actor Michael J Fox (now sadly affected by Parkinson's disease) — an inspiration to the band, so Martin explained, for his guitar-playing turn in *Back to the Future*.

The element binding all this together was positivity of the most relentless and overbearing variety. Martin, choosing his words carefully, held the festival up as a paragon of inclusivity in a world "that can be perceived as divided". This was a night, he added, for Israelis

and also Palestinians, Ukrainians and also "peaceful Russians". Chants of eh-oh and ah-ay were crowbarred into songs to illustrate the theme of togetherness. The agelessly athletic Martin, 47, twinkled and beamed and sang yearning high notes as the fireworks, confetti etc erupted around him — a prophet of supercharged feelgoodism for the wellness age.

I much preferred the previous night's headliner, Dua Lipa. She put on a 90-minute big-pop show, smoothly powered and well resourced, but not straining for a grand statement. Songs from her underwhelming new album *Radical Optimism* (a Coldplayian title) were sharpened up. Hits from its predecessors sparkled. There was a lot of choreography with backing dancers: cue synchronised hair flick and hard stare at the camera. A runway leading into the audience was a Glastonbury innovation — and needed too. The Pyramid stage's former proscenium-limited set-up has become an anachronism in the era of arena pop with multiple performing areas.



Above: Coldplay's set was a riot of flags, fireworks, confetti and lasers. Below left: Little Simz mixed gravity and nimbleness — Joe Maher/Getty, Andy Rann/EPA-EFE/Shutterstock

At one point, Lipa told viewers to get off their sofas and dance. The reference was to her other audience, the one watching on television. Last year, when Elton John's headlining set was watched by more than 7m people, Glastonbury extended its broadcasting deal with the BBC. This year there will be more than 125 hours of TV and radio coverage, the most ever.

The scrutiny of unseen millions can be double-edged. Some viewers accused Lipa of miming, which she denied. (From my vantage point, she seemed to be singing live, and doing so well too.) But the BBC link, with its public funding, also compels Glastonbury to open itself up. Unlike last year's all-male line-up of headliners, the 2024 equivalent managed to pull off the tricky balance between broadening appeal and serving up typical Glasto fare. (Following Dua and Coldplay, the final headliner is SZA, the Gen-Z favourite whose

typical habitat is TikTok, not rock festivals.)

"Making history, Glastonbury" was the slogan on a sign held on the Pyramid stage on Friday. In terms of "I was there moments", this one wasn't quite up there with Jimi Hendrix doing "The Star-Spangled Banner" at Woodstock. I will not beckon my future great-grandchildren to gather round as I mumble about witnessing it. But nonetheless history was indeed being made. Glastonbury was hosting its first K-pop act.

The pioneers were Seventeen, a sprawling boyband with 13 members, mostly dressed in ripped dark denim and vests. The sign with the slogan was held by one of them. Although the group were second only to Taylor Swift in album sales last year, their slot was scheduled for mid-afternoon, a low-status billing. Conscious of their role as history-makers, Seventeen rose above the demotion. Limber dance routines and hooky songs were delivered with the kind of seriousness that makes frivolous chart-pop all the more enjoyable. "Very Nice" inspired something of a sing-along, the festival's seal of approval.

Glastonbury, of course, has its own rich history: the first one was held in September 1970, the day after Hendrix died. Its co-founder, Michael Eavis — Sir Michael now, following his knighthood this year — did his traditional turn singing Frank Sinatra standards at the Park stage on Thursday, before the official programme began. The 88-year-old ploughed through the songs looking frail in a wheelchair, but sang about doing it his way in a sturdy farmer's voice. (For the rest of the year, much of the festival's site is a dairy farm.)

"It's Latin, so you have to move your hips," said Peruvian electronic musician Sofia Kourtesis, introducing a song on the West Holts stage. A dry weekend, warm on Saturday, meant that feet were able to move as well: the dreaded Glastonbury mud was absent. On the same stage, a 79-year-old attendee of Woodstock, Indian singer Asha Puthli, made

her Glasto debut with an evergreen set of vintage funk and soul. At the Avalon tent, a 75-year-old survivor of the Swinging Sixties, Lulu, closed her set with a cover of Elton John's "I'm Still Standing" before issuing a trouper's plug for her autumn tour.

West Holts was overwhelmed by too many people wanting to see 2000s girl group Sugababes, who should have been scheduled for a larger space. Australian dance music duo Confidence Man drew a big crowd on the Other Stage for their ultra-aerobic party-starting routines: dazzling and witty to watch, but in danger of outshining the quality of the songcraft. Rock band The Last Dinner Party were popular draws on the same stage, playing tracks from their chart-topping debut album with an abandon missing from the mannered recorded versions.

Northern Irish rappers Kneecap packed out the Woodsies tent for an incongruous morning set of entertainingly belligerent tracks rapped in English and Irish. Meanwhile, Femi Kuti preceded his Coldplay guest spot with an appearance on the Pyramid stage. His oldschool Afrobeat was followed by

modern Afrobeats from fellow Nigerian Ayra Starr, who was accompanied by a starry retinue of dancers but watched by a relatively sparse crowd.

One of my highlights was chanced upon during a nocturnal visit to Shangri-La, the festival's dance-music zone. It was an early-hours set by Australian band Psychedelic Porn Crumpets, who belied the hot buttered mess of their terrible name with a knockout set of heavy psychedelic rock, including a song about seeing God in a tomato. But of course.

The other highlight was Little Simz, who played immediately before Coldplay on the Pyramid stage. The Londoner rapped with a mesmerising mixture of gravity and nimbleness, moving around beats while seeming to weigh each word for significance. Her sense of achievement at playing the largest audience of her career was transmitted without gush or complacency. "I don't do limits," she rapped in her rapturously received last track "Gorilla". Here was a big Glastonbury statement of the best kind.

[glastonburyfestivals.co.uk](http://glastonburyfestivals.co.uk)



Friday's headliner Dua Lipa exhibited arena-pop flourish — Joe Maher/Getty

## THE BANKER

### BANK OF THE YEAR AWARDS 2024

Entries are open

The Banker's Bank of the Year Awards are the most prestigious in global banking. The scope of the awards covers more than 120 countries worldwide.

Banks from around the world covet these long-standing and highly esteemed awards, which showcase their impressive achievements during the previous year.

The competing institutions will be judged on their ability to deliver strong financial performance and to gain strategic advantage, whether by using new technology or coming up with innovative, cost-efficient ways of expanding their businesses and increasing customer satisfaction.

Find out more and start your entry at: [boty.thebanker.com](http://boty.thebanker.com)



An event from the Financial Times

## A 24-carat fraud revisited

### PODCASTS

Fiona Sturges



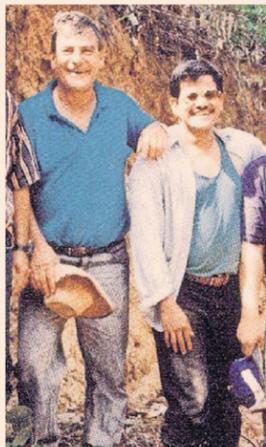
What was going through the mind of Filipino geologist Michael de Guzman as he boarded a helicopter to Busang in Indonesian Borneo in the spring of 1997? His destination was the site of what was said to be the largest gold discovery in history. Twenty minutes after take-off, the pilot heard a popping sound and felt a whoosh of air. When he turned around, one of the rear doors was open and de Guzman's seat was empty.

Did he jump, was he pushed or is there another explanation? These are the questions underpinning *The Six Billion Dollar Gold Scam*, a podcast produced by the BBC World Service and hosted by Canadian journalist Suzanne Wilton, who has been reporting on the case on and off for 25 years.

The bare bones of the story are as follows: in the early 1990s, a Canadian mining company called Bre-X Minerals, where de Guzman was chief geologist, claimed to have found "the mother lode" in the Indonesian jungle. This prompted thousands of investors,

from first-timers to millionaire financiers, to empty their wallets; share prices soared.

The site was hard to access, meaning outsiders needed the services of the indigenous Dayak people as guides. Its remoteness both added to its allure and made it susceptible to corruption; as news of the gold travelled round the world, mining companies wanted a piece of the pie, prompting them to embark on a charm offensive with



John Felderhof, left, and Michael de Guzman of Bre-X AP/Canadian Business Magazine

Indonesia's president, the military dictator Suharto.

Given the podcast's title, it is no spoiler to reveal that claims of a golden jackpot in Busang were absolute nonsense, ultimately leading to the loss of livelihoods and life savings. Despite this, no one was successfully prosecuted. As for de Guzman, a hard drinker whose downtime was spent in strip clubs, many held him responsible for tampering with samples that tricked the world into believing there was \$6bn worth of gold on the site.

You can see why this remarkable tale of greed, intrigue and epic deceit has been catnip for storytellers: it is already the subject of a book and inspired the 2016 Hollywood movie *Gold*, starring Matthew McConaughey. Wilton does a decent job of making old material feel fresh, though nine episodes feels like too many. *The Six Billion Dollar Gold Scam* suffers not so much from of a stretching of material as a desire to include every detail and test every piece of evidence; I can't be the only listener to have fitfully lost track of the protracted negotiations and expanding cast of men in suits.

Despite this, it is worth pressing on for the final three episodes that yield new information and a suitably mind-blowing theory about de Guzman's final hours. If you thought the scam story was good, the murder mystery is pure gold.

[bbc.co.uk](http://bbc.co.uk)

## FT BIG READ. CHINESE CAPITAL MARKETS

The overseas bondholders who poured money into China's real estate boom have discovered to their cost that they have little recourse in the Chinese system when boom turns to bust.

By Thomas Hale, Kaye Wiggins and Wang Xuexiao

# Stranded in Evergrande's web of debt

In Changsha, the capital of Hunan province, Yang has just finished his morning flute practice by the lake next to his apartment. Over his seven decades he has lived in five different housing compounds, but says this one, with its greenery and nearby high-speed rail link, is the best.

Yang, who declined to provide his full name, bought into the Changsha Evergrande Oasis, one of many developments in the region, for Rmb615,000 (\$85,000) in 2009. A year later, he and his son's family moved in.

Although the name has since become synonymous with the rise and fall of Chinese real estate, back then he knew "nothing about Evergrande" or "where its money came from".

At the time, it was expanding rapidly. The year Yang moved in, Changsha Oasis brought in Rmb1.7bn (\$230mm) in sales. In 2011, when Evergrande issued over \$1bn of bonds settled in dollars to overseas investors, its offer document mentioned the project nine times.

The document, which offers the most comprehensive insights into Evergrande's funding mechanisms, bore the logos of western investment banks such as Bank of America, Deutsche Bank and Citi alongside that of state-owned Bank of China International. More pertinently, they promised coupons of up to 9.25 per cent — a highly attractive return in a world of near-zero interest rates.

It was part of a wave of bond issuance that funnelled tens of billions of dollars from western financial institutions, and the savers ultimately behind them, into China's real estate boom.

Endorsed by Wall Street's finest and often issued via Hong Kong, with its westernised legal system and investor protections, they represented a financial bridge between China and the wider world. But they offered none of the security usually associated with debt instruments when boom turned to bust.

The 2011 bonds fully matured in 2016, but many more recent issues with similar characteristics are close to worthless. They are being fought over by restructuring experts, and picked over by speculators hoping to salvage some returns in a Hong Kong insolvency process.

Almost three years after Evergrande first missed payments to offshore investors, China's real estate industry is still struggling. Beijing has refused an overt bailout but has permitted local authorities to buy unsold housing. Many of the projects launched developers are unfinished, and in some cases under the control of provincial bureaucrats rather than the overseas investors who helped to fund them. In Hunan, local government late last year identified 45 unfinished Evergrande projects alone.

Dozens of investors in Evergrande bonds, the structure of which is rarely discussed outside specialist circles, declined to comment to the FT, as did the banks.

Their rise and fall sheds light on the profound differences between mainland China's financial, legal and political systems and those of the wider world, and raises questions over how capital will flow between the two in future.

"The international investing community wanted to be part of the great real estate boom in China, and the Chinese real estate companies recognised this was an avenue to generate liquidity... in some senses it was a match made in heaven," says one restructuring specialist. "Everything was premised on the assumption that the real estate market would continue to rise."

Before Evergrande listed its shares in Hong Kong in 2009, it was already drawing in money from outside China. One former investor, who spoke on condition of anonymity, participated in a private placement that raised over \$500mm in the mid-2000s.

At a creditors' meeting, he recalls discussing one of the projects that had been earmarked for the funds. It was supposed to be completed in three to five years, but someone had visited the construction sites and found there was "nothing going on". Money, however, "was flowing out of the account".

The investors' money was released from a mainland bank account after the company provided invoices stamped with an official seal. But "you couldn't find who had signed it off", the investor says. "They might say, you know, five tons of steel, but five tons of steel for what? It doesn't matter."

"What became evident was [the money] was raised against certain projects, but wasn't necessarily spent



The rise and fall of Evergrande bonds sheds light on the profound differences between mainland China's financial, legal and political systems and those of the wider world  
FT mortgage: AFP/Getty Images

on those projects," he concludes.

In Hong Kong, the perils of trying to account for mainland assets and liabilities were well known after a wave of often speculative state-owned companies listed there in the 1990s.

"They were effectively towns," says one person involved in some of the earliest listings, referring to the range of municipal assets such entities often controlled. "As much as possible, we tried to get them into the international model."

A private property market had been recreated in the same decade in China, and by the 2000s it was a leading driver of economic growth. But, wary of the risks of an overheating property sector, Beijing was already starting to rein it in.

A 2007 circular issued by the People's Bank of China prohibited commercial banks from lending to any developers "found to be hoarding land", Evergrande said in its bond documents. In the same year, Safe, part of a regulatory apparatus set up to control capital flows, said it would no longer process foreign debt registration for real estate.

As a result, Evergrande relied on a structure whereby bonds were sold to international investors by a specially created vehicle outside of China, often in the British Virgin Islands. That entity sent the money it raised into China mostly in the form of equity investments in subsidiaries — and relied on the dividends from them to meet its own obligations.

Lawrence Lu, a director at S&P in Hong Kong, says the rating agency has referred to this phenomenon as "struc-

tural subordination", a term also used in developed markets when holding companies issue debt that may have limited claims on the assets of its subsidiaries.

"Once they raise the money, they use [it] as equity to project companies," he says. "Where the money goes, it's outside of our expertise."

Offshore instruments of this kind helped to fund companies such as Changsha Tianxi Real Estate Property Co, the developer of Changsha Evergrande Oasis. A chart in Evergrande's documents shows dozens of such subsidiaries, both in China and outside.

The foreign flows were not Evergrande's only source of financing, but they helped to kick-start presales payments from homebuyers like Yang, which could then be invested elsewhere. On its opening day, the Changsha Evergrande Oasis brought in over half a billion renminbi in downpayments. Across 62 Evergrande projects in total in that year, a total of Rmb50bn was brought in.

The investor in the private placement says that such transactions were typically arranged ahead of equity IPOs, which in turn were priced based on the value of the developer's land holdings. That gave banks "an incentive to encourage developers who wanted to list to grow their land bank and show they could sell projects".

It was a "fee machine", the investor adds: from the pre-IPO bonds, the IPO itself, and then high-yield bond issues after that. The developer's presence in Hong Kong, meanwhile, "gave it the veneer of 'you're covered by Hong Kong law and it looks like a normal bond'". But in his view, that was "an illusion". He adds: "They were always going to be the part that didn't get paid."

When Evergrande stopped making interest payments to overseas investors in late 2021, it was the first clear sign that something was seriously awry with China's property model. But since then, the fate of its bonds has faded from public discussion.

A two-year restructuring negotiation, led by lawyers at Kirkland & Ellis and investment bank Moelis in Hong Kong and largely focused on its listed subsidiaries outside China, produced no deal.

Moelis declined to comment. Kirkland & Ellis did not respond to a request for comment.

A court in the city issued a winding up order for Evergrande's Hong Kong entity but it has limited legal significance unless it is recognised by courts in mainland China. Even then, the investors' ultimate claims are equity stakes in projects in China owned through a web of subsidiaries. Evergrande also did not respond to a request for comment.

When it defaulted, Evergrande had over \$20bn of offshore bond debt in issue, held by investors such as BlackRock, HSBC and emerging market specialist Ashmore. Those that still had some exposure this year, according to Bloomberg terminal data, included UK insurer Legal & General and US hedge fund Saba. All declined to comment.

Some investors spoke on condition of anonymity, including one investor at a major international firm. "It will be a very, very low price, like 0.0 something, depending on the market price of that day," the investor says of the firm's "legacy exposure" to Evergrande. "Over the past two years we have de-risked the sector significantly, but of course we cannot 100 per cent exit."

She adds that the investor community was "fully aware of the structure" and that there had been "long discussions" about the bonds in the past. But there was never "clarity" on exactly how cash moved from individual projects in China to the offshore vehicles that paid bondholders and the matter of legal obligations was "overlooked".

No full list of bondholders is publicly available. But Evergrande "was in the portfolios of 'tourist investors'", says one person involved in the fallout, referring to those who would not normally invest in the region but made an exception for Evergrande because it was a well-known name.

Some hedge funds "decided, without knowing much, to pile in" when signs of distress emerged, expecting to negotiate a profitable restructuring through a US-style approach, the person adds.

Those investors have now "discovered what the lawyers already knew, that... it wasn't going to be easy to enforce and it would be time-consuming, with a limited prospect of recovery."

Claims against those who underwrote the bonds are complicated by international norms, which see fixed-income instruments as much safer than equity.

Guiping Lu, a lawyer at Mayer Brown specialising in capital markets, says investors in the US seeking redress need to prove that private bond underwriters ignored clear red flags rather than simply provided inaccurate information. That is a higher burden of proof than in more regulated equity issuance. "If you want to sue the [debt] underwriters, you need a legal basis," he says. "What is the legal basis?"

"We have been holding the view [that] it's not worthwhile to get involved in the recovery process," says another investor. "The [real estate] market, in the form of what we had in the past almost twenty years... it's gone."

Online searches suggest that all 76 of the real estate projects mentioned in Evergrande's 2011 bond documents have been completed. But at a former Evergrande scheme a few miles away from Yang's morning flute recital, construction has been suspended for three or four years and a crane is about to be removed. "The money has not arrived," says one employee of a state-owned company that has taken over.

At another development, a member of staff has just completed sales of all of the apartments in the block. He used to work for Evergrande, attracted by its

"What became evident was [money] was raised against certain projects, but wasn't necessarily spent on those projects"

prestige and the staff discounts, but now his wages are paid by the government.

At a third, closer to the city centre, a woman holding a baby is anxiously checking in on an unfinished project launched by Evergrande but since taken over by a state-owned developer.

For Beijing, householders like these who have not yet received their properties are part of a wider social contract.

Evergrande's accounting for its revenues inflated them during 2019-2020, according to China's financial regulator, which has imposed a Rmb4.2bn fine on the group's mainland entity. Its auditor, PwC, has also come under scrutiny.

But individual projects were often audited at a local level: the subsidiary behind Changsha Evergrande Oasis was audited by the Hunan Yuancheng United Certified Public Accountants Office, and 2011 documents list dozens of other similar local accountants.

Compared to the 2011 bonds, future debt issues leading up to Evergrande's collapse provided less detail as to where a growing pool of money sourced from outside China was going.

Meanwhile, dozens of Chinese developers listed in Hong Kong have defaulted on their debts, though some have shown signs of being able to restructure outside of China.

"I don't think any of us thought it would be a Chapter 11-style process," says one investor in the bonds of several mainland property developers, referring to the established US insolvency mechanism. "But we thought there was a capital structure in China." He describes his holdings as "subordinated equity", a far more junior entity than a bond secured on real assets.

Evergrande's financial instruments were shaped by a system that retained strict capital controls but which was at the same time hosting the biggest property boom in history.

Future foreign investment into China, whatever its structure, will have to assess the unfolding realities of a property bust that has, according to Goldman Sachs estimates, left China with Rmb30tn of unsold housing.

On the edge of Changsha, in the ruins of an unfinished theme park that was once part of Evergrande's empire, there is only one person on site. He is taking a break from a separate project nearby to fish in what remains of a boating lake.

"There are enough houses for four billion people in China nowadays... I read that number online," he says with a grin, as he throws a fish into a nearby bucket. But, like many of those left holding Evergrande's bonds, "we're not really all that clear".

## Evergrande's bonds are deep in distressed territory

Price of bond maturing Jun 28 2025 (cents on the dollar)



Source: Bloomberg

## The FT View

### Britain needs a fresh start

*The Conservatives have run out of road. Labour must be given a chance to govern*



**FINANCIAL TIMES**

"Without fear and without favour"

Twice in the past half-century, in the swings to Margaret Thatcher's Conservatives in 1979 and to Tony Blair's New Labour in 1997, elections have brought a sea-change in British politics. Today the country is on the threshold of another momentous shift. Voters appear to have decided that, after an often turbulent 14 years in office spanning five prime ministers, the Conservative party's time is up. There surely can be no other conclusion.

No party in power for so long can escape a reckoning, and not since at least 1979 has any government left the national affairs in such a desperate state. Growth in the economy and real wages since 2010 have fallen well behind the historical trend since the war. The tax burden is near a post-1945 record, government debt at its highest relative to output for 60 years. Yet public services are unravelling. Britain's defences are depleted.

The Conservatives can point to external shocks: the aftermath of the financial crisis and great recession; a global pandemic and Vladimir Putin's invasion of Ukraine. Much damage, though, was self-inflicted. Extended austerity weakened the public realm. Liz Truss as premier in 2022 carelessly provoked a market crisis. Brexit, the defining project of this Tory era, has proven an act of grave economic self-harm.

During the fevered EU withdrawal process, Boris Johnson's government played fast and loose with the rule of law, undermining public respect for politics and institutions. Britain's standing

was diminished in the eyes of its allies. Rishi Sunak has taken steps to right the ship of state; Jeremy Hunt has been a serious chancellor. But the prime minister does not, even now, appear master of a party mired in bickering and sleaze. All too often since 2010, the Conservative party has prioritised management of its fractious party politics over sound governing of Britain.

The Financial Times has no fixed party political allegiance. We believe in liberal democracy, free trade and private enterprise, and an open, outward-looking Britain. Often this has aligned us more with Britain's Conservatives. But this generation of Tories has squandered its reputation as the party of business, and its claim to be the natural party of government. The party needs a spell in opposition to resolve its internal differences. We would not, though, wish to see the Conservatives so shattered that they are unable to fulfil the role of viable opposition that is vital to British politics.

The Labour party of Sir Keir Starmer is better placed today to provide the leadership the country needs. Five years ago, under the hard-left Jeremy Corbyn, the idea would have seemed fanciful. Starmer has transformed what was a shambolic group hankering after the failed interventionism of the 1970s back into a credible party of government. Both the Conservatives and Labour, infected by different strains of populism, deserted the centre ground in 2019. It is Labour that has swung back towards it.

The FT still has concerns about Labour's interventionist instincts and fervour for regulation. Its historical sympathy for the unions needs to be balanced with the interests of business and the wider public. Its understandable zeal to distance itself from Corbynism and its tax-and-spend past has forced it into an excess of caution. As with the Conservatives, its unrealistic fiscal assumptions will leave it struggling to fund and invest in a broken NHS and other public services. On many domestic questions, Labour's answers fall short. Its manifesto too often tinkers around the edges.

While the challenges specific to Britain are exceptionally difficult, a new government will also take over at a time of great upheaval, with the postwar international order in distress. It must confront the same missions as other leading economies: combating climate change and mastering artificial intelligence, and dealing with a rising China, a revisionist Russia and, possibly, a second Trump presidency in the US.

Yet Labour has positive ideas, and Starmer and his shadow chancellor have worked hard to engage with business and the City of London and regain their trust. A less ideological approach to government is welcome. The party has rightly put revitalising growth at the core of its programme. The stability, predictability and competence it promises have been sorely lacking in UK governance for years. They are necessary ingredients for attracting investment.

The pledges to reform the planning

**The risks of sticking with the exhausted incumbents outweigh those of bringing in a new government**

system and devolve more powers to the regions target important constraints on growth and the ability to build the homes and infrastructure the economy needs. The commitment to fighting climate change and investing in the opportunities of green energy contrasts sharply with Conservative efforts to turn the green transition into a wedge issue.

The biggest danger is that Labour's growth strategy will prove underpowered – and it is regrettable that its reluctance to talk about rebuilding trading relations with the EU closes off another avenue to boost the economy. It may soon have to choose between steep cuts to public spending, changing its fiscal rules, or pulling the tax lever; the Institute for Fiscal Studies warns that commitments to increased real-terms spending on health, schools and defence would imply cuts to other public services totalling £9bn a year by 2028. Despite proclaiming itself the party of wealth creation, a Labour government could well end up targeting wealth creators.

Few political options, though, are ever ideal. Britain must choose between a polarising Conservative party that has limited its appeal to an ever-narrower segment of the population, and a Labour party that appears to want to govern for the whole country. The risks of sticking with the exhausted incumbents outweigh those of bringing in a new government. Much of the country hankers for a fresh start. Labour should be given the opportunity to provide it.

## Opinion Technology

Ben Hickey



### Crypto lobbyists pollute the US election

Jemima Kelly



It is not particularly fashionable to point out when Donald Trump gets something right (whether accidentally or not). But for the record, back in 2021 he was right about crypto. Having two years earlier pointed out that crypto is "not money" and that its value is "based on thin air", the former president said bitcoin "just seems like a scam", suggested crypto was "a disaster waiting to happen", and said "the bitcoins of the world" should be regulated "very, very high" [sic].

That was less than a year before the world of crypto imploded spectacularly. From May 2022 onwards, a series of exchanges, tokens and other crypto projects collapsed in quick succession, wiping out tens of billions of dollars in supposed "value" overnight. Crypto prices and the market for "NFTs" – a type of digital token that is just as worthless as any other but pretends to be otherwise – tanked. Regulators had not only been failing to regulate crypto "very, very high"; they had been asleep at the wheel. In December of that year, crypto's most notorious criminal, the man known as SBF, was arrested on charges of fraud and conspiracy that he would later be given a 25-year prison sentence for.

But Trump, alas, is no longer right about crypto. As the market recovered, he suddenly went from "not a fan" to seeming positively enamoured.

He vowed last month to stop Joe Biden's crusade to crush crypto and said that he would support the right to self-custody – technical language that sounds very unlike something Trump would have come up with himself. "To

the nation's 50mn crypto holders I say this," he told a crowd at a libertarian convention. "I will keep [Democratic senator] Elizabeth Warren and her goons away from your bitcoin."

It sounded like Trump had been having some deep and meaningful with the crypto industry. Indeed, a couple of weeks ago he hosted a group of bitcoin miners and industry executives at his private members club Mar-a-Lago. One of those present, the CEO of BTC Inc, told CNBC that "as an industry we are committed to raising over \$100mn and turning out more than 5,000,000 voters for the Trump re-election effort". You can see why Trump might have found their arguments so persuasive.

**As the market recovered, Trump went from 'not a fan' to seeming positively enamoured**

There is not even any kind of an attempt to hide the influence-buying; quite the opposite in fact. On Tuesday, the incumbent congressman for New York Jamaal Bowman was defeated in the most expensive primary election in the Democratic party's history. A vocal critic of Israel, who lost to a pro-Israel rival, he had also voted against pro-crypto bills. Afterwards, Tyler Winklevoss – who along with his twin brother Cameron runs the Gemini crypto exchange – gloated on X: "Politicians everywhere need to understand that this is what happens when you pick a fight with the crypto army."

Last week, the Winklevoss twins each gave \$1mn to the Trump campaign (a portion of which has since been refunded for exceeding maximum individual contribution rules), calling him the "pro-crypto" choice. They have also donated \$4.9mn to a pro-crypto super

Pac – an independent fundraising committee that can receive unlimited funds from individuals, companies and other groups – named "Fairshake". This has already raised more than \$177mn, second only to the "Make America Great Again" super Pac, with just over \$178mn.

Fairshake was one of the big contributors to Tuesday's New York primary, spending over \$2mn on ads targeting Bowman. Along with the Winklevoss, a number of other crypto billionaires and their firms have contributed huge sums to Fairshake, including crypto firm Ripple, which has donated a tidy \$45mn; crypto exchange Coinbase, with just over \$45mn; and "techno-optimist" Marc Andreessen and business partner Ben Horowitz, who between them and their business have donated almost \$70mn.

According to data compiled by AdImpact, Fairshake and its affiliate pro-crypto super Pacs, "Defend American Jobs" and "Protect Progress", have already spent more than \$37mn on ads in the primaries. Many of the crypto-friendly candidates they back have won their respective House and Senate races.

We should be very concerned indeed about the influence and scale of this rapidly growing crypto lobby. Apart from anything else, the lobbyists do not represent the interests of America's crypto holders. Regulators are not going after retail investors, but the crypto firms whose founders have made billions by creaming off profits from those retail investors.

Their allegiance to politicians looks similarly uneven. And the idea that a group of bitcoin executives can provide Trump with 5mn voters is a farce that even he must be able to see through.

[jemima.kelly@ft.com](mailto:jemima.kelly@ft.com)

## Letters

Email: [letters.editor@ft.com](mailto:letters.editor@ft.com)  
Include daytime telephone number and full address

Corrections: [corrections@ft.com](mailto:corrections@ft.com)

If you are not satisfied with the FT's response to your complaint, you can appeal to the FT Editorial Complaints Commissioner: [complaints.commissioner@ft.com](mailto:complaints.commissioner@ft.com)

### How to solve the US housing market quandary

American policymakers baffled by the housing crisis should look to the last paragraph of Robert Armstrong's recent Unhedged column ("The US housing market is awful", FT.com, June 25).

The state of the housing market has been causing havoc and upsetting commonly accepted models. Housing costs are driving the remaining excess inflation, preventing the US Federal Reserve from cutting rates.

Additionally, housing price trends have become partially detached from interest rates and high prices aren't

encouraging builders to increase the pace of housing starts.

Armstrong notes that if the housing market is to be unstuck, housing is needed "in the places where the growth is" (ie where people want to live). That is largely impossible in much of America; single-family zoning near transport, good schools and employment centres makes it impossible to build much more productive housing. More housing at the periphery doesn't address the core of US housing demand and isn't as profitable for homebuilders.

John Burn-Murdoch has many columns highlighting how allowing more housing where people want to live has been successful at cleaning up the housing mess. Growing cities that have legalised housing in desirable neighbourhoods have benefited from lower housing and lower overall inflation than the rest of the US. If other policymakers follow suit, they can alleviate the pains of the housing crisis and resolve the housing market quandary.

**John Gorman**  
Washington, DC, US

### What geoengineering can learn from nuclear testing

Anjana Ahuja's assessment of whether geoengineering can arrest or reverse the effects of climate change points to two glaring deficiencies in the current process; a lack of any meaningful public input or governance structure regarding who would actually get to pull the levers and twist the dials (Opinion, June 26).

If history offers any lessons, the nations with the capability to conduct such research would probably claim the right to do so, with the rest of the world having to live with the consequences.

As someone old enough to remember the atmospheric nuclear testing carried out by the US, the UK, France and the Soviet Union in the 1950s, the environmental and health effects of which were buried in a nest of lies based on "national security", I believe some global guidance and governance is sorely needed.

Both the National Academies in the US and the UK's Royal Society have developed recommendations for how geoengineering research should be governed and conducted. Following these recommendations won't make climate experimentation risk free but it could help to lower anxiety levels.

**Richard G Little**  
Visiting Research Scholar-Disaster Mitigation, Industrial and Systems Engineering, Rensselaer Polytechnic Institute, Troy, NY, US

### A well targeted industrial strategy just isn't enough

Andy Haldane proved himself to be one of the more original thinkers in his time at the Bank of England and he is surely right that the UK would benefit, and might even grow, through some supply-side reforms ("The electoral battle for the supply side", Opinion, June 25).

In supporting "well targeted" industrial strategies, he may well be in line with the prevailing zeitgeist, but that is sadly no guarantee of success. No project is ever sold as anything but "well targeted"; the key is who is responsible for the losses and whether success be measured in monetary, or more nebulous terms. Moreover, while the US economy has indeed grown as a result of the misnamed Inflation Reduction Act, there are growing doubts about the fiscal sustainability of such a policy.



Observers look on as a mushroom cloud rises at a 1962 US nuclear test

Across much of the developed world debt levels have continued to climb, and now that realistic interest rates are again with us, the cost of servicing that debt is becoming a critical issue.

Here in the UK, debt servicing is now the second-biggest area of government expenditure (after health) and we can be certain that no one, right or left, will be casting their vote on July 4 because they are happy about this particular state of affairs.

**James Sproule**  
UK Chief Economist  
Handelsbanken, London E1, UK

### Here's my simple question about Guyana's oil bonanza

In your Big Read on Exxon's oil bonanza in Guyana (June 25) you reported that environmental campaigners had labelled the project a "climate bomb". But here's one question for those protesters and other groups opposed to such fossil fuel investments. Why do they think the Guyanese should remain poor by not using their natural resources? Nations like the UK, the US, Norway, Saudi Arabia and Qatar made trillions on oil wealth to create a better life for their citizens. Are the Guyanese not entitled to the same?

I would argue that if Guyana does not extract the oil, global supply will be hampered and prices will rise higher than otherwise would be the case, further enriching current oil producers at the expense of the Guyanese poor.

**Abigail Perez**  
Edinburgh, UK

### Shareholders picking CEOs can't work, and this is why

Stuart Kirk argues that shareholders should directly elect company chief executives, instead of merely ratifying decisions made by corporate boards (Opinion, May 25).

This is problematic. First, there are huge conflicts of interest. The equity of the listed companies Kirk mentions are controlled by large institutional shareholders – asset managers, pension funds, endowments, foundations, sovereign wealth funds and others. Their investments are highly diversified, comprising the shares and bonds of hundreds of companies simultaneously, whether these companies compete or collaborate.

Regulators would certainly raise an eyebrow if a handful of shareholders were seen to control senior management appointments at, say, competitors like Boeing and Airbus.

There's also the perennial "principal-agent problem". At most large companies, management teams act (as agents) on behalf of investors contributing their own funds (as principals) in search of financial returns. These principals appoint boards of directors to oversee management, to ensure that they act in investors' interests and those of the company. Directors are paid fees to take on the responsibility and potential liabilities of such oversight. Diversified shareholders do not seek, and have never sought, to take on that responsibility, and with good reason.

If any single shareholder or group is perceived to direct the company's management and strategy, such as by appointing CEOs, they could also be seen as liable for any corporate missteps. This could expose them to litigation. The regulators may also have some strong opinions about it.

All in all, direct selection of CEOs by shareholders is an interesting suggestion, but it simply can't work in capital markets as they currently exist.

**Lindsey Stewart**  
Director, Stewardship Research and Policy  
Morningstar Sustainability  
London E1, UK

### Correction

● Euan Jenner turned 16 years old the day after the Scottish vote for independence, not 18 as incorrectly stated in a Big Read on June 28.

### Top reads at FT.com/opinion

● **UK's big election will be the one after this**  
Rethinking Brexit, the triple lock and other follies isn't politically viable now but will be in 2029, writes **Janan Ganesh**

● **Young internet users want to be tracked**  
Make sure you know the etiquette if you keep tabs on friends and family, writes **Elaine Moore**

● **Love for ancient food has no sell-by date**  
Direct links to our culinary past remind us that humans really haven't changed that much, writes **Ella Risbridger**

## Opinion

## Capitalism is in worse shape in Europe

## MARKETS

Ruchir Sharma



**A**widening transatlantic gap is inspiring glee in the US and angst in Europe. Though their per capita income levels were similar a couple of decades ago, growth (in constant dollars) has been twice as fast since 2010 in the US than in the UK and the EU's Big 4 economies – Germany, France, Italy and Spain.

Why is Europe falling behind? While over time governments have extended their control over most capitalist economies, they have expanded most markedly in Europe. Until the 1980s, government spending was lower on average in the UK and the EU Big 4 than in the US. Now Europe spends far more. The burdens of an oversized state have crushed productivity growth, which is the key to

rising prosperity. From 1960s postwar peaks, productivity growth has collapsed from almost 7 per cent to less than zero in the EU Big 4. It has fallen in the US too but less drastically, dropping from 2.5 per cent to around 1 per cent, possibly due to superior tech prowess.

Records for the UK begin earlier than most. Going back to the 1690s, the UK never ran a peacetime deficit until the 1970s. It then ran a deficit in all but five of the next 50 years. The Reagan-Thatcher “revolution” of the 1980s changed only the way the state funds its expansion, by borrowing not taxing. Public debts have risen threefold in the UK and the EU Big 4 to around 100 per cent of GDP on average.

More government spending left less room for private competition and initiative, particularly as central banks joined in a campaign to eliminate business cycles. Central bank purchases of bonds and other assets exploded from near zero in the early 2000s to record heights in 2020, reaching 16 per cent of GDP in the US and 22 per cent in the EU Big 4.

As the “cleansing effect” of recessions faded, incumbents thrived. Corporate

profits rose in part on oligopoly pricing power. Since 2000, sales in most industries have been concentrating in the largest firms – though on this front less rapidly in Europe than the US.

Markets increasingly distorted by easy money and state bailouts also spawned “zombies” – firms that don't earn enough to cover even interest payments on their debt. The latest data

### The burdens of an oversized state have crushed productivity growth

show zombies account for at least 10 per cent of public companies in developed markets – up to 20 per cent in the US and 22 per cent in the UK.

In part because it lacks spending authority, the “Eurocracy” channelled its energies into what has been described as a “global regulatory hegemon”. Any company with ambitions in Europe must meet standards set

by the most powerful states, Germany and France, on everything from carbon emissions to milk production.

Facing both continental and national bureaucracies, it's no surprise Europeans are more likely than Americans to cite regulation as a major obstacle to business. Many medium-sized German companies say they are considering shutting down, citing “too much red tape and higher taxes”.

Heavy regulation creates a business environment that is friendly to mega firms with the most money and lawyers. Until the pandemic hit, start-ups were shrinking as a share of all companies in many industrial countries, including the UK, Spain and Italy.

By favouring giant companies, governments boost the wealth of corporate founders, including entrenched billionaires. Since the super-rich own the lion's share of financial assets, they gain most when the state rushes in to stop even minor market tremors. In recent decades billionaire wealth grew faster as a share of GDP in the UK and the EU Big 4 than the US. France now has both an unusually bloated government, with

spending equal to 58 per cent of GDP, and an unusually dominant billionaire class whose total wealth is equal to 22 per cent of GDP, ahead of even the US.

That helps to illuminate the transatlantic gap. Add up productivity losses from oligopolies, zombies, bureaucracy, inequality and other market distortions fuelled by big government, and together they could explain the productivity slowdown. The burdens of big government are outweighing the boost from new technologies, particularly in Europe and the UK.

The twist is that US President Joe Biden has turbocharged the long expansion in American spending, debt and regulation. The country's deficit, typical for a western nation until recently, is expected to average upwards of 6 per cent of GDP – much higher than the UK and the EU Big 4 – in coming years. Once again, the US is on track to replace Europe as the land of even bigger government – and slower growth.

*The writer is chair of Rockefeller International. His new book is 'What Went Wrong With Capitalism'*

## 'Mission-driven' government can be more than a catchphrase

Jill Rutter

Keir Starmer's back-story is now reduced to the words “toolmaker” and “pebble-dash”, then his forward prospectus is summed up in the promise to lead a “mission-driven government”. That phrase has been around for 18 months. Since then, the missions have morphed slightly but remained pretty much intact: growth, the NHS, clean energy, safer streets and opportunity. The aim is to break down internal silos inside government and deliver lasting “change” – the Labour slogan.

We recently gained a bit more insight into how those missions might translate into government: an overarching committee, chaired by the PM with roles for deputy PM Angela Rayner and probable chancellor of the Duchy of Lancaster Pat McFadden; mission boards – with Starmer again in the chair; a role for experienced outsiders to share their expertise; a reorientation of the Treasury towards growth and investment.

So far, so good. The fact that Starmer recognises that, if he becomes prime minister, he has to put his weight and authority behind the missions is the right starting point. The early incarnations of the New Labour delivery unit worked because Tony Blair made time in his diary for monthly stocktakes. A key question, though, is whether Starmer can maintain that focus as his agenda and diary are blown off course by events. He will need a trusty enforcer to speak for him when other priorities distract.

Second, if this is to work, he needs to ensure the Reeves-led Treasury is a

### If Labour really wants to break Whitehall out of its boxes, it needs to engender a big culture change

partner not an obstacle. The first test of the missions will come in the spending review. In the past, cross-cutting objectives have suffered when they have had to piece together budgets from departmental crumbs. These missions either need their own budgets to make clear their precedence or to feature as a priority in each allocation. If there are ringfenced mission budgets, Starmer could put one secretary of state and one official in charge of them.

Third, there needs to be a plan for each mission – to take it from being manifesto words into something people can act on. That requires clarity about short-term and long-term objectives, critical stepping stones and an understanding of potential blockages in the system. That is where the proposal to involve outsiders can really help – particularly if it means that those who will have to make changes can be involved at the start – rather than simply be on the receiving end of a set of Whitehall instructions. It also means being ready to change tack when something that looks promising hits a brick wall.

But fourth, people inside government need to be convinced that helping deliver the new government's missions is critical to their success.

The missions as currently set out are not as cross-cutting as Labour likes to present them – or as they could have been. The health mission is essentially an NHS mission rather than about addressing health inequalities or making the UK fitter. The climate mission focuses on energy decarbonisation to “accelerate to net zero” rather than on the wider changes needed to get there, with little focus on climate change adaptation or more general environmental improvement. That means there is less requirement for collaboration – but there is also less for departments to feel engaged about.

If Labour really wants to break Whitehall out of its departmental boxes, it needs to engender a big culture change: to persuade secretaries of state across government to see their departments as contributors to the success of their colleagues; to persuade the civil servants to see their role not as defending departmental turf (and budgets) but as using their knowledge and insights to help others achieve their goals.

When that becomes as natural a reflex as defensiveness is now, mission-driven government will have become more than a catchphrase.

*The writer is a senior fellow at the Institute for Government think-tank*

## CEOs adjust to the age of anxiety

## BUSINESS

Rana Foroohar



Most participants (who spoke under Chatham House rules) believed the EU was in danger of falling apart, given unstable politics in both France and Germany, and that post-Brexit Britain had ironically become the least ugly house on the block that is Europe.

There was also a lot of hand-wringing about the increasingly aggressive moves around Taiwan by China's President Xi Jinping, and the potential for a hot conflict – or at least transport chokepoints – in the South China Sea. While one Chinese participant argued for a return to the “just in time” status quo of the 1990s, in which large multinationals outsourced production to China based on scale and low labour costs, most participants doubted this was possible.

That leads to lesson two: chief executives are hedging their bets, big time. Business may complain vehemently in public about tariffs, populism and the risks of industrial policy, but in private leaders know that in future government will play a much bigger role in how companies are run.

Between the rise of Chinese nationalism, US re-industrialisation, the resurgence of the far right in Europe and the election of pro-labour leaders in places such as Mexico (and probably Britain this week), the push and pull of national concerns has replaced a single global “efficiency” paradigm for business.

That means a burst of far more sophisticated strategies for regionalisation and de-risking. These aren't only about politics, of course. The cost and time of long-distance transport across



Matt Kenyon

long supply chains, the need to reduce carbon emissions, rising labour demands and consumers who want what they want right now are pushing many companies towards multiple local hubs of production and consumption.

Technology is what makes this trend towards “clusterisation” possible, and even desirable. As Mike Wilson, founder of the Parc Institute for Manufacturing, Logistics and Inventory at Cardiff University, notes, about \$800bn of the \$2.5tn in inventory held in the US at the end of 2023 came from carrying costs, depreciation, taxes and obsolescence. To cut that, companies are using sensors to track individual products and create detailed supply chain maps, which can then be run through artificial intelligence-driven predictive analytic

### The fly in the ointment is the global/local disconnect that still exists between executives and customers

systems to reduce lead times and waste.

Likewise, additive manufacturing is being used to further bridge the gap in inventories from unexpected supply and demand shocks. The lessons learnt from the pandemic – during which time companies used 3D printing to quickly produce things such as respirator parts or auto components on site – are being applied to consumer electronics and other industries.

While this doesn't necessarily argue for the nearshoring of production, it was obvious to me that companies no longer want all their eggs in one basket. Just-in-time really is shifting to just-in-case, which will have broad ramifications for how global businesses operate.

Finally, point three: I have a strong sense that some multinationals are beginning to find opportunity in all the crises of the moment. Back in 2008, after the great financial crisis, banks moved some risk off their balance sheets, but they didn't rethink their business models. Indeed, too-big-to-fail banks only got bigger, as concentration within the industry increased, along

with private debt levels. One of the reasons for that is that government didn't change its operating model either – low rates and quantitative easing solved the problem of debt with more debt.

But this time around, there is a clear sense of a real political economy pendulum shift around the world. That is in turn forcing business to truly change how it thinks and operates at the ground level. To the extent that companies become more productive, sustainable, efficient and market sensitive as a result of this, it will be a good thing for both Wall Street and Main Street.

The fly in the ointment is the global/local disconnect that still exists between CEOs and their average customers and workers. There was a fascinating session on how countries that are able to avert decline do so by finding common purpose around their citizenry. But the elites and the average person must share that purpose. In the US, as in so many countries, a shared definition of the public good remains out of reach.

*rana.foroohar@ft.com*

## A cordon sanitaire against the far right may not work

## ECONOMICS

Martin Sandbu



adversaries but threats to democracy itself. When the results are in, the *cordon sanitaire* rules out parliamentary collaboration, let alone a governing coalition, with them.

It is time to admit that this approach can sometimes do more harm than good. Most obviously, it has not prevented Europe's nationalist right from building up its voter support over recent decades.

Portraying a party as so outside a community's political norms that it can never be allowed near power can backfire. It reinforces its voters' sense that traditional elites treat them with contempt and neglect – part of what attracts people to protest movements in the first place. Devising ways to marginalise them can also undermine respect for democratic norms. If a party is always – regardless of its success, conduct and programme – prevented from influencing policy, how are its voters supposed to think democracy will give their grievances due consideration? What stake does such a party itself have in the norms?

Demonising parties working to

detoxify themselves – and there are many – is risky. The RN has for some time cracked down on its most extreme racist elements and been on its best behaviour in the outgoing French legislature. That gives Le Pen a measure of credibility when she presents it as the most responsible actor on the political scene. For many apolitical voters, panicked warnings by other politicians will come across as hysterical and only make

### In the Nordics, it was good for democracy to reward rightwing parties moving towards respectability

them more disposed towards the RN. A few countries have dropped the *cordon sanitaire*. The Norwegian and Finnish experiences of admitting rightwing populists into centre-right coalitions is instructive. The realisation that a share of power was possible, and the public spotlight on them once they possessed it, induced them to polish some of their

roughest edges and strike compromises to get some of their preferences enacted. The curious result in Norway was a boom in road building combined with high and rising carbon taxes.

In Sweden, a pact of parliamentary support broke the *cordon sanitaire* against the Sweden Democrats. It was and remains a nastier party than its Nordic counterparts, but the prospect of influence did motivate a shift away from racist aggression towards democratic responsibility. (Sweden and Finland bucked the trend of far-right advances in the EU elections.) Italian leader Giorgia Meloni's party, too, has proved more pragmatic in office than expected.

This does not always work. Austria's Freedom party does not look mellowed by a spell in government marred by scandals of corruption and Russian influence on the intelligence services. Hungary's Viktor Orbán and Poland's Jaroslaw Kaczynski used power to undermine democratic institutions.

But the truth is that Europe's far-right parties are highly heterogeneous. That is why they punch below their weight in the European parliament. Their lack of

coherence has allowed the centre to ignore them, but also mistakenly to ignore the political diversity that creates this weakness. There is a difference between pursuing ugly policies and aiming to subvert democracy.

In the Nordics, it was good for democracy to reward rightwing fringe parties on a journey towards respectability. But this must not be done with clearly anti-democratic parties such as Alternative for Germany. There the case for the *cordon sanitaire* remains sound.

What about the RN? Le Pen's attempted *dédiabolisation* and the party's frantic rowing back on its promises suggest an interest in being successful within the system rather than in tearing it down. Most of France's elite does not believe this, and may be right. Perhaps the RN itself does not know.

Europeans must ask themselves how deeply they believe in their institutions' civilising powers. Given where the polls have been moving, to trust the moderating effects of democracy may be our best hope.

*martin.sandbu@ft.com*



**Rutherford Hall**  
 'Sponsor an arts festival now?  
 You'd have to be mad'  
 WORK & CAREERS

## A productivity hack that really does work



**Pilita Clark**  
 Business Life

In less than one week's time, Britain may be led by a man with a capacity for work that his friends say is phenomenal, ferocious and slightly exhausting to watch. I discovered this last week after reading one of the many biographies of Keir Starmer, or as I have come to think of him, Keir Starmina.

The Labour leader, who polls suggest will be the British prime minister after the July 4 election, can work and work with "ridiculously small amounts of sleep", according to one of his ex-girlfriends, the barrister Phillippa Kaufmann. "Keir's ability to work is absolutely phenomenal," she told biographer Tom Baldwin. "I've never known anyone like him."

Starmer's Stakhanovite tendencies were evident early on. "I've never seen anyone be able to study like him," reported a school friend who remembered him being "at his desk for hour, after hour, after hour".

A person who knew him at university was quoted saying that, when everyone else was lying around shattered after a big night out, "Keir would always be up at six the next morning, getting on with his studies". And one of his oldest friends said



Kenneth Andersson

Starmer's discipline and drive were so vast that "sometimes, it makes me feel weary just thinking about the life he leads".

Reading all this reminded me of an uncomfortable truth about modern working life and the profusion of goal-setting, time-managing, email-batching productivity "hacks" we are constantly told will speed us to career success. None are any match for the inbuilt stamina of a Starmer. This ought to be obvious. But I don't think it is in a world where publishers are churning out as many as three books a day, and sites such as TikTok burst with advice on how to do more faster.

The upshot of this industrial-strength guidance is the belief that productivity soars once one latches on to the right habits and work practices. Alas, it is not quite that simple.

I first began to grasp the importance

**“I think of the Labour leader as Keir ‘Starmina’. A lot of successful people keep working when lesser physical beings wilt”**

of physical durability in my twenties when I bowled up to a famous older female reporter and asked her for the secret to success in journalism.

I had expected to hear her talk about the art of extracting information from sources; or being well-informed, or writing well. Instead, she gave an abrupt one-word answer: "stamina".

I thought this odd but as time went on I kept seeing evidence of her point. A lot of persistently successful people keep working when lesser physical beings wilt with exhaustion, the flu or a general failure to function. That journalist herself is, at the time of writing, still a prolific commentator, researcher and writer – just days away from her 80th birthday.

Mental stamina, like physical staying power, is a gift, although it does have downsides. Starmer was once so engrossed at his desk in a London flat he was sharing that he failed to notice two burglars were inside knocking off the TV and video recorder.

Life with a remorseless worker can also take its toll on family and work colleagues.

"Bed, woman!" Denis Thatcher would sometimes tell his wife Margaret, the late former British prime

minister, who was said to get by on just four hours sleep a night. Opinions differ about how well Thatcher functioned on this much sleep, which is comforting to those of us who prefer at least seven good hours of shut-eye.

Thankfully, being in the sleep elite is far less fashionable now that work-life balance is treated seriously. It is also worth remembering that stamina does not guarantee success.

The business world has long been full of executives bragging about how little sleep they need but very few reach the heights of a chief executive such as Apple's Tim Cook, who has said he likes to wake up before 4am and do an hour of emailing and a workout before heading to work.

Then there is the British prime minister, Rishi Sunak. He reportedly works around the clock – and on weekends. His generally diligent approach has never been in doubt. Yet the polls suggest he is about to lead his party to a defeat of dire proportions.

Ultimately, he is a reminder that a capacity for hard yards will take you a long way in life, but it won't always be enough to achieve enduring success.

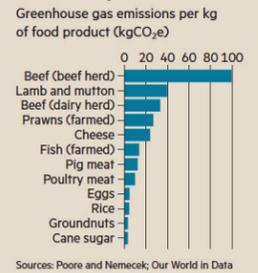
pilita.clark@ft.com

# Lex.

## Tackling methane-belching cows is a taxing business



### Cattle and sheep have big carbon footprints



Taxing methane-belching cows certainly puts the wind up farmers. Their opposition recently forced New Zealand to backtrack on plans to tax ruminants' emissions. Now Denmark has reached agreement on a similar levy. It is dubbed a "terrifying experiment" by farmers' organisation Bæredygtigt Landbrug.

As is common with green policies, feelings run high on both sides. For proponents of the new levy, there is no alternative to addressing emissions from the agricultural and forestry sector.

Left unchecked, the sectors are set to account for 46 per cent of Denmark's total greenhouse gas emissions in 2030, according to a government-appointed expert group. "Burping" cows emit the potent, albeit shortlived, greenhouse gas methane. In the short run, the world's cows do more damage to the climate than its cars.

But no good deed goes unpunished. There are risks associated with unilateral actions. The higher costs imposed on Danish farmers are likely to result in a loss of market share to foreign producers whose emissions are unchecked.

Aggrieved farmers might wonder why Copenhagen did not tax Danish consumers instead. That would have

shielded domestic producers from unfair competition. One reason is that demand for climate-damaging foodstuffs is likely to be relatively insensitive to price increases.

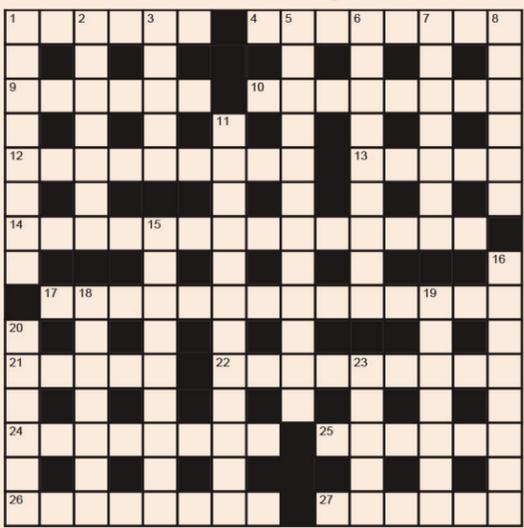
Another is that Denmark is a big food exporter. Hence a consumer tax would have to be swingeing to have the same effect on Denmark's emissions as a production tax.

Moreover, a consumer tax would be applied at a uniform rate for all meat products of a certain type. That would prevent farmers from benefiting financially from moves to reduce their environmental footprint. One option, say, is using Amsterdam-listed DSM-Firmenich's Bovaer. Adding a quarter teaspoon of this feed additive, which suppresses a methane-producing enzyme, can reduce a dairy cow's methane emissions by 30 per cent.

Bovaer is attracting growing interest. It has just won approval in the US. But Jefferies assesses its long-term market penetration at just 2 per cent. At an estimated price of \$110 a year per dairy cow, extensive take-up may depend on government support, taxes or the sector's inclusion in emission trading schemes. Yet loading taxes or other restrictions on farmers is politically difficult. Denmark deserves credit for its move. But other countries won't be rushing to follow its lead.

## NIKKEI Asia The voice of the Asian century

### CROSSWORD No 17,776 by ARTEXLEN



- ACROSS**
- 1 Impertinent male adolescent with yen to change sides (6)
  - 4 Concerns some French revolutionary lovingly embraced (8)
  - 9 Long-term cons tons of body-builders avoided (6)
  - 10 Deciding jointly about getting on ferries (8)
  - 12 Daughter was some time back risk-taker (9)
  - 13 Seabirds getting lost in swells (5)
  - 14 Boldly join insurrection taking place in work (14)
  - 17 Horror, as robbers nobbled car parts (5,9)
  - 21 Walk from corner holding mastiff's lead (5)
  - 22 A sign about hotel services for boozers (9)
  - 24 Swimmer with lack of hostility discussed pouchlike garment (8)
  - 25 A kid free from anxiety (2,4)
  - 26 Suffering Frenchman's put in plea for help (8)
  - 27 Shortest route east completely empty road (6)
- DOWN**
- 1 Ailments put mother on toilet (8)
  - 2 Happy to participate you said with profit generated (2,3,2)
  - 3 Shot stern English dons (5)
  - 5 Gentle sort joining a body of soldiers – he's producing memoir (7,5)
  - 6 Part of potato starter that's revelatory (3-6)
  - 7 Lot of alcohol sunk if turning fifty (7)
  - 8 Break down joke that's heard to gradually understand (6)
  - 11 Tips when penning said article succeeded (12)
  - 15 Recording in building having erased top social event (9)
  - 16 Easiest shot blocked by one in my view (2,1,3,2)
  - 18 One stores aged wine in retirement (7)
  - 19 Catch characters in veterans' network after keeling over (7)
  - 20 Fills opening in stapler with staples (6)
  - 23 Group of performers regularly boycotted tango (5)

**Solution 17,774**

B O L E R O E X P L A I N S  
 R P N N O L E  
 U N B I A S E D S I T U P S  
 A D L E E E O  
 A T H E N A M O D E R A T E  
 E R U I R E R I  
 M A G I C R E A L I S M  
 H I H P A M  
 D I S S A T I S F I E D  
 R I P S Y S  
 C O L O M B I A C U B I T S  
 H S A N O I A  
 C I R C U S I M P U R I T Y  
 T A T E A D U  
 D O O R B E L L L E S S E N

**JOTTER PAD**

1 Ailments put mother on toilet (8)  
 2 Happy to participate you said with profit generated (2,3,2)  
 3 Shot stern English dons (5)  
 5 Gentle sort joining a body of soldiers – he's producing memoir (7,5)  
 6 Part of potato starter that's revelatory (3-6)  
 7 Lot of alcohol sunk if turning fifty (7)  
 8 Break down joke that's heard to gradually understand (6)  
 11 Tips when penning said article succeeded (12)  
 15 Recording in building having erased top social event (9)  
 16 Easiest shot blocked by one in my view (2,1,3,2)  
 18 One stores aged wine in retirement (7)  
 19 Catch characters in veterans' network after keeling over (7)  
 20 Fills opening in stapler with staples (6)  
 23 Group of performers regularly boycotted tango (5)



**BRITAIN'S HEALTHIEST WORKPLACE**

# Burnout. It can be prevented.

Let's get started.

Take part in the UK's largest workplace-wellbeing survey to get the data and insights you need to create an effective wellbeing strategy.

Participate for free at: [vitality.co.uk/bhw](https://vitality.co.uk/bhw)

IN PARTNERSHIP WITH

Britain's Healthiest Workplace is commissioned by Vitality Corporate Services Limited (VCSL). VCSL is registered in England and Wales with registration number 05933141, 3 More London Riverside, London, SE1 2AQ. VCSL is authorised and regulated by the Financial Conduct Authority.

Get the business insights you need to succeed in Asia  
 Visit [asia.nikkei.com](https://asia.nikkei.com)