

NATIONAL

Treasury

Reeves queries watchdogs' agenda

Chancellor warns on City competitiveness amid fears over anti-fraud rules

GEORGE PARKER, AKILA QUINIO AND SUZI RING

Rachel Reeves is pushing UK regulators to prove they are "taking seriously" their duty to protect the City's competitiveness, as the Treasury raised concerns over the autumn launch of a new anti-fraud regime.

Reeves told the Financial Times she had pressed City watchdogs to show what they were doing in practice to meet their "secondary objective" to promote growth and competitiveness in addition to protecting consumers.

An early flashpoint is looming over a decision by the independent Payment Systems Regulator to force banks to

reimburse fraud victims for claims worth up to £415,000 from October 7.

The move has caused alarm in the banking and fintech sector. Treasury insiders told the FT officials have spoken to the regulator about the timing of the measures. "We're asking: is this a sensible deadline?" said one.

The PSR did not immediately comment.

Reeves, speaking on the margins of a trip to New York last week, said: "We are pushing the regulators to demonstrate that they are taking seriously the competitiveness of our financial services sector."

The previous Conservative government introduced financial services legislation in 2023 with a "secondary" duty for regulators to promote growth.

Both Reeves and Jeremy Hunt, former Tory chancellor, have believed some decisions made by City regulators

appeared to neglect this obligation.

One target of both Labour and Tory ire has been the PSR's compensation rules for authorised push payment, or APP, fraud, where victims are tricked into sending money to fraudsters from their bank accounts.

Consumer groups have argued that greater protection for victims is urgently needed. Britons lost £460m to APP fraud last year, according to trade body UK Finance.

In a bid to tackle the issue, the PSR last year ruled that banks and payment companies must cover losses to fraud of up to £415,000, starting in October.

The City fears the measure will encourage fraudsters to pose as victims to illegitimately recoup compensation, and that the costs will disproportionately harm smaller digital players.

Former Tory City minister Bim Afolami in May told the FT there were "sig-

nificant problems" with the rules. PSR head Chris Hemsley resigned from the watchdog the following week.

Although Treasury officials are talking to the PSR about whether the October 7 deadline is viable, banking sector figures fear the watchdog is committed to the date. One said the sector was now focused on lowering the £415,000 reimbursement threshold and bringing forward a review of the rules' impact to six months after their implementation, down from a year.

Labour also wants tech companies to share some of the burden for reimbursing victims of online fraud, the FT reported in June.

Other regulators, such as the Financial Conduct Authority and the competition and accounting watchdogs, have also come under pressure to do more to promote the UK as an attractive place to do business.

Industry: Green transition

Critical minerals sector warns of banks' aversion to commodities

Groups say lenders' approach to financing is at odds with country's key metals strategy

HARRY DEMPSEY

Stephen Hall was en route to Windsor Castle to receive an international business award from King Charles last month when his phone rang. Lloyds Bank was rejecting an application to refinance his critical minerals group that supplies blue-chip customers, including engineer Rolls-Royce.

The UK lender's head of credit had found a red flag that prevented it from backing Advanced Alloy Services: the company's exposure to the volatile nickel price, after a short squeeze on the London Metal Exchange caused prices to surge more than 200 per cent in one day in 2022.

"The debacle with Lloyds has consumed an enormous amount of time, energy and resources. It's traumatic to come out of it with nothing," said Hall.

The financing troubles of 31-year-old AAS echo those of other UK metals groups, underscoring how the government's critical minerals strategy is at odds with the approach of British banks, which act as gatekeepers for a key state support mechanism.

First published in 2022, the UK's strategy for critical minerals aims to diversify supply chains beyond China — the industry's monopolistic force — for metals deemed essential to clean energy, electric cars and defence.

London has identified 18 minerals with "high criticality" to the economy, including cobalt, graphite and tin. Five more, including nickel, are on a watchlist of metals that could trigger economic vulnerabilities in the event of sudden supply shocks.

Yet even as the UK's lack of domestic resources means its focus is supporting processing businesses such as AAS, companies say support mechanisms offered by UK Export Finance require domestic lenders to increase their tolerance for the risks associated with commodities markets.

Guarantees offered by the government's export credit agency are designed to increase the risk appetite of private lenders but can only be accessed via approved banks and other financial institutions.

The government's other main financing tool to support critical mineral projects is the UK Infrastructure Bank, which provides a range of businesses with equity and debt.

Hall said AAS — which has doubled turnover since 2021 to an estimated £60m and been profitable for 30 out of

31 years — had wanted to refinance with Lloyds in order to reduce annual financing costs of £1.3m after completing a management buyout. A deal would also have given the company more room to tap into support through UKEF. But after seven months of meetings and audits, as well as AAS serving notice with its existing lender, Lloyds denied financing at the final hurdle.

The supplier of high purity metals has no direct exposure to LME nickel prices but does make more margin in a rising market and less during a falling market.

The bank later clarified that it had concerns over the future value of inventory that was not yet backed by customer orders, according to Hall.

"For the UK government to support development of a more resilient critical supply chain then the banks need to be prepared to provide the support too," said Hall, who is also chair of the Minor Metals Trade Association. He added that lenders should "not prevent access to UKEF solely on the basis of being 'exposed' to those same markets that the UK government wants to develop".

Jeff Townsend, founder of the Critical Minerals Association, a trade group,

If the UK wants a 'critical supply chain then the banks need to be prepared to provide the support too'

said several other producers had faced similar funding challenges with the UK banks and would encounter more problems as Beijing sought to manipulate the prices of strategic metals.

"The government's critical mineral strategy has limited influence on the way the City of London and the finance sector operates," he said. "It really is a problem and it's going to be increasingly so. How does the government get the financial sector to come onboard?"

One executive at another UK metals group, who asked for anonymity, said another big high street bank axed its financing lines last year without explanation, prompting it to cut half its workforce and pull back on expansion plans. "They rubbed me into the carpet," the person said. "UKEF can only push [support] down one route. They need to find a way to circumvent the banks."

Advisers working on financing packages for critical mineral projects said that most UK banks were cautious of backing commodities businesses because of the risk of price swings. By contrast, European lenders such as Société Générale, ING and ABN Amro were more comfortable with such risks, they said.

Lloyds said it did not comment on specific cases but said that it provided banking services to about 1m small and medium-sized enterprises in the UK, "supporting businesses across different sectors and sizes with the products and expertise they need to fulfil their ambitions to grow".

The government said: "A secure supply of critical minerals is vital for our industrial strategy, economic growth and clean energy transition.

"We're backing our critical minerals industry with UK Export Finance support" and investment by UKIB, it added.

Taking the plunge Olympian Daley retires from diving



Diver Tom Daley arrives at London St Pancras station yesterday after competing at the Paris Olympics. The 30-year-old, who won gold at Tokyo in 2021, has called time on his career after securing his fifth Olympic medal, a silver. He said: 'I'm incredibly proud for doing another cycle... and for me it felt like a massive bonus because I took two years out of the sport after Tokyo and I didn't know if I would get back into the team' — Jordan Pettit/PA Post-Olympics blues, page 6

Fast-tracked justice

Boys aged 12 admit violent disorder during riots

SUZI RING

Two 12-year-old boys pleaded guilty to violent disorder in the youngest prosecutions over far-right violence that swept the UK.

The pre-teen pair, who cannot be named due to their age, are among dozens facing what ministers call "swift justice" intended to dissuade anyone else from joining far-right riots.

Downing Street yesterday said there was a "welcome" de-escalation over the weekend after planned gatherings failed to materialise.

There have been no serious far-right riots in England since last Tuesday, with the government hoping that sentences being handed down would bring an end

to the violence that occurred nationwide in the wake of a stabbing in Southport two weeks ago.

A 12-year-old boy in Manchester yesterday admitted two offences relating to two separate incidents of disorder several days apart, which included throwing a missile at a police van.

The other boy, in Liverpool, pleaded guilty to one count of violent disorder in relation to his behaviour in Southport on July 30, Merseyside Police said.

Prosecutors have charged about 350 people for offences including violent disorder, which has a maximum penalty of five years' imprisonment, as police and the government try to get a handle on the outbreak of riots that have swept across the UK.

The rioting was sparked in part by false claims that the person alleged to have killed three children in a mass stabbing last month in Southport was a Muslim immigrant to the UK.

A series of teenagers have been involved in the violence, which has been fuelled by far-right groups in some of the most deprived areas in England. Football hooligans, known criminals and local opportunists have made up the bulk of the first rioters that have passed through the English courts.

Prosecutors have brought a range of charges including violent disorder, affray and arson, as well as online offences. Typical sentences for those convicted of violent disorder last week ranged between 18 and 30 months.

A 22-year-old who threw a vacuum cleaner through a house window and verbally abused a police officer was handed a 26-month jail term yesterday after pleading guilty to violent disorder and possession of an offensive weapon.

Judges have made clear that when crime takes place in the context of serious public disorder it is deemed to be substantially more serious than if it had occurred in isolation.

Prosecutors have not yet charged anyone with rioting, which carries a maximum 10-year sentence and requires proof that 12 or more people engaged in disorder for a "common purpose".

The government has warned that the riots will impact attempts to get the justice system back on its feet.

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Editor
Roula Khalaf

Subscriptions and Customer Service
Tel: 020 028 1607, subscriptions@ft.com,
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Higher education

Universities will not survive without more cuts, claims expert

PETER FOSTER

Britain's university sector needs to tighten its belt further and accept the need for job cuts and restructuring if it wants to justify demands for increased government funding, the author of the last big review into the UK's post-18 education landscape has warned.

Sir Philip Augar, who chaired the 2018 Augar Review, said that while the cash-strapped sector had legitimate demands for more support as it battled higher inflation, frozen tuition fees and fewer international student applications, continued financial discipline was also required.

"Like all organisations, universities have to live within their means and be prepared to restructure if necessary," he said in an interview with the Financial Times. Failing universities might require bailouts or "turnaround teams to work with existing management to slim down or rationalise the student offer", he added.

Augar was speaking ahead of the release of A-level and BTec results on Thursday, which are expected to show a small decline in applications to univer-

sity, leaving some institutions fighting to fill places with domestic students who pay £9,250 a year to study.

The sector is facing growing financial stresses following a significant drop in international students — who typically pay £20,000 to £30,000 annually in fees — this year.

The drop of up to 50 per cent has left many lower-ranked universities scrambling to attract domestic talent to balance their books, with more than 50 universities already announcing course closures, job cuts and voluntary redundancy programmes.



Philip Augar estimates about half of Britain's universities face deficits

Augar estimates that about half of Britain's 140 universities were facing deficits, with a "handful" of institutions in danger of breaching financial covenants and likely to need "rescuing".

While accepting that higher inflation and a decade-long freeze in tuition fees were partly to blame, Augar said that the 2012 decision to triple fees from £3,000 to £9,000 had led to some profligacy in the sector.

"Most responded responsibly to that sudden increase and used it to plan for a secure future, but others expanded and borrowed over-aggressively in the 2010s, fuelled by an era of low interest rates which has now come to an end," he added.

But while education secretary Bridget Phillipson has ruled out bailouts for universities facing bankruptcy, Augar, a former investment banker, said it would not be "fair or wise" for the government to let any institution go to the wall.

"It's not fair on students who hold degrees from those institutions, or wise for the towns and cities where they are situated because universities are such an important firestarter to the local economy," Augar said.

"So I think the regulator and Department for Education will have to step in. That doesn't have to mean a massive bailout, but it might mean encouraging mergers or bringing in turnaround teams to work with existing management to slim down or rationalise the student offer," he added.

Phillipson has also said the government will not increase the £9,250 tuition fee as the university lobby group Universities UK has demanded, telling a BBC interviewer in July that the government had "no plans in that space".

But Augar said he believed in the medium term there would have to be more cash injected into the system to preserve the quality of UK higher education, preferably by increasing the government teaching grant paid to universities. An alternative would be to increase tuition fees and maintenance loans.

Recent changes to the student loan repayment system meant that such an increase would cost the government relatively little, he added, saying: "And, given Labour's majority, if you were going to do it at all, this is the moment in the political cycle to do it."

NATIONAL

Health

NHS eyes fixed antibiotic fees to cut drug overuse

Subscription-style deals with manufacturers target antimicrobial resistance

IAN JOHNSTON

The NHS will agree subscription-style deals with drugmakers for antibiotics, as the UK seeks to encourage the development of new medicines and curb antimicrobial resistance caused by their overuse.

The NHS yesterday said it would negotiate fixed fees to pharmaceutical companies of up to £20m a year per drug, working alongside the National Institute for Health and Care Excellence, the health spending watchdog.

The scheme, the first of its kind, was designed to “break the link between the payments companies receive and the number of antibiotics prescribed, removing incentives for overuse”, the NHS said.

The health service issued tenders for the subscription contracts yesterday, with a maximum budget for the programme worth up to £1.9bn over 16 years. The plans will apply across all four UK nations.

David Glover, NHS assistant director of medicines analysis, said that the plans were “a major step forward in making sure it is financially viable for pharmaceutical groups to develop next-generation antimicrobial drugs to keep the spectre of drug-resistant superbugs at bay”.

Developing new antibiotics has been an unattractive investment for pharmaceutical groups because novel treatments must be used sparingly to avoid exacerbating antimicrobial resistance — when organisms causing infection evolve to survive drugs.

This has contributed to a dearth of

new treatments, with no new classes of antibiotics discovered since the 1980s.

Without the development of new drug classes, drug-resistant infections could kill 10m people globally each year by 2050, according to a UK government-commissioned report in 2016. Some 1.3m deaths were attributed to antimicrobial resistance in 2019.

The global cost in lost gross domestic product could amount to \$1tn-\$3.4tn a year by 2030, the World Bank estimates.

Regulators are taking steps to encourage investment. The EU is developing laws for drugmakers that make new classes of antibiotics to earn “vouchers” that would offer longer regulatory exclusivity on other drugs in their portfolio. Companies could use these vouchers to market their drugs for longer without facing competition or sell the vouchers to rivals.

Health minister Karin Smyth said the UK was “leading the way” on development of new antibiotics. She added that antimicrobial resistance was “not a challenge we can tackle on our own”, and that the government would seek an “ambitious agreement at the United Nations General Assembly next month for co-ordinated action”.

The UK’s subscription scheme comes after a 2022 pilot phase between the NHS and Pfizer and Shionogi, the US and Japanese drugmakers, for their sepsis and pneumonia medicines.

Huw Tippet, chief executive of Shionogi Europe, said the new scheme was “the kind of sustainable solution we need to tackle the very serious, and urgent, issue of antimicrobial resistance”. However, the £20m maximum sum could remain unattractive compared with the billions of pounds in sales that drugmakers hope to earn from leading assets in their portfolios.



Fair game Law change on shooting grouse ‘a huge step forward’

A shooting party on the moors in the Lammermuir Hills near Gifford, East Lothian, yesterday
Jane Barlow/PA

Campaigners have called for vigilance in the implementation of new regulations on grouse shooting as the season opened yesterday.

The “Glorious 12th” is the first since the Scottish government tightened oversight on landowners burning moors or killing birds that prey on red grouse, the UK’s fastest-flying game bird.

“There’s nothing ‘glorious’ about the killing of helpless animals,” said Ariane Burgess MSP, the Scottish Greens’ rural affairs spokesperson. “Yet every year we have seen this organised cruelty taking place across Scotland.”

The grouse shooting season has generated controversy for decades, pitting activists who are opposed to animal cruelty and advocate for nature-based land use in Scotland against landowners who say shooting generates much-needed income for struggling rural communities.

The Greens were instrumental in passing the Wildlife Management and Muirburn Act while in coalition government with the Scottish National party, an agreement that ended in April, precipitating the fall of Humza Yousef as first minister.

For years, activists have campaigned

against the practice of killing birds of prey, such as hen harriers, to bolster the number of grouse available for paying shooting parties during the season, which ends on December 10.

They have also campaigned against use of prophylactic antibiotics on wild grouse and the negative environmental impact of the burning of heather off peatland to increase bird numbers.

Burgess described the act, which sees estates forced to obtain a licence for shooting, as “a huge step forward in wildlife protections” that would end “lawless and bloody scenes”. “We will all need to be vigilant and learn from their enforcement,” she added.

The new licensing system, in place since last month, removes the legal right for estates to hold shoots if they are found culpable in failing to protect birds of prey, or do not follow other regulations relating to moor management. NatureScot, the government agency managing the grouse code, can extend the licensed area beyond the perimeter of any grouse moor itself if deemed necessary to prevent raptor persecution.

This means anyone killing a raptor outside of the licensed grouse moor area would still face punishment.

Ross Ewing, director of moorland at landowner association Scottish Land and Estates, described the licensing scheme for grouse moors as the biggest change landowners had faced in decades.

Writing in the Herald newspaper yesterday, he said the small minority engaged in illegal activities relating to grouse moor management, including killing birds of prey, was at “a historic low”.

While licensing was not necessary, landowners and managers had nonetheless worked with the government to make the licensing scheme as workable as possible, he said. Responsible moor management for grouse shooting helped protect some endangered species, such as the Eurasian curlew, he added.

The opening of the season comes amid low grouse numbers on the moors after a wet winter undermined the birds’ breeding and hatching. Owners predict fewer shoots this season, damaging employment and spending in the rural economy from the tourists who flock to Scotland and northern England for the sport. *Simeon Kerr*



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INTERNATIONAL

Zelenskyy takes biggest gamble of war with incursion into Russian territory

Kyiv turns tables in unexpected push that aims to divert Moscow's forces and win bargaining power

CHRISTOPHER MILLER
NEAR THE UKRAINE-RUSSIA BORDER

As Volodymyr prepared to enter Russian territory, adrenaline ran through his veins. It was not lost on him that 81 years ago, another battle in Russia's Kursk region marked a turning point for Europe.

He and the other soldiers of the 82nd air assault brigade listened to their commander's instructions: eyes open, move swiftly and keep your country in your thoughts. Then, after a short prayer and a battle cry of "Glory to Ukraine!", they set out to invade Russia — the first foreign army to do so since the second world war.

"We entered Russian territory for the first time at 1pm on Tuesday [August 6]," Volodymyr said. "We were among the first to enter there."

To his astonishment, his unit faced no resistance as their eight-wheeled, 20-tonne US Stryker fighting vehicle stormed across the border in daylight.

They soon encountered a Russian unit "sitting in the forest, drinking coffee at a table", Volodymyr recalled. "Then our Stryker drives right into their table. We killed many of them on the first day because they were unarmed and didn't expect us."

"Dozens" of stunned Russian soldiers laid down their arms and surrendered.

Over the next six days, the fear felt by many of the thousands of Ukrainian troops taking part yielded to exhilaration. They advanced quickly — by 5km to 10km a day — seizing several villages, part of a railway line and a key gas transit point. They began hastily digging positions and preparing for Russian reinforcements to arrive.

But, to their surprise, Russian troops did not appear, at least not in the manner that they expected. Powerful glide bombs were launched from Russian jets, which wiped out some Ukrainian troops and valuable western-provided equipment. Lancet X-winged suicide drones came barrelling towards them. But the Ukrainians pressed on.

"It was a bit difficult at first but then it got easier," said Roman, another soldier in Volodymyr's unit.

But on Friday, their Stryker was hit by a Russian rocket-propelled grenade. The driver suffered concussion but everyone survived thanks to the vehicle's thick armour. Unable to drive it further, they towed it back across the border.

When the Financial Times met the crew on Sunday, just 5km inside Ukraine, Volodymyr, Roman and two other soldiers were taking the damaged vehicle apart to see what could be used as spare parts before sending it to a US base in Germany for repairs.

As with the Russians, the US and German governments — two of Ukraine's largest military and financial supporters — said they had not been informed in advance about the Ukrainian incursion.

Wolfgang Büchner, a German government spokesman, said yesterday the operation had been "prepared with great secrecy and without consultation". "Everything points to a spatially restricted deployment."

The FT spoke to more than a dozen soldiers on condition their surnames were not published for security reasons.

"Our mood is good. Morale is high," said Serhiy, a paratrooper from the 80th



Ukrainian servicemen ride an armoured personnel carrier near the Russian border in Sumy, north-east Ukraine

Vacheslav Ralynskiy/Reuters

air assault brigade, sipping an energy drink on a road leading to Kursk.

As he spoke, explosions reverberated from the front line and a Ukrainian fighter jet flew low on its way back from an attack on Russian positions.

The Ukrainian troops said their operation was progressing as hoped. In less than a week, they had entered more than 30km deep inside Russia and claimed to have seized about 1,000 sq km of territory. Volodymyr said they were still moving towards the regional capital, Kursk.

Russia has failed to halt their advance, the soldiers said. Many of its reinforcements have been captured or killed. One Russian convoy went up in flames after being struck with a US-made HIMARS missile, according to Ukrainian drone footage seen by the FT.

President Vladimir Putin has called the operation a "provocation" and Moscow has evacuated more than 130,000 residents from the Kursk and Belgorod regions bordering Ukraine.

Ukraine's president, Volodymyr Zel-

enskyy, said on Saturday that Kyiv wanted to "push the war on to the aggressor's territory" and put "pressure" on Russia to "restore justice". But officials have otherwise made little comment on the operation.

Few details are known about how the operation came together, and soldiers were careful not to reveal sensitive information. Many troops did not know the mission until a few days in advance.

Elements of at least six Ukrainian brigades are involved, according to the soldiers and the FT's review of combat footage published on social media.

Volodymyr and the paratroopers of the 82nd brigade were brought to Ukraine's northern Sumy region from nearby Kharkiv region, where they were holding back Russia's forces that had launched their own cross-border incursion there in May.

Other soldiers said they had been redeployed from flashpoints in the eastern Donetsk region, including the towns of Chasiv Yar, Niu-York and Toretsk.

Denys, a soldier driving a US-

'We killed many of them on the first day because they were unarmed and didn't expect us'

provided Humvee painted in desert camouflage, said the Kursk fight — in the same location as a major 1943 battle between German and Soviet forces — felt "totally different" from that in the Donetsk region.

"Fighting from defensive positions is much harder," he said. "The enemy knows everything about us there... Here we had the element of surprise. But we were also surprised that [they were] so surprised with [our attack]."

Denys said that the main goal of the operation was to capture Russian land to trade in negotiations. Other soldiers said the objectives also included forcing Russia to divert resources from the Ukrainian front line. It is too early to tell whether they have been successful, with reports indicating only small numbers of troops have been pulled from the Kharkiv and Donetsk fronts.

Putin claimed yesterday that Russia's forces continued to advance along the front line and said their "tempo of attack" had increased 50 per cent since the start of the Ukrainian incursion.

Denys worried that the operation could come at the cost of cities in the Donetsk region. "Niu-York will be captured, 100 per cent," he said. "It could even happen tomorrow."

Russian forces would also likely take Chasiv Yar and Toretsk, he predicted.

Deep State, a Ukrainian analytical group with ties to the defence ministry that tracks and maps the front line, showed Russian forces making further gains in eastern Ukraine.

Russia's defence ministry claims to have killed more than 1,610 Ukrainian troops in the incursion, numbers that are impossible to verify and which soldiers say are exaggerated. But many ambulances and armoured medical evacuation vehicles rushed to and from the front line while the FT was there.

Additional reporting by Max Seddon in Riga and Guy Chazan in Berlin
[See FT View](#)

Ukrainian incursion forces Russia to evacuate second area on seventh day of fighting

● Ukrainian incursion
● Full or partial evacuation



Updated: Aug 12
Source: AEI's Critical Threats Project, Institute for the Study of War

Greece emergency

Athens residents flee as wildfires near outskirts

JOSEPH WILKINS — NICOSIA

Thousands of Athens residents have been evacuated from their homes as strong winds blew wildfires towards the northern outskirts of the Greek capital yesterday.

A wall of flames over 25 metres high and covering a 30km radius was encroaching on the city, ERT, the Greek state broadcaster, reported.

"The atmosphere [is filled with] smoke, you can't breathe easily," Christodoulos Kyrou-Tsakalos, who lives in the capital's eastern neighbourhood of St Demetrios, told the Financial Times.

"The situation is not good. It's not good," he said, adding that firefighters and aeroplanes dropping water were "trying their best" but that the strong winds were scuppering their efforts.

"We just need the weather to be calmer, because with these strong winds, it's impossible to put out everything." Hundreds of firefighters and dozens of aircraft have been fighting the blazes since fires broke out on Sunday. Greece has appealed to the international community for help.

"The situation remains extremely difficult in areas of north-eastern Attica due to the fire that has been developing since yesterday," the Athens fire department said yesterday.

"Flares and spots are continuous, constantly creating new outbreaks and spreading rapidly, aided by very strong winds," it said, adding that more than 700 firefighters had been deployed to the area, with international assistance.

The European Commission said the Greek authorities had requested help

from the bloc's civil protection mechanism, a centralised system for co-ordinating help from other member states.

Two jets from Italy, a helicopter from France and two firefighting teams from the Czech Republic and Romania had been sent, according to an EU official.

France has also offered to send 180 rescue workers and firefighters to the region today.

No deaths have been reported.

The National Observatory of Athens, the country's oldest scientific institute,

said their facilities were in "immediate danger" as wildfires had entered their grounds.

This is not the first time that wildfires have ravaged Greece. In 2023, the EU recorded the largest wildfire in over two decades in the north-eastern village of Avantas, which killed 18 people and led to 13,000 evacuations from the region.

Last year alone, there were several hundred wildfires recorded by authorities, fuelled by the persistent drought conditions that have recurred over previous summers.

June and July were the nation's hottest since records began in 1960, and some residents are exasperated with disruptions happening every year.

"What we're witnessing today is the tip of the iceberg," said Antonis Hadjikyriacou, a professor at Panteion University. "There have been extremely serious and extensive wildfires for the past four or five years, and some of the most important nature reserves of Greece have been completely and utterly destroyed."

Additional reporting by Alice Hancock in Brussels and Sarah White in Paris



Residents try to save belongings during a fire in Penteli, Athens, yesterday

Angelos Tzortzis/AFP/Getty

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INTERNATIONAL

China seeks ideas to get households spending

Economists say emphasis on high-tech industry is misplaced amid transition to ‘easy to cool, difficult to heat economy’

JOE LEAHY — BEIJING

As China’s leaders hold their annual retreat at the seaside resort of Beidaihe, investors are hoping they will come up with new ideas to tackle one of the country’s most vexing economic problems: how to get households to spend more.

Beijing has announced a series of incremental measures this year to encourage the country’s reluctant consumers. The latest, unveiled earlier this month, was a 20-step formula for supporting sectors ranging from electronic sports and nursing care to the development of cruise ships.

But experts are increasingly calling for China to do more to stimulate consumption, especially after economic growth slowed abruptly in the second quarter as weak household spending weighed on otherwise strong results from the industrial sector.

China’s latest trade figures showed export growth slowed slightly in dollar terms in July to 7 per cent year on year, while imports reversed declines to expand 7.2 per cent on industry demand for overseas machinery and technology components.

“Exports are doing OK, manufacturing investment is still ticking along, infrastructure spending is still slightly positive,” said Fred Neumann, chief Asia economist at HSBC. “It’s consumption that is the weak link here.”

China’s economic wobbles have raised questions about whether the soft demand is cyclical — with household balance sheets still recovering from the bursting of a property bubble and the pandemic — or whether the problems run deeper.

China is transitioning from an “easy to heat, difficult to cool” economy to one that is “easy to cool, difficult to heat”, said Yiping Huang, a prominent economist and adviser to the central bank, in a widely cited speech published online last week. “Economic development has entered a new stage where total demand . . . is no longer as robust as before.”

At one of the Chinese Communist party’s most important five-year policy



China’s economy is struggling to return to strong post-pandemic growth

Seasonally adjusted real vs nominal GDP (rebased to 2019 levels)



Sources: CEIC; Gavekal Dragonomics/Macrobond

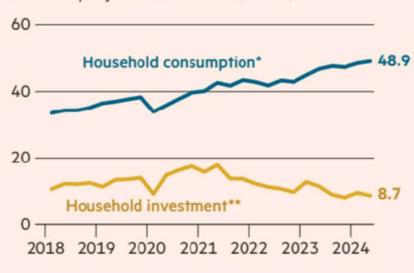
China is boosting manufacturing investment as the property sector flags

Year-on-year increase in outstanding bank loans, by sector (rmb tn)



China’s household spending and home sales have floundered

Seasonally adjusted annual rate (rmb tn)



* Estimated from quarterly survey ** Housing sales

Shanghai stroll: China’s wobbles have raised questions about whether the soft demand is cyclical or whether the problems run deeper

Qia Shen/Bloomberg

meetings, President Xi Jinping last month reaffirmed that his priority is raising productivity, largely through investment in high-tech industry and innovation, to achieve his goal of doubling per capita income by 2035.

Some economists worry that Xi’s emphasis on investment in manufacturing at a moment of weak household demand is creating overcapacity at factories and distorting labour markets.

Higher exports are also increasing tensions with trade partners such as the US and EU, which have slapped tariffs on Chinese electric vehicles and taken other action against Chinese goods.

The trend has pushed China’s economy into its longest-running disinflationary cycle since the 1990s. Growth in real terms was 4.7 per cent in the second quarter but nominal GDP growth fell below 4 per cent.

“For several quarters, nominal GDP growth in China has been below nominal GDP growth in the US — something which, in my 20 years of doing this, I never thought I would see,” said Andrew Batson, China research director at Gavekal at a seminar in Beijing.

Economists said that if China implemented already announced stimulus plans, it should be able to meet its target

for real GDP growth target of 5 per cent for 2024.

By mid-July, local authorities had used only about 40 per cent of their Rmb3.9tn (\$547bn) full year quota for local government special-purpose bonds, which are used to finance spending, according to Lisheng Wang, China economist at Goldman Sachs.

Si Fu, Goldman Sachs China portfolio strategist, said investors were also watching to see if consumption was boosted by existing fiscal stimulus measures such as a programme to help households upgrade appliances. But they were concerned external demand

‘Nominal GDP growth in China has been below [the US’s] — something I never thought I would see’

could be hit by increased trade protectionism if Donald Trump wins the forthcoming US presidential election.

“We are seeing more attention on consumption but property is still a focus,” Fu said. “Exports are a bright spot, but people have begun to consider the potential risk from tariffs.”

Analysts do not expect Beijing to launch much larger stimulus, however. And while China’s central bank has been easing monetary policy, it has been constrained by the wide interest rate spread with the US, which could lead to capital outflows.

If the Federal Reserve cuts rates, that could give the People’s Bank of China room to cut further. But academics believe structural changes are required if China is to unlock the true potential spending power of its households.

In his speech, PBOC adviser Huang warned that a Japan-style deflation trap was a risk for China. He advocated concentrating on achieving 2 to 3 per cent inflation, changing the policy of “heavy on investment, light on consumption” to “directly giving money to the people” — a radical idea when Xi has warned against European-style “welfarism”.

Michael Pettis, senior fellow at the Carnegie Endowment for International Peace, said that without policies to increase households’ share of China’s wealth, subsidising leisure industries or consumer goods would not work.

“After years of supply-side ‘consumption upgrades’, consumption in China remains as weak as ever,” he wrote on social media platform X.

Cadres might voice such warnings at Beidaihe, where Chinese Communist party leaders and their top advisers traditionally escape Beijing’s summertime heat to consider the country’s prospects. But few observers expect Xi to radically change course and divert funds away from his strategy of turning China into a self-reliant technological superpower.

“GDP growth is below what it could be but . . . GDP growth is not the be all and end all,” said Batson, describing the government’s thinking.

Additional reporting by Wenjie Ding in Beijing



“You need some of that soft fluffy brand stuff,” said the hard-nosed City analyst

There is reluctance in some boardrooms to believe in the soft power of brands. It isn’t a reluctance shared by City analysts. In fact, in a new report by the IPA and Brand Finance, analysts cite strength of brand and marketing as a key metric for evaluating public companies. Find out more by scanning the QR code.



INTERNATIONAL

Gaza conflict

Netanyahu's bid for total victory 'gibberish'

Defence minister's claim leads to PM accusing him of anti-Israel narrative

JAMES SHOTTER — JERUSALEM
FELICIA SCHWARTZ — WASHINGTON

Israeli Prime Minister Benjamin Netanyahu has accused defence minister Yoav Gallant of adopting an "anti-Israel narrative" after Gallant dismissed the idea of achieving total victory over Hamas as "gibberish".

The exchange of barbs is the latest sign of tensions between the men over the conduct of Israel's 10-month war with Hamas in Gaza and came days before US-led talks to broker a deal to end the fighting and release the hostages still held by Hamas were due to resume.

Netanyahu has repeatedly promised that the war will continue until Israel has achieved "total victory" over Hamas, and in recent weeks has steadily hardened Israel's stance in talks over a ceasefire, putting him at odds with Israel's security chiefs who believe a deal would be in Israel's interest.

Gallant has also stressed the need for an agreement, and in a parliamentary hearing yesterday branded those promising total victory "heroes with [war] drums", according to Israeli media.

This sparked an angry response from Netanyahu, whose office issued a statement saying Gallant should direct his ire at Hamas leader Yahya Sinwar, "the only obstacle to a hostage deal".

"Israel has only one choice: to achieve total victory, which means eliminating Hamas's military and governing capa-

bilities and releasing our hostages," Netanyahu's office said. "This is the clear directive of Prime Minister Netanyahu and the security cabinet, and it

'Israel has only one choice: to achieve total victory, which means eliminating Hamas's . . . capabilities'

obligates everyone — including Gallant."

The talks on a ceasefire deal, due to resume on Thursday, are seen by the US and others as the best chance of preventing a full-blown war in the Middle East, which has been on edge since the assassination of two senior Hezbollah and Hamas figures last month.

Iran and Hezbollah have vowed to

retaliate against Israel for the killings, prompting the US to beef up its military presence in the region and sparking a frantic effort by diplomats to de-escalate the situation.

The US is sending a guided missile submarine to the Middle East, as it bolsters its regional presence. US defence secretary Lloyd Austin has also ordered the USS Abraham Lincoln aircraft carrier to "accelerate its transit to the region" in light of "escalating tensions".

Gallant's office said yesterday that he and Austin had discussed the "interoperability" of Israeli and US forces in the region.

He warned on Sunday that "whoever harms us in a way that has not been done in the past is likely to be hit in a way that hasn't been done in the past".

The US, Egypt and Qatar, which have

been mediating the Israel-Hamas talks, have been pushing for them to agree to a three-stage deal set out by US President Joe Biden earlier this year to end the fighting and free the roughly 115 hostages still held by Hamas in the wake of its October 7 attack on Israel.

However, Hamas and Israel still disagree on key terms, including the presence of Israeli forces in strategic locations in Gaza and the return of Palestinians to the north of the enclave.

Hamas on Sunday accused Israel of attempting to draw out the talks without any intention of reaching a deal, and called on mediators to compel Israel to implement the plan set out by Biden.

Netanyahu attempted to sack Gallant last year for criticising his plans for a judicial overhaul, before backing down in the face of huge street protests.

US manufacturing

Big projects worth \$84bn under Biden's flagship acts suffer delays

AMANDA CHU, ALEXANDRA WHITE AND RHEA BASARKAR — NEW YORK

Some 40 per cent of the biggest US manufacturing investments announced in the first year of Joe Biden's flagship industrial and climate policies have been delayed or paused, a Financial Times investigation found.

The US president's Inflation Reduction Act and Chips and Science Act offered more than \$400bn in tax credits, loans and grants to spark development of a US cleantech and semiconductor supply chain.

But of the projects worth more than \$100mn, a total of \$84bn have been delayed for between two months and several years, or paused indefinitely, the FT found. The total value of the 114 large projects tracked by the FT was \$227.9bn. Companies said deteriorating market conditions, slowing demand and lack of policy certainty in a high-stakes election year have caused them to change their plans.

The delays raise questions around Biden's bet that an industrial transformation can deliver jobs and economic returns to the US, which has offshored its manufacturing for decades.

They could also complicate efforts by

'We continue to work to clear barriers related to permitting, to financing, where they exist'

Vice-President Kamala Harris to use the administration's record on manufacturing to attract blue-collar voters in November's presidential election.

Alex Jacquez, special assistant to the president for economic development and industrial strategy, insisted the Biden administration had had "unmitigated new success" in boosting construction and manufacturing. "We continue to work to clear barriers related to permitting, to financing, where they exist," Jacquez said.

The FT conducted more than 100 interviews with companies and state and local authorities to determine the status of projects, in addition to reviewing corporate press releases and filings.

Among the largest projects on hold are Enel's \$1bn solar panel factory in Oklahoma, LG Energy Solution's \$2.3bn battery storage facility in Arizona and Albemarle's \$1.3bn lithium refinery in South Carolina.

Some delays have not been announced. Forty minutes from Alhambra's inactive site is a facility where semiconductor manufacturer Pallidus said last year it would relocate its headquarters from New York and begin manufacturing, investing \$443mn and creating more than 400 jobs. Operations were expected to start in the third quarter of 2023, but the building sits unused.

Integra Technologies announced a \$1.8bn semiconductor factory in Bel Aire, Kansas, last year but has not moved forward with the project due to uncertainty over government funding.

Biden approved the IRA and the Chips Act in August 2022 to revitalise the Rustbelt and take on China in manufacturing the technologies required to digitise and decarbonise the US economy. But a tough economic backdrop, overproduction in China, slowing demand for electric vehicles and policy uncertainty have chilled progress.

Sport. Mental health

Elite athletes face the post-Olympics blues

Readjusting to life after the Games can prove problematic but more support is available

JOSH NOBLE — PARIS

British athletes heading home from the Paris Olympics have all been offered the chance to sign up for "performance decompression", a support system developed during the pandemic to help elite performers cope with the sudden jolt of no longer having a clear goal.

First comes a "hot debrief" in the immediate aftermath of competing, then a period of "time zero", during which athletes are encouraged to immerse themselves in home life and embrace the rollercoaster of emotions that can follow a major tournament.

The UK approach, which incorporates military research on how personnel adjust back to civilian life, is part of a wider evolution in the way teams around the world aim to combat "post-Olympics blues" and tackle broader issues around athletes' mental health.

"Looking after your mind is the most important because you can't force it," said Keely Hodgkinson, British gold medalist in the 800 metres.

"It will be in two months' time, when you've had an off-season and you're thinking: 'Oh my gosh. It's been such a long time, and I've got to do it all over again and keep turning up.'"

The International Olympic Committee has previously pointed to research showing about 35 per cent of elite athletes suffer from some form of mental disorder — from burnout and substance abuse to depression — and are most vulnerable in the period following major tournaments.

After winning gold in Paris, Valerie Allman, US women's discus thrower, talked about the importance of mental preparedness. "So many athletes, especially when they talk about the Olympics, you get big emotions, you get heartbreak, you get glory," she said. "It's really important for athletes to share their experience, to share how they've dealt with the pressure, to embrace it and celebrate that vulnerability."

In Paris, many medal winners, from US 100 metres sprinter Noah Lyles to British swimmer Adam Peaty, have addressed their emotional wellbeing in post-event press conferences, highlighting how the pressure to perform can lead to depression and anxiety.



When the party's over: athletes during Sunday's Paris Games closing ceremony
Gonzalo Fuentes/Reuters

US heptathlete Anna Hall posted frank excerpts from her diary on her Instagram account, while gymnast Simone Biles delivered candid video messages to her followers on TikTok.

"I never thought I was going to be competing again, because that's how terrified I was of gymnastics," said Biles, who pulled out of the Tokyo Games three years ago after suffering what gymnasts call a bout of "the twisties". She has since become a vocal mental health advocate. "I've had to put in a lot of work, but shout out to my therapist and shout out to therapy."

Sports psychology has been a core part of elite programmes for decades, with much of it aimed squarely at improving results. But there is a growing awareness that taking a far broader approach to athlete wellbeing is both a moral obligation and a vital element in enabling high performers to reach the top and stay there longer. Some teams refer to it simply as "winning well".

"The way we talk about mental health and the way we acknowledge wellbeing and how important it is for an athlete

has changed quite a lot," said Nicole Burattin, mental health lead and clinical psychologist at the Australian Institute of Sport, which oversees the country's elite athlete programme. "People are speaking more and more about mental health in a public manner, especially in sport. We are seeing a shifting stigma."

The biggest challenge often comes in the weeks and months after a big event such as the Olympics, when the glow of victory fades.

Others find it difficult to wind down from years of dedicated training, especially with the next major tournament so far away. Those who have underperformed expectations or suffered injuries have a long wait to try again.

"Whether they've achieved or not, it's the absence of that focus, the habitual training, that goal to strive towards that leaves you feeling a bit empty afterwards and very lost," said David Fletcher, professor of human performance and health at Loughborough University in the UK.

Teams are increasingly looking to put in place support systems for athletes,

'People are speaking more about mental health in a public manner, especially in sport. We are seeing a shifting stigma'

such as the UK's embrace of a managed decompression period. With many Olympic athletes likely to have lived in relative obscurity before the competition, some may struggle to cope with being thrust into the limelight after winning a medal or becoming a social media phenomenon.

Pistol shooter Kim Ye-ji, who became an internet sensation for her steely focus on her way to a silver medal in Paris, blamed stress and exhaustion after she collapsed at a press conference back home in South Korea on Friday.

The Australian and British Olympic teams are among those with staff dedicated to managing the weeks and months of adjustment that follow major events, whether training for the next big event or outside elite sport altogether.

Burattin emphasised the importance of encouraging athletes to find interests and connections outside sport.

"If people are taking care of their mental health, then they're going to perform better in sport, but ultimately they're just going to be able to cope better in all areas of their life," she said.

Reform demand

Bangladesh leader calls for freedom of speech

BENJAMIN PARKIN — DHAKA
JOHN REED — NEW DELHI

Bangladesh's new interim leader, Muhammad Yunus, has said the country of 170mn must reform its judiciary and ensure freedom of speech in order to fix the "complete mess" left by toppled prime minister Sheikh Hasina.

The Nobel Peace Prize-winning economist hailed as a "revolution" the ousting of Sheikh Hasina, who fled last week after a popular uprising against her authoritarian rule over Bangladesh, the world's second-largest garments exporter. "The monster is gone," Yunus told foreign journalists in Dhaka.

An estimated 500 people have been killed since Sheikh Hasina last month ordered a crackdown on student protesters, triggering anger that ultimately toppled her government and provoked retaliatory attacks. Police have mostly gone into hiding, with security on Dhaka's streets temporarily taken over by the military and student volunteers.

Yunus said his most urgent task was to restore law and order "so that people can sit down or get to work", but that he hoped to turn to broader reforms. "The opposition, young people always are talking. 'There is no freedom of speech,'" he said. "Give them the freedom of speech." The 84-year-old added that

Security on Dhaka's streets has been temporarily taken over by the military and student volunteers

ensuring "the independence of the judiciary" was another priority.

Sheikh Hasina, who had ruled Bangladesh since 2009, claimed to have brought development to one of the world's poorest countries. Her critics accused her government of corruption, rights abuses, rigging elections and stacking the judiciary with loyalists from her Awami League. Chief justice

Obaidul Hassan, the head of Bangladesh's judiciary, resigned at the weekend following new demonstrations against him by student protesters.

Yunus, who was celebrated for founding microfinance pioneer Grameen Bank, was subject to a barrage of investigations under Sheikh Hasina that his supporters called a vendetta.

Yunus said he only agreed to lead the interim government because student protest leaders asked him to. He has two students in his new cabinet.

Opposition groups such as the Bangladesh Nationalist party are demanding new elections. And the Awami League is seeking to regroup.

The former prime minister's son, Sajeeb Wazed, told the Financial Times that his mother, who is in neighbouring India, wanted to return to Bangladesh.

"Her hope is that at some point she will be able to go back," Wazed said from the US. He said she was "absolutely" ready to face charges, if it came to that, "because she did nothing illegal".

South Asia

Pakistan's former spy chief arrested by army

HUMZA JILANI — ISLAMABAD

Pakistan's army has arrested the former director of its powerful spy agency, Faiz Hameed, and has begun proceedings against him, making him the first spymaster to face a court martial in Pakistan's 77-year history.

The military said yesterday that Hameed, who headed the Inter-Services Intelligence agency, is charged with violating the terms of his retirement from the armed forces, and faces additional charges over his involvement in a land development issue.

"Complying with the orders of Supreme Court of Pakistan . . . the process of field general court martial has been initiated and Lt Gen Faiz Hameed (ret'd) has been taken into military custody," the army said.

Pakistan's military has ruled the country outright for half of its post-independence history, and its powerful intelligence service maintains considerable sway over domestic politics.

Senior leaders of the ruling Pakistan Muslim League-Nawaz party had for years claimed that Hameed, who led the spy agency from 2019 to 2021, fostered close ties with the jailed former prime minister Imran Khan while both were in power.

They also claimed that Hameed engi-

Faiz Hameed, right, is said to have had close ties with Imran Khan, the jailed former prime minister



neered the downfall of three-time former prime minister Nawaz Sharif in 2018. He has denied both accusations.

Analysts said it was rare for senior generals to face legal proceedings.

In an apparent show of bravado shortly after the military released its statement, the ruling party tweeted a picture of Sharif with the caption: "I leave my decision to Allah!"

Hameed rose to global prominence after he was seen on video drinking tea with the Taliban in Kabul's Serena Hotel shortly after the militant group took over Afghanistan in August 2021, in a sign of the ISI's links with the group that has battled the US and its allies.

"The military looks to be making an example of Faiz, showing that it takes accountability seriously, even when it comes to one of its own," said Michael Kugelman, a fellow at the Wilson Center in Washington DC. "Sending this message to Pakistanis these days is strategic, as it's a moment when anti-army sentiment runs high within the public. But Faiz's known closeness to Imran Khan looms large. This may be a case of a push for accountability being used as a pretext to send a tough message to Khan's allies — including those in the military."

In the land development case, Hameed is accused of ordering a raid against the office of a housing society executive and other abuses of power while in office.

Companies & Markets

Fake TikTok notices include out-of-date tsunami alerts

- Platform vows to fight misinformation
- False claims over Taylor Swift concerts

STEPHANIE STACEY — LONDON

TikTok has been sending inaccurate and misleading news-style alerts to users' phones, including a false claim about Taylor Swift and a weeks-old disaster warning, intensifying fears about the spread of misinformation on the popular video-sharing platform.

Among alerts seen by the Financial Times was a warning about a tsunami in Japan, labelled "BREAKING", that was posted in late January, three weeks after an earthquake had struck.

Other notifications falsely stated that "Taylor Swift Cancelled All Tour Dates in What She Called 'Racist Florida'" and highlighted a five-year "ban" for a US baseball player that originated as an

April Fool's prank. The notifications, which sometimes have summaries from user-generated posts, pop up on screen in the style of a news alert.

Researchers said this format, adopted widely to boost engagement through personalised video recommendations, might make users less critical of the veracity of the content and open them up to misinformation.

"Notifications have this additional stamp of authority," said Laura Edelson, a researcher at Northeastern University, Boston. "When you get a notification about something, it's often assumed to be something that has been curated by the platform and not just a random thing from your feed."

Social media groups such as TikTok, X and Meta are facing greater scrutiny to police their platforms, particularly in

a year of major national elections, including November's vote in the US.

The rise of artificial intelligence adds to the pressure, given that the fast-evolving technology makes it quicker and easier to spread misinformation.

TikTok, which has more than 1bn global users, has repeatedly promised to step up its efforts to counter misinformation in response to pressure from governments around the world, including the UK and EU. In May, the platform committed to becoming the first major social media network to label some AI-generated content automatically.

The false claim about Swift cancelling her tour in Florida, which also circulated on X, mirrored an article published in May in the satirical newspaper The Dunning-Kruger Times, although this article was not linked or directly referred to in the TikTok post.

At least 20 people said on a comment thread that they had clicked on the notification and were directed to a video on TikTok repeating the claim, even though they did not follow the account.

Swift is still scheduled to perform three concerts in Miami in October and has not publicly called Florida "racist".

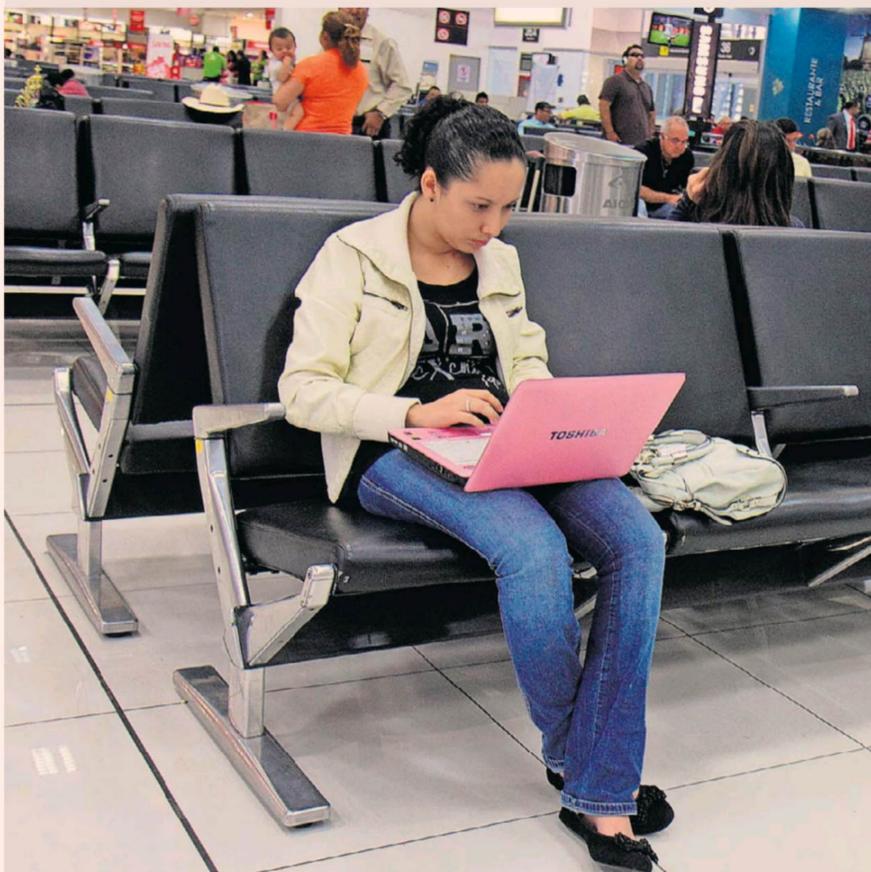
Another push notification inaccurately stated that a Japanese pitcher for the Los Angeles Dodgers faced a ban from Major League Baseball: "Shohei Ohtani has been BANNED from the MLB for 5 years following his gambling investigation..."

The words matched the description of a post uploaded as an April Fool's prank. Tens of commenters on the first video reported receiving alerts in mid-April.

Users have also reported notifications that appeared to contain news updates but were generated weeks after the event. TikTok said it had removed the specific notifications flagged by the FT.

Additional reporting by Hannah Murphy and Cristina Criddle

Down to earth Bosses reduce day trips by air as business travel settles into a 'new normal'



Concerns about delays and inflation were blamed for fewer corporate air trips — Jeff Greenberg/Universal Images Group/Getty Images

PHILIP GEORGIADIS
TRANSPORT CORRESPONDENT

Executives are flying less and cutting one-day work trips by plane as corporate travel settles into a "new normal", according to the chief executive of the global industry trade body.

"Inflationary pressures and other things means [travel companies] are making more money on fewer trips... but the way companies travel is different," said Suzanne Neufang, head of the Global Business Travel Association. "So that is a new normal and that is probably here to stay."

One of the big changes has been the decline of one-day flight trips as bosses cut journeys because of frustration with disruption, environmental worries and changing attitudes to work since the pandemic.

The one-day flight trip for work "went out the door at the beginning of

Covid and hasn't really come back", said Neufang.

Inflation also means that executives are struggling to save money despite making fewer trips.

The GBTA does not expect spending on inflation-adjusted global corporate travel, which includes outlay on flights, trains, hotels and other expenses, to return to pre-pandemic levels until 2027.

Without the inflation adjustment, the GBTA said global corporate travel would reach a record \$1.48tn by the end of the year, up from \$1.34tn in 2023 and surpassing pre-pandemic levels for the first time.

Delays and cancelled flights are partly responsible for fewer trips since the pandemic, with 50 per cent of respondents to a 2023 GBTA survey saying concerns about disruptions or an unpleasant experience had "somewhat" or "greatly" reduced their willingness to travel for work.

Environmental and sustainable factors have also played a part as executives try to limit flying, packing more meetings into fewer trips or taking a plane only for long journeys.

Companies including professional service firms PwC, EY and Marsh McLennan have all outlined plans to cut emissions by reducing air travel.

Neufang said the industry was in "a little bit of a squishy moment" given the uncertain outlook, including recent stock market turmoil and signs of cracks in the US economy.

However, Andrew Crawley, president of American Express Global Business Travel, was upbeat.

"Air fares and hotel rates have gone up very significantly in the past few years... customers' budgets lag those price rises a little bit, but they do catch up with them eventually."

Global multinationals were telling AmExGBT that they still planned to increase spending on travel, he said.

JDE Peet's chief steps down after five months

SUSANNAH SAVAGE — LONDON

Luc Vandavelde, chief executive and chair of European tea and coffee group JDE Peet's, is stepping down less than five months after taking up the role as part of a reshuffle orchestrated by controlling shareholder JAB Holdings.

Vandavelde, a former chief executive of Marks and Spencer, was leaving with immediate effect owing to "unforeseen matters" that required his attention, JDE Peet's said yesterday.

JAB managing partner and chair Peter Harf would take over as chair and JDE Peet's chief financial officer Scott Gray would serve as interim chief executive until the position was permanently filled, the company said in a statement.

Vandavelde was announced as interim chief executive and chair of the owner of coffee brands L'Or, Kenco and Douwe Egberts in March this year, as JAB sought to shake up the group following a long period of underperformance. He took up the role in April.

Shares fell 2.9 per cent yesterday. The Dutch-listed company, which has a market value of €10.1bn, has struggled with inflation and rising input costs, despite increasing consumer prices.

London robusta futures, the global benchmark for coffee, surged above \$4,500 per tonne yesterday, having nearly doubled over the past 12 months.

Soaring prices, which cannot be passed on to consumers indefinitely, were squeezing coffee makers' profit margins, Italian coffee giant Lavazza warned recently.

But results from the first half of this year signalled an improvement in JDE Peet's fortunes. Shares surged earlier this month when the company raised its guidance for the year ahead in July, after beating half-year expectations. The tea and coffee giant said it expected full-year sales growth at the higher end of its previous forecast of 3 to 5 per cent.

A spokesperson for the company said that management remained "fully committed" to the raised guidance, citing "robust, broad-based performance across top-line, profitability and cash flow, despite operating in a challenging environment".

The search for a permanent CEO, which started in April, was "nearing completion," according to the spokesperson.

Vandavelde would join JAB as a senior adviser focusing on packaged consumer goods, said the company.

Automation is coming for private equity's junior processing roles

INSIDE BUSINESS

FINANCE

Sujeet Indap



The 1992 book *Merchants of Debt*, a critical history of the private equity firm KKR, recounts the moment in the early 1980s when a firm executive came across VisiCalc, the spreadsheet software that would upend both KKR and Wall Street.

"KKR couldn't rapidly stalk several companies at once, because its financial blueprints required weeks of calculations by hand," George Anders wrote of the old way of doing business. But with the arrival of VisiCalc "all of a sudden, giant companies' finances could be picked apart in an afternoon".

After VisiCalc came Lotus 1-2-3 and later Microsoft Excel. For investors such as Martin Brand, who today runs Blackstone's US leveraged buyout group, it is now possible to get a deal analysis done while still on the phone to the investment banker making the sales pitch.

Blackstone has dozens of data scientists and engineers. They work alongside its investors to come up with automation tools able to ease the processing burden on junior employees without sacrificing the rigorous number-crunching needed to put billions of dollars to work.

One such tool is BX Atlas, a standardised LBO model that gives Blackstone dealmakers a near-instantaneous read-out of a deal's feasibility and whether it

merits a more detailed study. "It's really cool," said Brand.

Even with functionality increasing each year, 20-something bankers and investors had been stuck manually typing numbers and equations into cells then linking and formatting those cells.

That drudgery might be about to end with seismic advances in computing power. What that means for investment returns, the happiness of workers in the salt mines of Wall Street and the skills needed for the next generation of rainmakers has become the next interesting question.

For firms lacking Blackstone's internal tech developers, Ian Gutwinski is trying to fill the gap. The 2021 Harvard Business School grad and former PE investor sells LBO modelling software called Mosaic. Like Blackstone's Atlas, Mosaic can spit out investment returns with a few quick manual inputs.

Mosaic also delivers helpful visualisations that show whether those returns stem from operating improvements or sheer financial leverage. The whole process takes minutes. Gutwinski says that preliminary models are not only fast but defect-free, eliminating the chance of common human error such as entering the wrong number or link. Mosaic models can also be downloaded to Excel and further customised as deemed necessary by the deal team.

Gutwinski's clients so far include powerhouses such as Warburg Pincus and CVC Capital.

One user, who declined to be identified, said that junior associates had numerous responsibilities, including monitoring existing companies, that

were better uses of their time. "Modelling is a commodity," this person said.

"One of the really striking things about the story of spreadsheets in the 1980s, particularly in the case of PE, is that spreadsheets allowed financiers to see and imagine differently," said William Deringer, a historian at MIT and a former investment banker. "I think it is quite possible that new automation tools for financial analysis might offer similarly new kinds of vision and imagination."

In an academic paper, Deringer cited a 1989 New York Times article that captured the cultural shift sweeping Wall Street in the nascent VisiCalc era. "Sharp elbows and a working knowledge of computer spreadsheets suddenly counted more than a nose for dry sherry or membership in Skull and Bones", it wrote — the latter referring to Yale's blue-blooded secret society.

At this time of year, investment banks are greeting their new trainee classes and teaching them the building blocks of spreadsheet modelling. The ultimate objective is not just understanding the mechanics but building critical thinking, intuition and problem-solving abilities. And the coin of the realm in these fresh cohorts historically has been slick Excel skills.

It is possible that emerging black-box tools will soon mean that technical capabilities matter less, in the same way that software coders are expected one day to give way to AI "prompt" engineers. There has always been a gap between what makes a good junior associate — raw processing horsepower — and a senior executive — decisiveness, maturity and a respectable golf game. Starting now, that disconnect may slowly begin to shrink.

sujeet.indap@ft.com

What it means for returns, the happiness of staff and the skills needed for future rainmakers is the next interesting question

FT LIVE

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Firm that backs Revolut focuses on start-ups as VC investment in region rises

TIM BRADSHAW — LONDON

Revolut backer Balderton Capital has raised \$1.3bn in Europe's largest venture funding focused on start-ups in the region, as capital returns to private technology companies.

London-based Balderton, which has backed artificial intelligence start-up Wayve and Royal Match developer Dream Games, closed a \$615mn early-stage fund and a \$685mn fund for

"growth" investing in more mature start-ups, reflecting "growing interest in European tech", according to managing partner Bernard Liautaud.

Liautaud pointed to data from Invest Europe and Cambridge Associates that showed European venture capital funds had outperformed North American peers over 10- and 15-year periods.

"There is a much bigger list of global leaders coming out of Europe and we have many in our portfolio," he said.

The fundraising follows new capital for several of the region's top VC firms this year, including Accel's European arm, Index Ventures and Creandum.

The European venture capital indus-

try has been more active than at any time before the boom of 2021, when Balderton and many of its peers last raised capital. VC investment in the region rose

"There is a much bigger list of large global leaders [in] Europe and we have many in our portfolio"

12 per cent in the second quarter year on year, according to Dealroom, which tracks private tech financings.

Balderton poured money into Revolut's earliest funding rounds, becoming

its largest investor. The fintech group this month launched an employee share sale at a \$45bn valuation, making it Europe's most valuable start-up.

"You can imagine how much that propels the fund," Liautaud said. "To have a great track record is one where you have consistent performance and sometimes you have an outsized return."

Unlike other large venture capital firms with roots in Europe, such as Index Ventures and Atomico, which also invest in US companies, Balderton exclusively backs European start-ups.

However, that means that the 24-year-old firm has largely missed out on the latest wave of "foundational" AI

start-ups based in Silicon Valley, such as OpenAI and Anthropic, which are investing huge sums to create the large language models that underpin chatbots such as ChatGPT.

Following large funding rounds for European AI start-ups Mistral, Wayve and Poolside AI, AI now accounts for 18 per cent of all European VC funding, having more than doubled in the past decade, according to Dealroom.

But its analysts found that the top five global investors in generative AI are US-based, including Andreessen Horowitz, Sequoia Capital and Lightspeed Venture Partners, which have all opened offices in London in the past few years.

Since 2019, US funding for generative AI companies had totalled \$54bn, compared with \$3bn for each of the next largest countries, China and the UK, Dealroom said.

"We haven't been convinced that [the underlying AI infrastructure] is necessarily the best place to get the best returns, because of the amount of capital required to be a great company," Liautaud said. Investing vast sums to support the fast-evolving technology has become the domain of tech giants such as Microsoft, Google and Amazon.

That still left the "enormous" opportunity of AI applications built on top of that infrastructure, he added.

Obituary Silicon Valley visionary with a mission to change the world

Susan Wojcicki

Top Google executive
1968-2024



The early death of Silicon Valley veteran and former YouTube chief Susan Wojcicki last weekend has prompted an outpouring of condolences from Big Tech heavyweights for an advertising visionary who was also known for being a vocal champion of women in business.

Wojcicki, who has died aged 56 after a two-year battle with lung cancer, was instrumental in growing Google's mammoth advertising business. By the time she had moved from overseeing it in 2014 to running the video streaming platform YouTube, it had ballooned to more than \$50bn in revenues.

Google's 16th employee, Wojcicki was a pivotal figure at what has become one of the world's most influential companies. She helped steer the evolution of how people — from individual creators to big advertisers — make and spend money online.

Sundar Pichai, chief executive of Google's parent Alphabet, described Wojcicki as being "as core to the history of Google as anyone".

When announcing her resignation as CEO of Google-owned YouTube last year, Wojcicki said she had dreamt of working for a company "with a mission that could change the world for the better", and thanked its co-founders for "the adventure of a lifetime" during her 25-year tenure.

Wojcicki studied history and literature at Harvard university, but displayed a prescient interest in the value of technology and coding. She later explained that she believed that "coding is like writing — and we live in a time of the new industrial revolution".

After a stint as a photojournalist in India, she undertook a masters degree in economics at the University of California before embarking on an MBA.

After university, Wojcicki took a job at chipmaker Intel. But Google co-founders Larry Page and Sergey Brin were renting out her garage as they developed the eponymous search engine, and Wojcicki was intrigued.

While pregnant with her first child in 1999, she gambled and took a job at the start-up. She later said that, although she had viewed the pair as "students who were doing their first company", she had seen the "potential of what they were building".

The move marked an inflection point in Wojcicki's career, and amounted to "one of the best decisions of my life", she said last year.

At Google, Wojcicki rose up the ranks to eventually lead its advertising busi-

Susan Wojcicki, then CEO of YouTube, speaks during a conference in March 2018. She became Google's 16th employee after renting her garage, below, to its founders

David Paul Morris/Bloomberg; Marco Jose Sanchez/AP



ness, and helped build a host of core products, including Google image search and the AdSense advertising network that later drew the ire of antitrust authorities in the EU and US.

In the early days, Wojcicki was "shepherding [the ads business] not just for Google but for the entire industry," given that it was a "nascent" space, Keval Desai, a tech investor who worked alongside Wojcicki at Google for several years, told the Financial Times.

A private person who did not court the limelight in the way of some Silicon Valley executives, Mercury News in 2011 crowned her "the most important Googler you've never heard of". AdWeek mused in 2013 on whether

Wojcicki was "the most important person in advertising".

Her role in Google's 2006 acquisition of YouTube, which she would go on to lead for almost a decade, was another defining moment. Alive to the company's fast-growing video business and the potential for other companies to swoop in and buy it, Wojcicki sketched out a case for buying it in "probably... an hour", she said later.

Her vision for the platform was dynamic and evolved at pace with the fast-moving streaming and ad spaces. From when she took over in 2014, she oversaw the growth of the "creator economy", and in 2020 launched YouTube Shorts in response to growing competition from video platform TikTok.

"Creators are the beating heart of YouTube", but Wojcicki was "the reason everyone at YouTube cared so deeply about those creators" whom she "went out of her way to meet," said Priscilla Lau, who worked alongside her at YouTube for almost a decade.

Wojcicki also presided over the growth of YouTube's advertising business which, like social network Facebook, increasingly stole advertising dollars from linear television. She launched its ad-free paid tier in 2015, and by the time she stepped down last year YouTube had more than 2.5bn monthly

active users and nearly \$30bn in annual ad revenues.

YouTube co-founder Steve Chen told the FT the "success" that the platform had continued to see "has very directly tied to the incredible, inclusive method in which Susan ran the company".

He added: "She was incredibly patient and attentive to the opinions of everyone that worked at Google and YouTube."

With the explosion of content on social media and streaming sites came controversy, however, and Wojcicki was among the tech chiefs forced to grapple with the challenge of how to police problematic content.

YouTube was hit with an advertisers boycott in 2017 after ads began appearing alongside offensive and extreme content, prompting Wojcicki to hire more moderators and join other social media chiefs in pledging to do better.

But Wojcicki was not subject to the same scrutiny as the Facebook and X founders Mark Zuckerberg and Jack Dorsey, the bigger public personalities who were hauled up in front of US lawmakers numerous times to be grilled. That led some to worry that the scale of the problem on YouTube itself was not being sufficiently scrutinised.

The daughter of journalist Esther Wojcicki, who wrote a book about "how

In the early days, she shepherded the ads business 'not just for Google but for the entire industry'

to raise successful people", Wojcicki will also be remembered as an inspiration to women in tech, an advocate of the importance of workplace diversity and a pioneer of paid parental leave across the male-dominated tech industry.

The mother of five became Google's first employee to go on maternity leave, and her advocacy around parental leave "set a new standard for businesses everywhere," wrote Pichai last weekend.

In spite of her success, Wojcicki wrote in a 2017 Fortune column that she had "time and again" as a woman and mother faced questions about her ability and commitment to her work.

That same year, public allegations of gender discrimination in the tech sector prompted Wojcicki to write in *Vanity Fair* that she was "frustrated that an industry so quick to embrace and change the future can't break free of its regrettable past" and demand that tech CEOs "make gender diversity a personal priority".

Former Facebook chief operating officer Sheryl Sandberg described Wojcicki as "one of the most important women leaders in tech — the first to lead a major company", adding: "I don't believe my career would be what it is today without her unwavering support."

"She showed women that it was possible to excel in a thriving career and still be home by 6pm to have dinner with their families," said Lau.

Wojcicki's battle with cancer was not widely known, though she said when stepping down from YouTube last year that she planned to "start a new chapter focused on my family, health and personal projects I'm passionate about". A short time later her son Marco Troper died tragically from an overdose while a student at Berkeley.

The outpouring of condolences and fond recollections of Wojcicki since her death was announced has been striking.

Former US secretary of state Hillary Clinton highlighted Wojcicki's ability to nurture an idea into "something that changes the world" and said she would "miss her brilliance, her kindness, and all she did to open opportunities in tech to people of all backgrounds".

Desai said she had been "involved in every single important decision that Google ever made." The company's "belief that doing good is the primary north star is because of Susan," he said.

Wojcicki is survived by her husband, Denis Troper, and her four remaining children, as well as her two sisters, Janet and Anne — the latter co-founded biotech company 23andMe and was married to Google founder Brin until 2015.

"She was very down to earth," Hadi Partovi, chief of educational non-profit Code.org on whose board Susan Wojcicki sat, told the FT. "It's sad for the tech industry to have lost one of its greatest."

Food & beverage

Milk producers target Chinese adults amid falling birth rate and increasing competition

THOMAS HALE AND WANG XUEQIAO
SHANGHAI

Dairy companies are shifting focus in China from babies to adults, as a falling birth rate and intense competition force them to search for new areas of growth in what has long been one of the world's biggest markets for milk.

The A2 milk company, headquartered in New Zealand, last month announced new milk powder products for the "adult and ageing population" in China, adding to similar products offered by companies such as Danone, Abbott, Fonterra and Nestlé as well as domestic names such as Yili and Feihe.

"There's a lot of attention now on senior nutrition, sports nutrition and other applications for these [dairy] ingredients," said Conor O'Sullivan, China manager for Bord Bia, Ireland's food

trade body. "To some extent new occasions for consumer dairy are being created. Many categories in the Chinese food industry are facing oversupply and weak demand at the moment, and they're looking for growth."

China's birth rate hit a record low of 6.4 births per 1,000 people in 2023, official data shows, while its population is rapidly ageing, a demographic shift that is expected to reshape the economy and consumer markets.

Rabobank forecasts dairy demand in China, the world's biggest importer of milk, to grow 2.4 per cent annually in the years to 2032, but sees infant formula reaching a "negative volume growth rate" in coming years.

The infant formula market was a "crowded space" with "intensifying" competition, wrote Michelle Huang, a Rabobank analyst, in a report this year,

suggesting diversification into sectors including "adult and medical nutrition".

Foreign milk producers once dominated the dairy sector, the initial expansion of which in the 1980s embodied the country's reopening to the world. Many consumers opted for foreign milk after several babies died and tens of thousands were hospitalised in 2008 after

consuming milk formula from domestic company Sanlu Group.

But they now face an increasingly saturated market as homegrown milk producers increase output. The shift, which is echoed across consumer markets from coffee to autos, has come alongside a government drive for higher self-sufficiency and greater regulatory control,

especially in the sensitive infant milk sector.

"In China, you've got a basic brand, a premium brand, a super-premium brand, a hyper-premium brand," said one person involved in the dairy industry on the intense competition. Domestic milk supply was "growing very fast", the person added.

Jason Yu, a managing director at Kantar Worldpanel, said "almost every city has a local dairy company in China" but added that government efforts to improve safety had since encouraged consolidation. In the past year, the top 10 brands in the infant milk formula market had 80 per cent of the market, he said, and half of them were Chinese.

US company Abbott closed its infant formula business in China at the end of 2022 to focus more on adult products. Nestlé similarly closed a factory in Ire-



The infant formula market in China is a 'crowded space', according to analysts, and producers are diversifying into products for older consumers

Oliver Shen/Bloomberg

COMPANIES & MARKETS

High-profile exits leave OpenAI with only two of its 11 founders

Questions raised about ChatGPT maker's direction after flurry of defections in wake of failed coup

GEORGE HAMMOND — SAN FRANCISCO

Just two of OpenAI's 11 founders are still active at the ChatGPT maker after an exodus following November's attempted boardroom coup against chief executive Sam Altman.

Three co-founders have departed so far this year, including John Schulman, who defected to its artificial intelligence rival Anthropic last week. Greg Brockman, OpenAI's president, also said last week he would be taking extended leave from the company.

A high rate of turnover is not unusual at a start-up. However, attrition of senior figures at OpenAI has stepped up in recent months following November's leadership crisis, when Altman was fired by his board only to be reinstated days later.

Since then, the loss of executives and staffers working on AI safety and research has raised questions about the direction of the \$86bn company, which is in a fierce battle to stay ahead of rivals including Google and Anthropic.

Some co-founders have absconded to rivals, others to launch their own AI companies, while the team's most famous former member—Elon Musk—has become a vociferous critic of OpenAI in public and in the courts.

OpenAI had a larger number of founders than most Silicon Valley start-ups because Altman and Brockman wanted to build an AI supergroup of the top researchers in the field when it started in 2015. Here is where those 11 founders are now.

Leavers

Greg Brockman

On a leave of absence from this month Brockman is a core member of OpenAI's founding team. He was persuaded by Altman and Musk to leave his job as chief technology officer at financial technology company Stripe and take on the same position at OpenAI.

He has been a key Altman ally since the beginning. When the board moved against Altman in a coup in November, Brockman was also removed as a director. The two returned to their posts when the board backtracked five days later. Early last week, the company's president announced he would be taking a sabbatical for the rest of the year.

"First time to relax since co-founding OpenAI 9 years ago," he wrote on X. "I've poured my life for the past 9 years into OpenAI, including the entirety of my marriage. Our work is important to me, but so is life."

John Schulman

Joined Anthropic this month Schulman, a research scientist who played a vital role in building the company's ChatGPT chatbot, announced he would leave OpenAI on Monday last week. He was responsible for fine-tuning the company's AI models and ensuring they behaved in a way that conformed to human values—a process known as alignment.

He will take up a similar role at rival start-up Anthropic, which itself was founded by former OpenAI researchers in 2021.

"This choice stems from my desire to deepen my focus on AI alignment, and to start a new chapter of my career where I can return to hands-on techni-



Clockwise from above Sam Altman, main: John Schulman, Greg Brockman, Wojciech Zaremba, Vicki Cheung, Andrej Karpathy, Durk Kingma, Trevor Blackwell, Ilya Sutskever, Elon Musk and Pamela Vagata
FT montage/Getty

cal work, alongside people deeply engaged with the topics I'm most interested in," Schulman said in a note to colleagues last week.

Ilya Sutskever

Left to found Safe Superintelligence in May Sutskever left his position as OpenAI's chief scientist six months after voting on the company's board to remove Altman. Sutskever, one of the most prominent researchers in the field, reversed his position and backed the chief executive's return a few days later.

Nonetheless, he has been largely absent from public view in the months since the abortive coup, and in May he left to start a company called Safe Superintelligence.

Andrej Karpathy

Left to found Eureka Labs in February Karpathy, a research scientist who was advised at Stanford by "Godmother of AI" Fei-Fei Li, first left OpenAI in 2017 to join Tesla as a senior director. He returned to OpenAI in 2023 and left again a year later to launch Eureka Labs, which is building AI teaching assistants.

Durk Kingma

Left for Google Brain in June 2018 Kingma, who worked on developing algorithms for generative AI models, left for Google in the summer of 2018. He has continued to lead research on large language models and image models at Google Brain, which merged with DeepMind last year.

Elon Musk

Resigned from the board in 2018 Musk, who provided much of OpenAI's early funding, left the company in 2018 after clashing with Altman over the direction of research. The billionaire launched a rival company, xAI, last year and claims he can overhaul OpenAI's lead.

The Tesla, SpaceX and X chief has also launched a number of lawsuits against Altman and OpenAI, arguing last week that he was induced to invest in the AI company by its "fake humanitarian mission".

Pamela Vagata

Joined Stripe in 2016 Vagata, listed as a founding member of OpenAI in the company's launch announcement, makes no mention of the start-up in her LinkedIn profile. She joined Stripe as a technical leader in the fintech company's AI team in 2016, and founded early-stage venture capital firm Pebblebed in 2021.

Vicki Cheung

Joined Lyft in 2017 Cheung, who worked on language-learning app Duolingo before becoming OpenAI's first engineer, left the company in 2017 to join ride-hailing start-up Lyft. In 2020, she founded machine learning start-up Gantry alongside former OpenAI researcher Josh Tobin.

Trevor Blackwell

Left in 2017 Blackwell was a partner at Y Combina-

'It would be so much better to put your creative energy into building the future you dream of'

tor, the San Francisco start-up accelerator that Altman ran before establishing OpenAI. He helped launch the AI company and left in 2017. A robotics enthusiast, he is now based in Gloucestershire, England.

Remainers

Sam Altman

Altman remains as OpenAI's chief executive after surviving a boardroom coup in November, during which directors accused him of not being "consistently candid" with them.

He was reinstated five days after being fired, on the back of a campaign by employees and investors in OpenAI, including Microsoft.

The departure of other senior figures has left the 39-year-old as by far the most prominent figure at the company, and the reconstitution of the board after its failed ousting has further solidified his power.

Wojciech Zaremba

Polish computer scientist Zaremba remains at OpenAI where he works as a researcher. He called on the board to resign after they moved against Altman, and has since urged his chief executive and Musk to drop their "unnecessary fight".

"It would be so much better to put your creative energy into building the future you dream of over a quarrel. May you (both) be happy and find peace," he wrote in a post on X in March, signing off with a love heart.

Additional reporting, Madhumita Murgia

Aerospace & defence

India's L&T urges Delhi to use private providers for military deals

CHRIS KAY — MUMBAI

India needs to give more business to domestic private companies in defence procurement currently dominated by state-owned companies and imports, according to the chief financial officer of one of the country's largest engineering and construction companies.

Larsen & Toubro finance chief R Shankar Raman said in an interview with the Financial Times that the company's production abilities exceeded the procurement opportunities offered by the Indian government.

The conglomerate, which generates about 5 per cent of its \$27bn annual revenues from defence, recently signed deals worth hundreds of millions of dollars to help construct ships for India's navy and supply the air force with radar equipment. It also manufactures weapons delivery and air defence systems.

"We've been constantly lobbying... saying that the government should fast-forward this whole programme," said Raman.

"Defence infrastructure needs [an] overhaul and I think they need capable people to deliver that," he added. "We do think that the capacity that we have far exceeds the opportunity we get today."

India, flanked by hostile neighbours China and Pakistan, is the biggest importer of military hardware in the world for a wide range of kit, including fighter jets, tanks and helicopters. Russia is New Delhi's largest arms supplier.

In the past decade, Prime Minister Narendra Modi's administration has liberalised defence procurement and raised bidding transparency, allowing more groups to win military contracts.

But New Delhi remains reliant on more than a dozen state-owned corporations, such as Hindustan Aeronautics and Bharat Electronics, which have struggled to produce a world-class defence industry and which Raman characterised as "not very efficient".

Many large domestic conglomerates, including L&T, Adani Group and Tata Sons, have stepped into the sector as the Modi government attempts to build out its military technology and supplies.

New Delhi has to "get out of the mindset that private sector [involvement] would mean profiteering at government expense", said Raman. "This is a big mindset change... we have to get the private sector to engage more."

Analysts expect more corporate participation. CRISIL Ratings, an Indian arm of S&P Global, expects revenues of 25 private aerospace and defence groups it covers to rise 20 per cent in the year to March 2025.

"There is a lot of opportunity brewing in the background and this pipeline is not just emanating from India," said Ankit Mehta, chief executive of ideaForge, one of India's biggest producers of drones, which counts the country's military as its top customer.

Mehta said the drone maker was planning to "substantially grow" its team and has expanded in the US.

Raman said if the government stepped up private procurement, in five years defence could represent 10 per cent of L&T's portfolio, which includes construction, real estate and financial services.

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UK COMPANIES

Telecoms. Foreign investment

BT stake deal sees Indian tycoon Mittal return to familiar ground

Bharti founder's acquisition of 24.5% holding builds on deep personal and corporate ties

CHRIS KAY — MUMBAI
RACHEL BANNING-LOVER — LONDON
SARAH WHITE — PARIS

Decades after BT offloaded its stake in Sunil Bharti Mittal's conglomerate, the Indian billionaire kept up calls with executives at the UK telecoms group.

Then another billionaire's financial troubles gave Mittal a chance to reconnect with the former UK telephone monopoly.

Patrick Drahi's indebted group Altice and BT's largest investor wanted to sell its 24.5 per cent stake. Mittal yesterday agreed to take the entire holding, valued at £3.2bn at Friday's closing price, in what is the Indian tycoon's most significant investment on British soil to date and a historical turnaround.

Between 1997 and 2001 BT held a 21 per cent stake in Mittal's New Delhi-based telecoms business — what has since become the \$100bn market cap flagship behemoth Bharti Airtel.

"It's a bit of a role reversal," said one Bharti executive after the deal was announced. "It's a very large tranche — if it had been a smaller one we wouldn't have been interested."

Mittal emphasised the long-term nature of the investment. "I've kept links with the BT management, with every successive CEO in the company [since 2001]," he said.

He added that his conglomerate Bharti Enterprises was approached by Altice "in the past couple of weeks". With the French group attempting to prune back its more than \$60bn debt pile, "we were happy to engage, which we did enthusiastically", Mittal said.

Although analysts say that Mittal's move was not an obvious one given his conglomerate's focus on India and Africa, it builds on his foundations in the UK. Bharti Enterprises holds controlling stakes in satellite venture OneWeb and also owns prestigious hotel brands, including The Hoxton and the Gleanagles resort in Scotland, operated by a company founded by his son-in-law. Bharti's Africa telecoms business is a member of the FTSE 100.

The 66-year-old, whose family wealth is estimated at \$16.8bn by Forbes, was awarded an honorary knighthood by King Charles III earlier this year for services to UK-India relations.

Mittal spends much of his time in London, where two of his children — daughter Eiesha and son Shravin, who heads Bharti's overseas investment arm — are based.

The deal also sprang from personal ties. Drahi and Mittal know each other, according to a person familiar with the matter, and multiple executives at BT and Bharti have experience working at both companies. BT's chief digital and innovation officer Harmeen Mehta was formerly Bharti Airtel's global chief information officer and head of its cloud and security business.

"It's a sector he understands, it's a company they understand and they've already got global reach outside of India," said another person with knowledge of the founder's thinking. "There's long-standing familiarities that also reinforced his confidence in what this company can be."



The transaction 'removes at a stroke [the risk of] a severely forced sale in the market of a large stake'

Mittal's purchase also plays into the wider trend of heightened Indian corporate interest in the UK. India is the country's second largest source of foreign direct investment, with more than 950 companies with combined revenue of about \$65bn operating in Britain — up from 900 in 2022, according to the UK India Business Council.

Those investments are playing out as both New Delhi and the new Labour government in London attempt to revive long-awaited free trade talks. UK foreign secretary David Lammy visited India last month to restart discussions that were suspended due to elections in both nations. India's government is looking to secure wider market access for its goods, including textiles, as well as an easing of restrictions on Indians working and studying in the UK.

Piyush Goyal, India's commerce minister who is leading the trade talks, in a post on social media platform X, called Bharti's BT acquisition a "testimony to the growing strength of India".

Mittal has deftly managed previous British purchases, including a 2021 deal to become the biggest shareholder in OneWeb following a joint effort to rescue the space-internet pioneer from bankruptcy.



With BT he will buy 10 per cent of Altice's holding immediately, with the rest to be purchased after regulatory approvals, including voluntary UK security clearance.

"We have not asked for any board seat, we have not even applied our mind to that," said Mittal, who ruled out taking a controlling stake in BT. "At the moment, our focus was just to pick up the stake. We are having no conditions attached to that."

For BT's chief executive Allison Kirkby, who has pledged to cut £3bn of costs and increase its dividend, Mittal's purchase "offered a strong validation" of her six-month-old leadership at BT, said Paolo Pescatore, founder and TMT analyst at PP Foresight.

He described the deal as "seeming like a bolt out of the blue", comparing Mittal's decision to take such a large stake with other investors that have instead steadily brought and increased their holdings in European telcos.

Mittal's move will leave the UK telecoms group with a "much more stable shareholder", according to a person familiar with BT's thinking. "It removes at a stroke [the risk of] a severely forced sale in the market of a large stake."

Yesterday, BT's shares closed up 8.4 per cent at 141.5p. Mittal said UK and European telecom companies were "poorly valued" and that BT's strategy under Kirkby has been "nothing but outstanding".

"I think the investor community will over a period of time start to recognise the wonderful job that is being done," the tycoon added.

Karen Egan, head of telecoms at Enders Analysis, agreed that BT "is undervalued". She added: "It's had a good run of late but there's more to go. When you look at it on a two- to three-year view when the cash flow recovery story is delivered on, it will look incredibly cheap."

BT's London headquarters. The group held a 21% stake in Bharti's New Delhi-based telecoms business between 1997 and 2001. Below, Sunil Bharti Mittal — Hollie Adams/Bloomberg

A first generation entrepreneur born in the state of Punjab, Mittal started out in business in 1976 making bicycle parts, initially borrowing \$1,500 from his father — a politician and former member of parliament in the country's upper house.

Mittal branched out into making telephones and in 1992 bid for a licence in order to launch one of India's first mobile phone companies as the country began to liberalise its economy.

Three years later he founded his telecoms group, which has grown to become India's second-largest with more than 400mn subscribers in its home market and a wide network across Africa. Domestically Bharti Airtel is second only to rival Indian billionaire Mukesh Ambani's Jio, which entered and upended the industry in 2016 with a fierce price war. Yet Mittal is a lower key figure than Ambani, Asia's richest man.

"He's got a lot of clout . . . but the Mittals don't crave that much attention compared to some of the other corporate groups," said a Mumbai-based analyst whose company has advised Bharti Airtel on past transactions. "They prefer to remain private."

While Bharti has various business interests, such as its Indian partnership with Del Monte, it is mainly seen as a telecoms giant, in contrast to Ambani's Reliance Industries, which cuts across a broader swath of industries, including retail and oil refining.

Now Mittal, along with Ambani's Jio network, operate a near duopoly in India with the now state-owned Vodafone Idea lagging behind. The two industrialists have spent billions of dollars helping India realise "one of the quickest 5G rollouts globally", according to Axis Capital in Mumbai.

"[BT] won't be the last deal," the Bharti executive said about the conglomerate's ambitions. **See Lex**

Financials

Boutique bet boosts Janus Henderson's private credit capabilities

WILL SCHMITT — NEW YORK

Janus Henderson has struck a deal to take control of a \$6bn alternative investments shop in the latest push by a traditional asset manager to add private credit capabilities to meet growing investor demand.

The British-American group, which has about \$361bn in assets under management, plans to acquire a majority stake in Chicago-based Victory Park Capital Advisors in exchange for cash and company stock.

The deal for Victory Park, which has about \$6bn in assets under management, comes on the heels of Janus Henderson's previously announced pact to acquire the alternative investments arm of the National Bank of Kuwait, a deal that also is expected to close by the end of the year. It comes as Janus and other asset managers race to add a broader range of sought-after private credit investment opportunities.

"Asset-backed lending has emerged as a significant market opportunity within private credit, as clients increasingly look to diversify their private credit exposure beyond only direct lending," Janus Henderson chief executive Ali Dibadj said in a statement.

"VPC's investment capabilities in private credit and deep expertise in insurance align with the growing needs of our clients, further our strategic objective to

'Asset-backed lending has emerged as a significant market opportunity within private credit'

diversify where we have the right, and amplify our existing strengths in securitised finance."

Janus Henderson's stock was up about 1.2 per cent during lunchtime trading in New York trading yesterday after the deal was announced and is up more than 15 per cent year-to-date.

Alternative investments such as private credit, infrastructure and real estate have continued to pique the interest of affluent retail investors who historically have struggled to gain access to such strategies, which remain one of the top areas of interest for high-net-worth investors, according to a mid-year report from consultancy PwC.

"The industry has made significant progress in making the private markets more available to retail investors," PwC's report said. "Continued success will probably depend on an efficient secondary market through technology or exchanges that enables retail investors to freely and cost effectively trade."

Janus Henderson has become a major player in the world of active securitised exchange traded funds. It runs the largest collateralised loan obligation (CLO) ETF and the biggest active mortgage-backed securities, overseeing more than \$15bn between the two funds.

"This partnership is a testament to the strength of our established brand in private credit and differentiated expertise, and we believe it will enable us to scale faster, diversify our product offering, expand our distribution and geographic reach, and bolster our proprietary origination channels," Victory Park Capital chief executive and founder Richard Levy said.

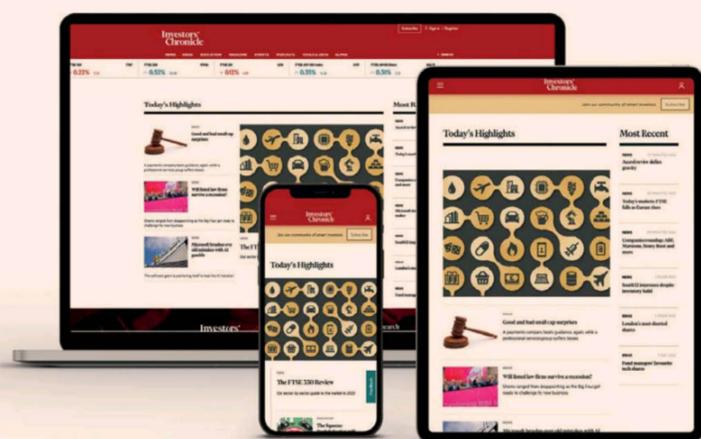
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COMPANIES & MARKETS

Financials. Investor dispute

Hunt for Argentina's 'alter egos' dominates \$16bn US court fight

Oil group YPF, retail bank and flag carrier airline are among assets targeted by plaintiffs

CIARA NUGENT — BUENOS AIRES
JOE MILLER — NEW YORK

With a record \$16bn US court judgment in hand, representatives of former shareholders in Argentina's state-controlled oil company YPF have embarked on a long journey to get the cash-strapped country to pay up for seizing their stakes.

A previous attempt to extract funds from Buenos Aires in another case led by hedge fund Elliott took about 15 years and famously featured the seizure of an Argentine vessel in international waters before a settlement was finally reached under then-President Mauricio Macri's administration in 2016.

This time, the battle to enforce the judgment in the case, largely financed by litigation funding juggernaut Burford Capital, has been waged in strident legal filings with plaintiffs accusing Argentina of "brazen procedural gamesmanship" in attempting to frustrate recovery efforts.

Argentina's current libertarian president, Javier Milei, is at the opposite end of the ideological spectrum from the leftwing administration of Cristina Fernández de Kirchner, which oversaw Argentina's stand-off with Elliott and the 2012 expropriation of YPF at the centre of the case.

Milei has said he wants to re-privatise YPF and other state companies — and has signalled a willingness to pay the judgment if Argentina's ongoing appeal against it fails.

But the dispute between Argentina and its former investors is as bitter as ever, court papers reveal. They also give a glimpse of more dramatic moves that may be to come, with plaintiffs seeking permission to examine large swaths of Argentina's state-owned assets from its flag carrier to its main consumer bank.

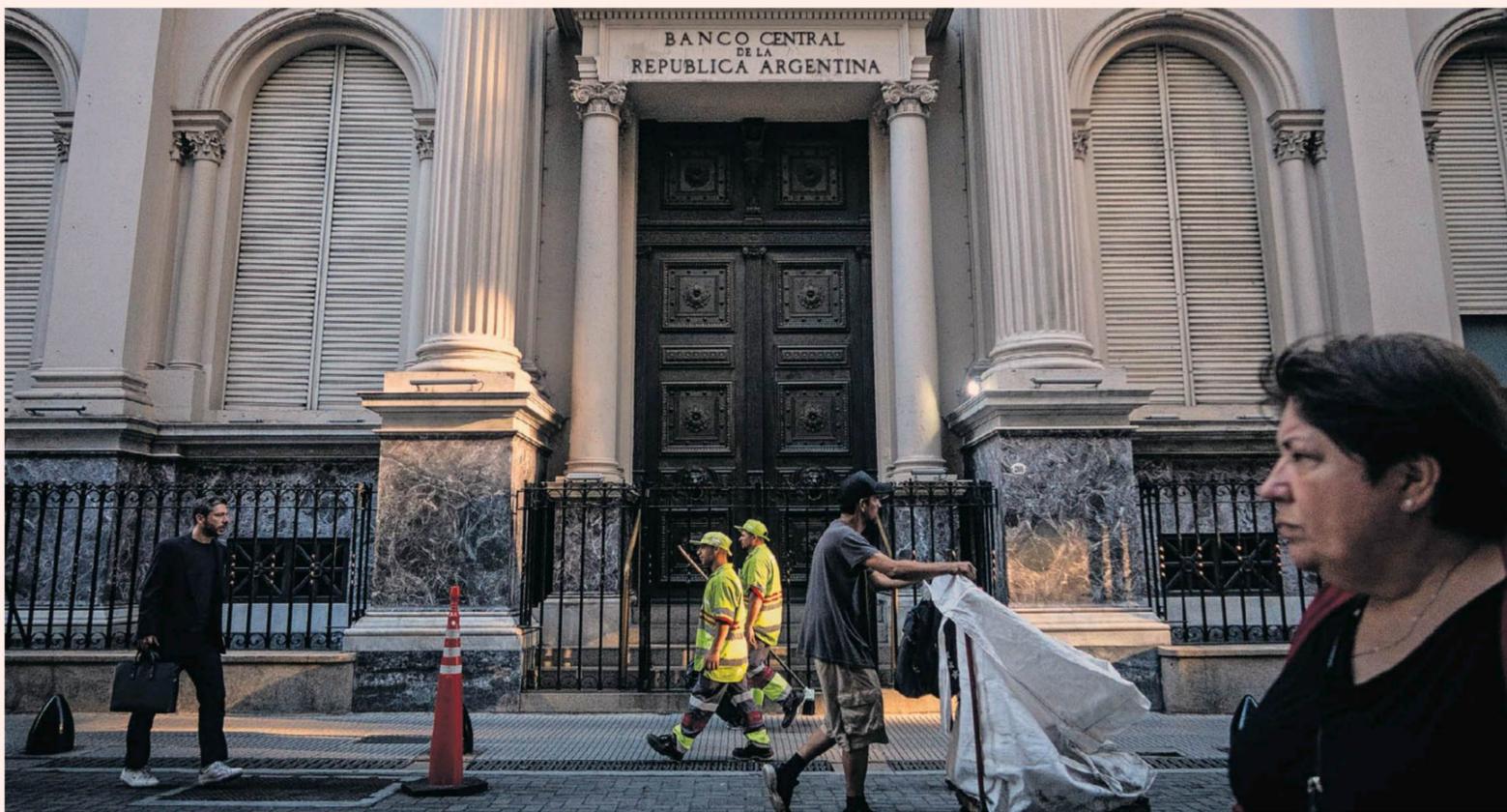
Lawyers for the plaintiffs claim that the ostensibly independent companies are in fact stuffed full of underqualified

'This isn't the first time vulture funds have tried to go after Argentina's interests in this way'

political appointees and are "alter egos of the Republic" — a legal term that denotes they are not just owned — but also controlled — by the Argentine administration and indistinguishable from it.

Such a determination would theoretically ease the path to seizures by agencies working for Argentina's creditors.

People close to the Argentine administration, which is appealing against last year's judgment, said they were confident of winning a reprieve from higher courts and said plaintiffs were involved in a fishing expedition designed to



Argentina's central bank assets have strong immunity from seizure in most court jurisdictions, legal experts have claimed

Tomas Cuesta/Getty Images

embarrass the country. They added that there were no substantial assets within the US's jurisdiction regardless.

In filings to the court, the country's lawyers have denied the entities in question are "alter egos" and said previous rulings by US courts have supported their claim that they are operationally separate from the state.

Plaintiffs are asking the court for permission to examine state-owned assets to see just how closely they are intertwined with current and previous governments.

Following the expropriation that led to the litigation, Argentina now owns 51 per cent of the shares in energy company YPF, split between the country and some provinces. The remaining 49 per cent are privately held.

The group is listed in Buenos Aires and on the New York Stock Exchange.

The plaintiffs argued that previous governments had used the company to give jobs to "political hacks" and set local fuel prices, showing how it is really an arm of the state.

They have also separately asked the court to order Argentina to transfer the nation's shares in YPF to its creditors.

The company, which has a market capitalisation of \$10.7bn, holds valuable oil and gasfields in Argentina, including in the massive Patagonian shale formation Vaca Muerta.

But the easiest YPF assets for the plaintiffs to reach would be its New York

law-governed corporate bonds, said Sebastián Maril, a director at consultancy Latam Advisors — noting that some of the bonds are guaranteed by bank deposits in the US generated by YPF's oil exports.

He added that the bonds' price "could collapse" if YPF was deemed an alter ego of the state, whether or not the plaintiffs succeeded in seizing them. Creditors wanted that risk "to push Argentina to sit down and negotiate".

People close to Argentina contend that no such assets would be in reach of creditors and said YPF shares in the country were "absolutely immune" from seizure. They added that no settlement negotiations were being considered while the appeal was pending.

Plaintiffs argued that the central bank is "used as a tool of the state". They said the fact that Milei has repeatedly pledged to shut down the monetary authority showed that the government was ultimately wholly in charge of the organisation.

"It's what he wrote in his own recent book," lawyer Randy Mastro argued at a hearing in May, apparently referring to Milei's 2023 book on his plan to fight Argentina's chronic inflation.

In response, Argentina maintained that control over the central bank was not "so extensive that it amounts to day-to-day business control".

A country's central bank reserves — of which cash-strapped Argentina has

very little at the moment — enjoy strong immunity from seizure in most jurisdictions, including the US, legal experts said.

However, a recent decision by Milei's government has made it difficult to ascertain the location of some of Argentina's central bank reserves and what legal protections they have from seizure.

Last month, economy minister Luis Caputo said the central bank had sent a portion of its \$4.7bn worth of gold to an undisclosed location abroad.

While Caputo said the aim was to "generate returns", opposition politicians claimed that the gold might be used as collateral for a loan needed to pay foreign bond holders next year and that it increases risks it could be seized.

Former economy minister Martín Guzmán described the manoeuvre as "pawning grandma's jewels".

People close to Argentina said US courts had already ruled that the central bank reserves were out of reach.

Fully state-owned airline Aerolíneas Argentinas has become a flashpoint in Argentine politics under Milei, who tried and failed to win congressional approval to privatise the typically loss-making company earlier this year.

The airline, which controls 60 per cent of Argentina's domestic market and runs some international flights, counts 84 planes in its fleet. However, the majority are leased.

In a motion to the court, lawyers for the plaintiffs in the YPF case claimed that "the Republic staffs Aerolíneas with political appointees who have been criticised for their lack of airline experience and poor management", citing ex-President Macri's description of it as "an employment factory" for leftwing political activists.

Rodrigo Borrás, secretary of ground crew union APA, which represents many Aerolíneas staff, called those arguments "unserious".

He said: "This isn't the first time vulture funds have tried to go after Argentina's interests in this way" — citing Elliott's ultimately frustrated attempt to seize an Argentine naval vessel while in port in Ghana in 2012. "It won't work."

Arsat, Argentina's state-owned telecommunications company, provides mobile and internet infrastructure across the country while state-owned Enarsa focuses mostly on importing and distributing energy, and building infrastructure.

Analysts said it was unclear what assets they might hold overseas.

State-owned Banco Nación is Argentina's largest retail bank. It has branches abroad, including in New York and Miami, where the plaintiffs will hope to find information showing that the Argentine state holds accounts used for foreign trade transactions.

All three companies are also targets for privatisation under Milei.

FT

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Technology

Chinese battery industry faces consolidation wave amid fierce competition

GLORIA LI — HONG KONG
KANA INAGAKI — TOKYO
HARRY DEMPSEY — LONDON

A wave of consolidation has swept across China's battery industry, leading to cancelled investments and the exits of smaller players — even as leaders CATL and BYD push ahead with their expansion plans.

In the first seven months of the year, 19 battery gigafactory projects were cancelled or postponed in China, according to London-based research firm Benchmark Mineral Intelligence.

That has only accelerated an existing pullback of investment into battery plants as electric-vehicle manufacturers — mainly in Europe — grapple with slowing sales.

"A lot of consolidation has occurred at Chinese facilities where low prices, combined with struggles with yield, means companies have abandoned plans," said Benchmark analyst Evan Hartley.

He has estimated that these cancellations would reduce China's battery gigafactory capacity for 2030 by 3 per cent.

The upheaval in the crowded Chinese battery industry comes as EV sales growth has declined in parts of the world.

After double-digit increases, the growth rates in Europe and North America are expected to fall to 6 per cent and 7 per cent respectively, accord-

ing to Rho Motion, an EV supply chain consultancy.

The Chinese car industry is also braced for a similar rationalisation after proliferating during an investment boom over the past decade.

Industry bodies estimated that there were roughly 50 Chinese EV battery groups producing in the world's largest car market, leading to a survival game that is set to intensify as they face fierce competition for technology and stricter government regulations.

The Chinese market is sharply divided between the bigger players such as CATL and BYD, which dominate the global market for EV batteries, and a score of smaller players that are left to compete with less financial power and

cost competitiveness. "The Chinese industry has entered a new round of competition driven by technology innovation and capacity upgrades," said Kevin Shang, a principal analyst at data and analytics firm Wood Mackenzie. "Basically, those who cannot keep up with the trend will gradually be kicked out of the market."

Beijing has also issued new regulations to tackle overcapacity, forcing a number of local battery manufacturers to suspend projects recently in China and overseas markets.

China's Ministry of Industry and Information Technology in June finalised revised guidelines for the country's lithium-ion battery industry, which set higher standards for energy intensity,

power density, cycle life and other battery specifications.

The rules would help companies cut down on production projects that were "purely for capacity expansion", the ministry said.

"This indicates that the government is aware of the low utilisation across the supply chain," Citi analysts wrote in a research note. "We believe that the regulation will benefit the leading names in each battery-related subsector as it tries to phase out idle capacity and strengthen the entry barrier with technical standards."

As a result, new players have struggled. In April, Nanfang Black Sesame Group, China's largest puréed food-maker, told investors that it had suspended its planned \$3.5bn battery project in the eastern province of Jiangxi, citing "profound changes" in the new energy market landscape.

The group had only last year announced a pivot to energy storage.

"The company will not act too hastily... and wait for our best chance to execute [the project] to avoid higher investment costs and related losses," it said in a stock exchange filing.

In April, more than 20 Chinese companies disclosed construction plans for new battery production facilities that were expected to total an annual capacity of 152 gigawatt-hours, down 55 per cent from a year earlier, according to

data compiled by the China Energy Storage Alliance, an industry group.

Smaller Chinese battery makers have also been forced to rethink their once-aggressive overseas expansion plans.

SVolt Energy Technology, which was spun off from carmaker Great Wall Motor and the seventh-largest battery maker in China, abandoned plans in May to build a battery plant in eastern Germany, citing uncertainty over planning, tariffs and subsidies as well as the loss of a leading customer.

SVolt chair Yang Hongxin has warned that fewer than 40 battery manufacturers could survive the wave of consolidation by the end of this year.

"Previously, tier-2 and tier-3 battery makers participated in pricing competitions to grab more market share," said Yang at an event last month. "Currently, even the biggest players are lowering prices."

Companies from battery makers and lithium miners to cathode and anode producers have suffered a profit decline because of falling battery prices, caused by an overexpansion in response to a demand surge between 2021 and 2022.

Combined revenues and net profits at 107 mainland-listed companies in the lithium battery supply chain came in at Rmb293bn (\$40bn) and Rmb17bn for the first quarter, down 18 per cent and 50 per cent respectively from a year earlier.

However, top-tier battery makers are expected to emerge even stronger and increase their investments as smaller players merge or go under.

Last month, Amplify Cell Technologies, a joint venture between China's fourth-largest battery maker Eve Energy, Indiana-based engine maker Cummins and two truck manufacturers, Daimler and Paccar, began construction of a battery plant in Mississippi.

Eve Energy also announced a Rmb3.3bn investment in a new factory in Malaysia to produce energy storage and consumer batteries while China's fifth-largest battery producer, Gotion High Tech, plans to invest \$1.3bn to build its first gigafactory for EV batteries in Morocco.

Sunwoda, China's sixth-largest battery manufacturer, aims to invest up to Rmb2bn to construct a new battery plant in Vietnam.

But Shang cautioned that Chinese battery manufacturers, even the bigger ones, were likely to face challenges in their overseas ambitions as they faced a different regulatory environment as well as the geopolitical uncertainty.

"Chinese companies want to go overseas but they are becoming more realistic," Shang said.

"It's not as simple as copy and paste [their success in China] so it's much more complicated than that."

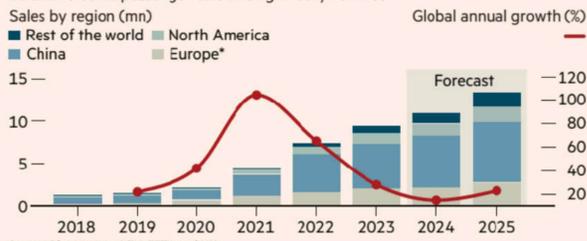
Electric-vehicle sales are increasing but at a slower rate than before

Sales of electric passenger cars and light-duty vehicles

Sales by region (mn)

Rest of the world North America
China Europe*

Global annual growth (%)



Source: Rho Motion * EU, EFTA and UK

COMPANIES & MARKETS

Swiss central bank struggles to break its interventionist habit

Toby Nangle

Markets Insight



In a crowded field of central bank monetary experiments, Switzerland's efforts stand out as particularly wild. The Swiss National Bank finds itself with an outsized balance sheet and no easy way to unwind it.

Like other central banks, the SNB expanded its balance sheet to ward off the spectre of deflation. Unlike developed market peers, it did so by selling freshly created electronic money into foreign exchange markets and investing the proceeds in global stocks and bonds. This is no small point of difference.

To understand how the central bank got here, we need a little history. Switzerland has run large current account surpluses for decades. They are associated with currency strength unless residents recycle them into foreign assets.

Until the global financial crisis, this is exactly what the Swiss did. But since then, a desire to bring home profits has contributed to persistent currency strength. The result has been profoundly disinflationary.

The SNB responded first by cutting interest rates, then in 2011 by introducing a currency floor against the euro. The floor required frequent small-scale interventions in the foreign exchange market. But in 2015, the governing council lost their nerve.

Perhaps spooked by tying their fortunes to the European Central Bank as it embarked on quantitative easing, they abandoned the floor with chaotic results. The Swiss franc rallied almost 40 per cent intraday. Seven and a half years of negative interest rates followed.

Serial central bank interventions persisted with the sale of freshly minted electronic Swiss francs in an effort to avoid the deflationary implications of currency strength. These interventions

inflated the SNB's balance sheet to a peak of about 140 per cent of GDP.

While many other central banks are now passively winding down their balance sheets by letting bond holdings mature, the Swiss are stuck. The two most obvious options to shrink their portfolio are unappealing: make dud investments or actively unwind it.

Critics will point to 2022 as evidence that the SNB needs no lessons in losing money. In a year when international bond and stock values dropped and the Swiss franc appreciated, the central bank recorded a loss equivalent to 17 per cent of GDP. In fairness, it is not easy

A full unwind of the SNB's balance sheet would likely push the economy back into outright deflation

for the Swiss to create anything but a huge carry trade out of their reserves.

This will always get hit hard by a flight to quality. The portfolio's vulnerability to further loss is one reason behind calls to actively wind it down.

But unwinding the carry trade means selling foreign currency to buy back Swiss francs. And bidding up the franc's value is deflationary. Even over the course of the biggest inflation shock since the 1970s, they managed to sell less than a quarter of the portfolio.

With core inflation down to only 1.1 per cent and a medium-term forecast in the same ballpark, a full unwind would likely push the economy back into outright deflation. If winding down is unappealing, what are the other options?

First, the central bank could transfer

the reserves to Swiss citizens. The SNB has, after all, merely been recycling national current account surpluses into claims on foreigners — something the Swiss people happily did until the global financial crisis. Transferring these in a citizens' dividend would put the assets back into private hands.

More widely discussed is a prospective transfer of reserves to a new sovereign wealth fund. As things stand, the SNB implements a passive investment policy but its returns have lagged behind international benchmarks.

Since 2009, the foreign currency reserve portfolio has delivered an average return of only 0.4 per cent a year. Professionalised management could help deliver higher returns.

Neither option addresses what should be done about any future currency strength. With rate cuts unlikely to move the dial, and capital controls unthinkable, the choice is between further intervention and genuine free float.

In 2020, the US Treasury — rightly — labelled Switzerland a currency manipulator, putting diplomatic pressure on the SNB to desist. But Maxime Botteron, an economist at UBS, tells me that the implications for Switzerland were limited and did not stop the SNB from further purchases in 2021.

In October, Martin Schlegel will succeed Thomas Jordan to become the SNB governing board's new chair. Market jitters have pushed the franc to fresh highs but data suggests the central bank has been largely absent from markets.

It is unclear whether Schlegel will allow the market to set the franc's value or follow his mentor's impulse to intervene. Neither option is without peril.

Toby Nangle is an FT contributing editor

The day in the markets

What you need to know

- Wall Street continues recovery from last week's heavy sell-off
- Europe stocks held back by weakness for real estate and healthcare groups
- Asian equities broadly rise but region's currencies under pressure

US stocks continued their recovery from last week's heavy sell-off with modest gains yesterday as traders looked ahead to all-important inflation data.

The technology sector led gains on Wall Street with the Nasdaq Composite index firming 0.6 per cent by midday trading in New York.

Chipmaker Nvidia continued its string of big upward moves but Tesla stock retreated. The blue-chip S&P 500 index nudged up 0.2 per cent.

Today will see the release of US producer price index data, a measure of cost pressures in the manufacturing sector. However, it is tomorrow's consumer price inflation data that investors will be watching most closely for clues about the strength of the world's biggest economy.

"In the dog days of August when trading liquidity is thin, the markets are likely to be highly sensitive to any data misses relative to expectations," said Jason Draho, head of asset allocation Americas at UBS Global Wealth Management. "That implies more volatility until there's enough good data to quash rising recession fears."

Across the Atlantic, stocks were mixed. The Stoxx Europe 600 index closed the session flat, held back by weakness for real estate and healthcare stocks.

The Cac 40 in Paris was down 0.3 per

Oil prices rebound from recent losses

Brent crude (\$ per barrel)



Source: LSEG

cent while Frankfurt's Xetra Dax closed 0.1 per cent lower.

The UK's FTSE 100 index, by contrast, finished the session 0.6 per cent higher.

Asian equities broadly rose but the region's currencies were under pressure.

Seoul's Kospi index advanced 0.9 per cent with chipmakers SK Hynix and Samsung Electronics making gains.

Taipei's Taixex was up 1.4 per cent, leading gains in the region, but China's CSI 300 index of Shanghai and Shenzhen stocks edged down 0.1 per cent.

Asian currencies weakened against the dollar with the South Korean won

shedding 0.6 per cent and the Malaysian ringgit dropping 0.7 per cent.

The Japanese yen continued its retreat, reaching ¥147.80 to the dollar compared with last week's high of ¥142.07.

A sharp rally in the yen over the past few weeks helped to spark last week's extreme volatility across global markets.

Oil prices firmed, marking the fifth consecutive day of rises as investors regained confidence in the US economy following last week's sell-off.

Brent crude gained 2 per cent to \$81.22 a barrel, having fallen as low as \$75.41 a barrel last week. **Emily Herbert**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	5362.21	1978.30	35025.00	8210.25	2858.20	131513.25
% change on day	0.34	-0.08	0.56	0.52	-0.14	0.69
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	103.225	1.093	147.890	1.279	7.181	5.485
% change on day	0.087	0.092	0.887	0.235	0.102	-0.185
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	3.922	2.229	0.853	4.020	2.192	11.168
Basis point change on day	-1.390	0.400	0.000	-2.900	6.100	-2.300
World index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (I MEX)
Level	518.75	81.14	78.62	2427.35	27.58	3843.50
% change on day	0.01	1.86	2.32	0.66	2.40	1.33

Main equity markets



Biggest movers

	US	Eurozone	UK
Ups	Key 13.18	Hann.rueck 4.16	Bt 8.43
	Super Micro Computer 8.51	Talanx 2.15	Entain 3.98
	Nvidia 5.07	Raiffeisen Bank Internat 1.59	Centrica 3.29
	Insulet 4.26	Omv 1.56	Bae Systems 2.04
	Starbucks 3.78	Casino Guichard 1.50	Endeavour Mining 1.89
Downs	Albemarle -4.68	Hugo Boss -3.55	Jd Sports Fashion -4.07
	Warner Bros Discovery -3.56	Novo Nordisk -2.57	B&M Eur Value Retail S.a. -2.22
	Norwegian Cruise Line Holdings Ltd -2.90	Ucb -2.13	Burberry -2.02
	Qualcomm -2.66	Kering -1.79	Hikma Pharmaceuticals -1.77
	Solvay -2.63	Solvay -1.60	Whitbread -1.44

Prices taken at 17:00 GMT

Based on the constituents of the FTSE Eurofirst 300 Eurozone

All data provided by Morningstar unless otherwise noted.

Industrials

Carlyle explores €3bn sale of Dutch salt and chemicals producer Nobian

IVAN LEVINGSTON AND TOM WILSON
LONDON

Carlyle Group is exploring a €3bn sale of Dutch salt and chemicals producer Nobian, according to people familiar with the matter.

Nobian, owned by Carlyle and Singaporean sovereign wealth fund GIC, produces high-purity salt, chlorine and other speciality chemicals for use in applications including solar panels, battery storage systems and insulation.

The US buyout group has held discussions with investment banks as it prepares for a potential sale process, which is expected to start next year, the people said. Carlyle and Nobian declined to comment.

Carlyle and GIC acquired the salt producer in 2018 when they bought the chemicals division of Dutch conglomerate Akzo Nobel for €10.1bn in what remains Carlyle's biggest European deal.

The partners renamed the Akzo Nobel chemicals arm Nouryon and then

spun out Nobian in 2021. Last year, Nobian made earnings before interest, taxes, depreciation and amortisation of about €400mn, the people said.

Under chief executive Michael Koenig, Nobian has set targets to reduce its direct carbon emissions by 50 per cent by 2030 and 100 per cent by 2040, while transitioning its energy-intensive

US buyout group holds talks with investment banks as sale process is expected to start next year

mining and processing activities to wind and solar power.

Nobian is among the largest industrial emitters in the Netherlands and signed an agreement with the Dutch government last year to work together to reduce its carbon emissions faster.

Carlyle has not shied away from investing in energy-intensive European businesses that need to decarbonise.

It acquired 37 per cent of Spanish integrated oil and gas company Cepsa in 2019 and in June it bought a portfolio of oil and gas projects in Italy, Egypt and Croatia that will form the basis of a new Mediterranean-focused producer.

In each case, Carlyle requires portfolio companies to set targets to reduce to emissions in line with the goals of the Paris climate agreement.

Part of Carlyle's bet is that, by cutting emissions, its companies will be more valuable when the fund needs to exit.

While the principal uses for Nobian's salt-based chemicals remain everyday products such as textiles, pharmaceuticals and disinfectants, they are also vital for clean energy solutions such as electric vehicle batteries and wind turbines.

The business has mined salt in the Netherlands since 1918 and is also exploring using underground salt caverns to store hydrogen, natural gas and renewable energy in the form of compressed air. Nobian has production sites in the Netherlands, Germany and Denmark and employs about 1,600 people.

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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



Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous
Argentina	Nerval	1501596.15	150384.88	Cyprus	CSE MXP Gen	66.46	66.68	Italy	FTSE Italia All-Share	34037.54	3385.80	Taiwan	TAIEX	16942.30	16942.30
Australia	All Ordinaries	8022.50	7950.70	Czech Republic	FTSE Prague 100	1558.32	1554.75	Japan	FTSE Japan All-Share	3192.32	3172.23	Thailand	Bangkok SET	1297.07	1296.25
Austria	S&P/ASX 200	7811.20	7777.70	Denmark	OMXC20	2670.23	2726.58	South Korea	KOSPI	3522.27	3525.05	Turkey	BIST 100	8820.56	8820.56
Belgium	IBEX 30	5962.20	5961.54	Egypt	EAX	2737.70	2932.57	UK	FTSE 100	4522.38	4525.05	USA	Dow Jones Ind	39454.45	39454.45
Canada	S&P/TSX 60	22406.89	22231.30	Estonia	OMX Tallinn	1738.10	1725.00	Romania	BET Index	17938.59	17918.68	Vietnam	VNI	18512.30	18512.30
Chile	IPSC	54,953.11	52,994.16	Finland	OMX Helsinki Gen	973.36	978.36	Russia	MICEX Index	2436.57	2445.30	China	SSE Composite	3,502.51	3,502.51
China	SSE Composite	3,502.51	3,502.51	France	CAC 40	7250.67	7269.71	Singapore	FTSE Straits Times	3225.39	3251.63	Hong Kong	Hang Seng	18,293.38	18,293.38
Colombia	COLCAP	1261.61	1260.21	Germany	DAX	17,111.65	17,129.94	Slovenia	SBI TOP	-	-	India	Nifty 50	19,120.00	19,120.00
Cross-Border	DJ Global Titans	647.83	645.67	Greece	ATHEX Gen	1386.20	1383.31	South Africa	FTSE/JSE All-Share	8050.78	8079.39	Singapore	FTSE Straits Times	3,475.06	3,475.06
Dominican Republic	INDEX	100.00	100.00	Hungary	BUX	7252.07	7252.07	Spain	IBEX 35	11,250.60	10,646.20	Singapore	FTSE Straits Times	3,235.38	3,235.38
Egypt	EAX	2737.70	2932.57	India	Nifty 50	19,120.00	19,120.00	Sri Lanka	CSE All Share	4255.18	4148.59	Singapore	FTSE Straits Times	3,235.38	3,235.38
France	CAC 40	7250.67	7269.71	Indonesia	JCI	7975.91	81.11	Sweden	OMX Stockholm 30	2450.90	2458.50	Singapore	FTSE Straits Times	3,235.38	3,235.38
Germany	DAX	17,111.65	17,129.94	Israel	TASEX	1992.74	2001.78	Switzerland	SMI Index	11873.71	11885.93	Singapore	FTSE Straits Times	3,235.38	3,235.38
Greece	ATHEX Gen	1386.20	1383.31	Italy	FTSE Italia All-Share	34037.54	3385.80	Taiwan	TAIEX	16942.30	16942.30	Singapore	FTSE Straits Times	3,235.38	3,235.38
Hong Kong	Hang Seng	18,293.38	18,293.38	Japan	FTSE Japan All-Share	3192.32	3172.23	Thailand	Bangkok SET	1297.07	1296.25	Singapore	FTSE Straits Times	3,235.38	3,235.38
Hungary	BUX	7252.07	7252.07	South Korea	KOSPI	3522.27	3525.05	Turkey	BIST 100	8820.56	8820.56	Singapore	FTSE Straits Times	3,235.38	3,235.38
India	Nifty 50	19,120.00	19,120.00	Romania	BET Index	17938.59	17918.68	USA	Dow Jones Ind	39454.45	39454.45	Singapore	FTSE Straits Times	3,235.38	3,235.38
Indonesia	JCI	7975.91	81.11	Russia	MICEX Index	2436.57	2445.30	Vietnam	VNI	18512.30	18512.30	Singapore	FTSE Straits Times	3,235.38	3,235.38
Israel	TASEX	1992.74	2001.78	Singapore	FTSE Straits Times	3225.39	3251.63	China	SSE Composite	3,502.51	3,502.51	Singapore	FTSE Straits Times	3,235.38	3,235.38
Italy	FTSE Italia All-Share	34037.54	3385.80	Slovenia	SBI TOP	-	-	Hong Kong	Hang Seng	18,293.38	18,293.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Japan	FTSE Japan All-Share	3192.32	3172.23	South Africa	FTSE/JSE All-Share	8050.78	8079.39	India	Nifty 50	19,120.00	19,120.00	Singapore	FTSE Straits Times	3,235.38	3,235.38
Korea	KOSPI	3522.27	3525.05	Sri Lanka	CSE All Share	4255.18	4148.59	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Latvia	OMX Riga	866.48	848.07	Spain	IBEX 35	11,250.60	10,646.20	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Lithuania	OMX Vilnius	866.48	848.07	Sri Lanka	CSE All Share	4255.18	4148.59	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Luxembourg	FTSE Luxembourg	1,948.08	1,948.08	Sweden	OMX Stockholm 30	2450.90	2458.50	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Malaysia	FTSE Bursa KLCI	1,636.66	1,636.66	Switzerland	SMI Index	11873.71	11885.93	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Mexico	IPC	53,035.51	53,035.51	Taiwan	TAIEX	16942.30	16942.30	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Morocco	FTSE Morocco	13,782.50	13,782.50	Thailand	Bangkok SET	1297.07	1296.25	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Netherlands	ACEX	865.85	865.85	Turkey	BIST 100	8820.56	8820.56	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
New Zealand	NZX 50	12,281.25	12,243.45	USA	Dow Jones Ind	39454.45	39454.45	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Nigeria	SE All Share	97,342.42	98,255.72	Vietnam	VNI	18512.30	18512.30	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Norway	Oslo All Share	106,574.84	106,574.84	China	SSE Composite	3,502.51	3,502.51	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Pakistan	KSE 100	77,982.29	76,959.58	Hong Kong	Hang Seng	18,293.38	18,293.38	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Philippines	PSEi	10,225.00	10,225.00	India	Nifty 50	19,120.00	19,120.00	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Poland	WIG20	22,222.22	22,222.22	Indonesia	JCI	7975.91	81.11	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Portugal	BVLXPS	1,111.11	1,111.11	Israel	TASEX	1992.74	2001.78	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Romania	BET Index	17938.59	17918.68	Italy	FTSE Italia All-Share	34037.54	3385.80	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Russia	MICEX Index	2436.57	2445.30	Japan	FTSE Japan All-Share	3192.32	3172.23	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Singapore	FTSE Straits Times	3225.39	3251.63	South Korea	KOSPI	3522.27	3525.05	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Slovenia	SBI TOP	-	-	Romania	BET Index	17938.59	17918.68	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
South Africa	FTSE/JSE All-Share	8050.78	8079.39	Russia	MICEX Index	2436.57	2445.30	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Spain	IBEX 35	11,250.60	10,646.20	Singapore	FTSE Straits Times	3225.39	3251.63	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Sri Lanka	CSE All Share	4255.18	4148.59	Slovenia	SBI TOP	-	-	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Sweden	OMX Stockholm 30	2450.90	2458.50	South Africa	FTSE/JSE All-Share	8050.78	8079.39	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Switzerland	SMI Index	11873.71	11885.93	Sri Lanka	CSE All Share	4255.18	4148.59	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Taiwan	TAIEX	16942.30	16942.30	Spain	IBEX 35	11,250.60	10,646.20	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Thailand	Bangkok SET	1297.07	1296.25	Sri Lanka	CSE All Share	4255.18	4148.59	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Turkey	BIST 100	8820.56	8820.56	Sweden	OMX Stockholm 30	2450.90	2458.50	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
UK	FTSE 100	4522.38	4525.05	Switzerland	SMI Index	11873.71	11885.93	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
USA	Dow Jones Ind	39454.45	39454.45	Taiwan	TAIEX	16942.30	16942.30	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Vietnam	VNI	18512.30	18512.30	Thailand	Bangkok SET	1297.07	1296.25	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
China	SSE Composite	3,502.51	3,502.51	Turkey	BIST 100	8820.56	8820.56	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Hong Kong	Hang Seng	18,293.38	18,293.38	USA	Dow Jones Ind	39454.45	39454.45	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
India	Nifty 50	19,120.00	19,120.00	Vietnam	VNI	18512.30	18512.30	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
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Israel	TASEX	1992.74	2001.78	Hong Kong	Hang Seng	18,293.38	18,293.38	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
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Korea	KOSPI	3522.27	3525.05	Israel	TASEX	1992.74	2001.78	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Latvia	OMX Riga	866.48	848.07	Italy	FTSE Italia All-Share	34037.54	3385.80	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Lithuania	OMX Vilnius	866.48	848.07	Japan	FTSE Japan All-Share	3192.32	3172.23	Singapore	FTSE Straits Times	3,235.38	3,235.38	Singapore	FTSE Straits Times	3,235.38	3,235.38
Luxembourg	FTSE Luxembourg	1,948.08	1,948.08	South Korea	KOSPI	3522.27	3525.05	Singapore	FTSE Straits Times	3,235.38					

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table with 10 columns: Stock, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap m. Lists major companies like AS, BHP, CMAI, etc.

FT 500: TOP 20

Table with 5 columns: Stock, Close, Prev, Change, % Change. Lists top 20 companies like NIN, MPT, AS, etc.

FT 500: BOTTOM 20

Table with 5 columns: Stock, Close, Prev, Change, % Change. Lists bottom 20 companies like McKesson, Chubb, etc.

BONDS: HIGH YIELD & EMERGING MARKET

Table with 10 columns: Issuer, Rating, Bid, Days, Mtn, Spread, vs. Lists high yield and emerging market bonds.

BONDS: GLOBAL INVESTMENT GRADE

Table with 10 columns: Issuer, Rating, Bid, Days, Mtn, Spread, vs. Lists global investment grade bonds.

BONDS: BENCHMARK GOVERNMENT

Table with 10 columns: Issuer, Rating, Bid, Days, Mtn, Spread, vs. Lists benchmark government bonds.

INTEREST RATES: MARKET

Table with 10 columns: Instrument, Rate, Change, % Change. Lists interest rates for various instruments.

INTEREST RATES: OFFICIAL

Table with 10 columns: Instrument, Rate, Change, % Change. Lists official interest rates.

COMMODITIES

Table with 5 columns: Commodity, Price, Change, % Change. Lists commodity prices.

BOND INDICES

Table with 5 columns: Index, Value, Change, % Change. Lists bond indices.

MARKET INDEXES

Table with 5 columns: Index, Value, Change, % Change. Lists market indices.

BONDS: INDEX-LINKED

Table with 5 columns: Bond, Yield, Change, % Change. Lists index-linked bonds.

BONDS: TEN YEAR GOVT SPREADS

Table with 5 columns: Country, Spread, Change, % Change. Lists ten-year government spreads.

VOLATILITY INDEXES

Table with 5 columns: Index, Value, Change, % Change. Lists volatility indices.

BONDS: UK ASX MARKET

Table with 5 columns: Index, Value, Change, % Change. Lists UK ASX market data.

GLTS: UK FTSE ACTUARIES INDICES

Table with 5 columns: Index, Value, Change, % Change. Lists UK FTSE actuaries indices.

GLTS: US FTSE ACTUARIES INDICES

Table with 5 columns: Index, Value, Change, % Change. Lists US FTSE actuaries indices.

FT FINANCIAL TIMES Energy Intelligence logo and branding.

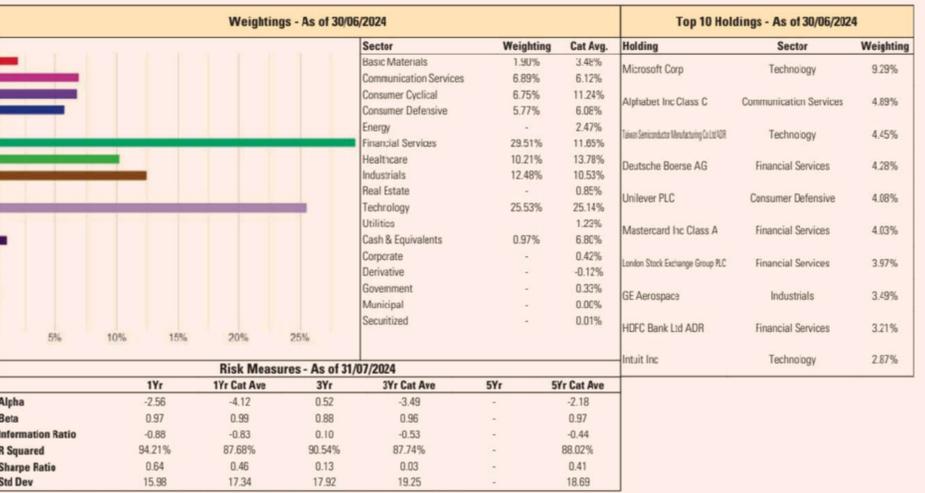
MANAGED FUNDS SERVICE

SUMMARY

FT.COM/FUNDS

Summary table with columns: Winners - US Fund Large Blend, Losers - US Fund Large Blend, Morningstar Star Ratings, Global Broad Category Group - Alternative. Includes fund names, returns, and ratings.

Advertising Feature for Brown Advisory. Includes logo, 'Thoughtful Investing' tagline, and firm details.



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Table listing various fund performance metrics including Bid, Offer, Yield, and 1Y/3Y returns for multiple funds.

Algebris Investments (IRL) advertisement. Includes logo and a list of various equity and bond funds with their performance metrics.

Table of fund performance for Atlantus Sicav Regulated (LUX), listing American Dynamic, American One, etc.

Candriam advertisement. Includes logo and text: 'A NEW YORK LIFE INVESTMENTS COMPANY'.

Dragon Capital advertisement. Includes logo and text: 'DRAGON CAPITAL'.

Edentree investment management advertisement. Includes logo and text: 'edentree investment management'.

Guinness Global Investors advertisement. Includes logo and text: 'GUINNESS GLOBAL INVESTORS'.

The Antares European Fund Limited advertisement. Includes logo and text: 'The Antares European Fund Limited'.

Blue Whale Growth Fund advertisement. Includes logo and text: 'BLUE WHALE GROWTH FUND'.

EdenTree Investment Management Ltd advertisement. Includes logo and text: 'EdenTree Investment Management Ltd'.

EdenTree Investment Management Ltd advertisement. Includes logo and text: 'EdenTree Investment Management Ltd'.

Findlay Park advertisement. Includes logo and text: 'Findlay Park'.

Hermes Property Unit Trust advertisement. Includes logo and text: 'Hermes Property Unit Trust'.

Artemis advertisement. Includes logo and text: 'ARTEMIS The Profit Hunter'.

Brooks Macdonald advertisement. Includes logo and text: 'BROOKS MACDONALD'.

Brooks Macdonald advertisement. Includes logo and text: 'Brooks Macdonald International Fund Managers Limited'.

Brooks Macdonald advertisement. Includes logo and text: 'Brooks Macdonald International Investment Funds Limited'.

Brooks Macdonald advertisement. Includes logo and text: 'Brooks Macdonald International Multi Strategy Fund Limited'.

Brooks Macdonald advertisement. Includes logo and text: 'Brooks Macdonald International Multi Strategy Fund Limited'.

Brown Advisory advertisement. Includes logo and text: 'Brown Advisory Thoughtful Investing'.

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Ashmore advertisement. Includes logo and text: 'Ashmore'.

Ashmore advertisement. Includes logo and text: 'Ashmore'.

Dodge & Cox advertisement. Includes logo and text: 'Dodge & Cox Worldwide Funds'.

Fidelity advertisement. Includes logo and text: 'Fidelity INTERNATIONAL'.

Fundsmith advertisement. Includes logo and text: 'Fundsmith Equity Fund'.

Fundsmith advertisement. Includes logo and text: 'Fundsmith Equity Fund'.

MANAGED FUNDS SERVICE

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Charifund Acc	3288.06	-	144.37	5.08	15.13	4.45
M&G Charities Feeder Fund (Global) Inc	£ 1.10	-	0.00	3.88	9.21	-0.63
M&G Charities Feeder Fund (Global) Inc	£ 41.94	-	-0.01	3.51	9.20	-0.64
M&G Charities Multi Asset Fund Inc	£ 0.93	-	0.00	-	12.52	5.16
M&G Charities Multi Asset Fund Acc	£ 119.68	-	0.37	3.66	17.57	5.16



MMIP Investment Management Limited (GSY)
Regulated
Multi-Manager Investment Programmes PCC Limited

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
UK Equity Fd CI A Series 01	£ 3080.40	3080.41	-201.75	-	-2.98	13.94
Diversified Absolute Retn Fd USD CI AF2	£ 1698.02	-	45.53	-	-1.51	1.32
Diversified Absolute Return Stly Cell AF2	£ 1579.00	-	-1.96	-	0.70	2.45
Global Equity Fund A Lead Series	£ 1747.16	1747.16	-5.31	-	-1.04	5.13

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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Mir - Glob Strat. BJ USD	\$ 127.84	-	0.30	0.00	9.28	0.65
Mir - DiscEur D Cap GDP	€ 108.66	-	1.66	0.00	19.29	-3.69

Marwyn Asset Management Limited (CYM)
Regulated
Marwyn Value Investors

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Marwyn Value Investors	€ 239.72	-	-6.14	0.00	-	-7.17



McInroy & Wood Portfolios Limited (UK)
Easter Alderston, Haddington, EH41 3SF 01620 825867

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Income Fund Personal Class Units	£107.60	-	-7.40	1.40	5.13	1.62
Balance Fund Personal Class Units	2992.20	-	-2.20	2.40	8.89	4.07
Emerging Markets Fund Personal Class Units	2047.00	-	-5.30	1.48	-5.85	-2.57
Smaller Companies Fund Personal Class Units	5241.20	-	-8.40	1.30	2.88	-0.03



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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Milltrust Global Emerging Markets Fund - Class A	\$ 86.19	-	0.75	0.00	-10.66	-11.94

Milltrust International Managed Investments SPC
em@milltrust.com, +44(0)20 8123 8316, www.milltrust.com

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Milltrust Alaska Brazil Fund SP A	\$ 82.58	-	2.38	0.00	19.54	3.87
Milltrust Laurium Africa Fund SP A	\$ 103.72	-	0.89	0.00	7.62	-3.29
Milltrust Marcellus India Fund SP	\$ 161.09	-	0.16	0.00	20.73	5.26
Milltrust Singular ASEAN Fund SP	\$ 149.09	-	0.75	0.00	15.56	-2.23
Milltrust SPARK Korea Equity Fund SP A	\$ 125.25	-	0.60	0.00	3.44	10.95
Milltrust Xinghai China Fund SP A	\$ 73.96	-	0.61	0.00	-25.58	-21.77
The Climate Impact Asia Fund SP A	\$ 65.70	-	0.14	0.00	18.61	13.72

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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
The Equity Idx Tracker Fd Inc	2095.00	-	9.00	2.29	11.77	4.24
Distribution Units	-	-	-	-	-	-

Parisisma Investment Fds (UK) (1200)F (UK)
3rd Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Order Desk and Enquiries: 0345 922 0344

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Global Total Fd PCG A	509.71	-	1.77	0.27	22.18	8.14
Global Total Fd PCG B	502.36	-	1.73	0.07	21.87	7.87
Global Total Fd PCG INT	491.41	-	1.69	0.00	21.57	7.60

Parisisma Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
PCG B	395.46	-	7.70	0.00	21.95	4.35
PCG C	383.33	-	7.51	0.00	21.68	4.08



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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
SF Global Best Ideas Eq B USD ACC	€ 266.77	-	0.40	-	6.70	-2.02
SF Global Best Ideas Eq D 20P INC	€ 317.12	-	-0.73	-	6.44	0.60



Dasis Crescent Global Investment Funds (UK) ICVC (UK)
Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Dasis Crescent Global Equity Fund USD A Dist	\$ 37.70	-	0.07	0.77	5.85	-0.65
Dasis Crescent Global Income Fund USD A Dist	£ 18.21	-	0.01	-	6.12	0.59
Dasis Crescent Global Low Equity Fund USD D Dist	£ 12.97	-	0.03	1.50	6.54	-0.41
Dasis Crescent Global Medium Equity Fund USD I Dist	£ 14.53	-	0.07	1.05	6.41	-0.75
Dasis Crescent Global Property Equity Fund USD I Dist	£ 9.28	-	0.08	-	19.45	-0.61
Dasis Crescent Global Short Term Income Fund USD I Dist	£ 9.94	-	0.00	-	4.54	1.07
Dasis Crescent Variable Fund GBP A Dist	£ 10.12	-	0.02	0.70	6.71	-0.49

Ram Active Investments SA
www.ram-ai.com

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
RAM Systematic Emerging Markets Eq	€ 249.52	249.52	3.17	-	9.15	0.72
RAM Systematic European Eq	€ 594.62	594.62	3.67	-	12.78	0.15
RAM Systematic Global Sustainable Income Eq	€ 177.36	177.36	1.02	0.00	14.15	4.07
RAM Systematic Long/Short European Eq	€ 169.14	169.14	0.49	-	17.30	4.13

Superfund Asset Management GmbH
www.superfund.com, +43 11 247 00

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Superfund Green Gold	\$ 986.86	-	13.15	-	8.43	-12.00
Superfund Green Silver	\$ 787.26	-	6.83	-	2.69	-17.04
Superfund Green LSS	€ 633.42	-	5.90	0.00	-8.58	-18.18
Superfund Dilck Blockchain EUR	€ 16.79	-	0.90	0.00	40.50	-
Superfund Gold Silver & Mining EUR	€ 10.95	-	0.11	-	-	-

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Estimated NAV	\$ 118.07	-	24.07	0.00	28.23	22.38

Royal London
801 Fincham Road, London EC3M 4BY (UK)

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Royal London Sustainable Diversified A Inc	£ 2.60	-	0.01	1.31	11.39	0.46
Royal London SustainableWorld A Inc	401.80	-	0.80	0.69	13.05	1.81
Royal London Corporate Bond Mth Income	77.76	-	0.05	4.91	11.67	-2.22
Royal London European Growth Trust	224.60	-	-0.20	1.71	0.77	3.37
Royal London Sustainable Leaders A Inc	859.70	-	2.70	1.48	11.41	3.22
Royal London UK Growth Trust	678.80	-	2.60	2.03	13.13	2.09
Royal London UK Income Wld Growth Trust	220.10	-	0.60	4.55	16.20	5.19
Royal London US Growth Trust	497.00	-	3.70	0.07	77.11	11.87

Thesis Unit Trust Management Limited (UK)
Exchange Building, St Johns Street, Chichester, West Sussex, PO18 1UP

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
TM New Court Fund A 2011 Inc	£ 20.54	-	0.02	0.55	7.20	0.49
TM New Court Fund - A 2014 Acc	£ 20.84	-	0.02	-	7.20	0.50
TM New Court Equity Growth Fund - Inc	£ 22.82	-	0.03	0.17	8.09	0.32



Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Platinum All Star Fund - A	\$ 164.99	-	-	-	9.63	2.08
Platinum Global Growth UCITS Fund	€ 9.62	-	0.18	0.00	9.57	-12.84
Ration Essential Resources UCITS Ret SICAV USD Jan	€ 9.42	-	-0.70	0.00	-19.83	13.24
Platinum Global Dividend UCITS Fund	€ 47.26	-	0.13	0.00	1.33	-7.58

Ruffer LLP (1000)F (UK)
3rd Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Order Desk and Enquiries: 0345 601 9510

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
WS Ruffer Diversified Rtm C Acc	102.91	-	-0.42	1.13	3.75	-
WS Ruffer Diversified Rtm C Inc	99.88	-	-0.40	1.14	3.77	-
WS Ruffer Equity & General C Acc	626.23	-	-9.50	1.21	8.52	2.96
WS Ruffer Equity & General C Inc	588.16	-	-8.47	1.23	8.52	2.96
WS Ruffer Gold C Acc	313.76	-	-4.23	0.32	34.36	6.12
Troyan Ruffer Gold C Inc	189.09	-	-2.55	0.33	34.36	6.12
WS Ruffer Total Return C Acc	557.17	-	10.87	1.95	3.78	0.91
WS Ruffer Total Return C Inc	336.07	-	6.56	1.98	3.78	0.92



Troy Asset Mgt (1200) (UK)
3rd Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Order Desk and Enquiries: 0345 608 0950

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Troyan Ethical Global Inc O Acc	108.50	-	-0.16	2.41	4.59	-
Troyan Ethical Global Inc O Inc	101.07	-	-0.15	2.44	4.58	-
Troyan Ethical O Acc	137.86	-	0.10	1.22	8.32	2.89
Troyan Ethical O Inc	135.73	-	0.09	1.43	8.32	2.96
Troyan Ethical Income O Acc	150.85	-	0.23	-	8.46	1.05
Troyan Ethical Income O Inc	119.76	-	0.19	2.64	8.46	1.05
Troyan Fund O Acc	406.63	-	0.15	1.01	6.19	2.18
Troyan Fund O Inc	324.86	-	0.12	1.02	6.19	2.18
Troyan Global Equity O Acc	590.23	-	1.99	0.22	13.77	5.27
Troyan Global Equity O Inc	485.89	-	1.64	0.22	13.77	5.27
Troyan Global Income O Acc	161.57	-	-0.19	2.91	4.29	3.62
Troyan Global Income O Inc	128.11	-	-0.15	2.93	4.29	3.62
Troyan Income O Acc	364.66	-	0.69	2.90	6.54	0.16

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated
Monument Growth 30/07/2024

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Monument Growth 30/07/2024	£ 575.94	582.19	1.73	0.95	7.81	2.60

Rubrics Global UCITS Funds Plo (IRL)
www.rubricsam.com

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Rubrics Energy/Media Fund UCITS Fnd	€ 143.84	-	0.42	-	2.82	0.78
Rubrics Global Credit UCITS Fund	€ 17.99	-	0.02	-	6.12	-0.39
Rubrics Global Fixed Income UCITS Fund	€ 178.93	-	0.42	0.00	4.79	-0.31

Prusik Investment Management LLP (IRL)
Regulated
Enquiries: 0207 453 1331

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
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Buying price: Also called offer price. The price at which units in a unit trust are

ARTS

The joy of colour and a magpie instinct

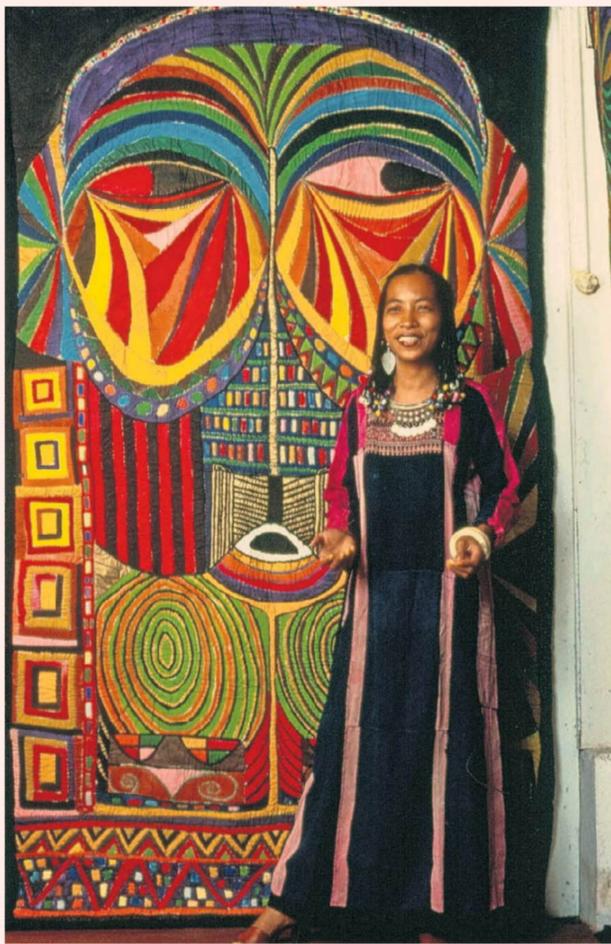
Pacita Abad used fabric and bric a brac from her global travels to powerful emotional effect, a New York exhibition shows. By Ariella Budick

Pacita Abad's giant artworks have staged a friendly takeover of MoMA PS1 in New York. They've infiltrated the ordinarily gloomy galleries, animated the walls and set the place aglow. Maybe it's because her work buzzes with such disreputable quantities of joy that Abad is getting her first retrospective only now, 20 years after her death at 58.

In a video made three years before she took US citizenship in 1994, Abad was asked about her most important contribution to the art of her adopted country. With a wide smile and throaty laugh, she cried: "Colour! I have given it colour!" It's not as if American art was all shades of taupe before she came along, but her palette comes with that festive exclamation mark, signalling unbounded exuberance and a desire to make everything – living spaces, clothes, mural-sized paintings – bright and bold.

Abad did more for the US than just broaden its range of usable hues. She crammed her art full of folk traditions, making political messaging and feminism safe for pleasure. Even her most pointed works quiver with delight.

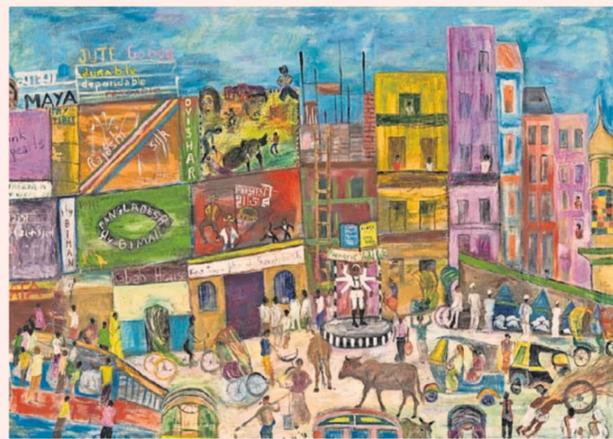
Abad had to build up positivity the hard way. The fifth of 13 siblings, she was born in the Philippines in 1946. Her parents served in the government and in Congress but fell afoul of Ferdinand Marcos in the 1960s. After Abad led opposition protests against the dictatorship, Marcos's goons machine-gunned the family home, injuring nobody but prompting her to emigrate. In 1970, she wound up in San Francisco, where the heady atmosphere, bubbling with countercultural creativity and political protest, induced her to stay. She pursued a master's in history, took a daytime job as secretary and worked as a seamstress at night, all at the same time.



She was about to start law school at the University of California, Berkeley, when she met Jack Garrity, a graduate student in international finance at Stanford. Together, they took a transformative trip across Asia, hitchhiking from Turkey to the Philippines via Iran, Afghanistan, Pakistan, India, Sri Lanka, Myanmar, Thailand, Laos, Taiwan and Hong Kong. Wherever they alighted, Abad was besotted by traditional fabrics

and jewellery, which she stockpiled, wore and worked with for the rest of her life. That year of travel led her to abandon a legal career. She and Garrity, who ultimately became an economist at the World Bank, continued their relentless travels, pausing just long enough for her to take courses at the Corcoran School of Art in Washington, DC and at the Art Students League in New York.

In the early 1980s, Abad launched a



Clockwise from far left: Pacita Abad with 'Baconding' (1983); 'Old Dhaka' (1978); detail from 'LA Liberty' (1992) — Courtesy Pacita Abad Art Estate/Spike Island, photos: Rick Sierra, Max McClure

series of "trapunti" – ambitious, room-sized works that combined the heroic dimensions of conventionally male genres such as fresco and history painting with more traditionally feminine techniques of embroidery and ornamentation. She painted large canvases and quilted them together, layering the surface with beads, bits of fabric, ribbons, mirrors, shells and sequins. The results, which puff out from two dimensions into three, are monumentally assertive and gloriously ornate.

In these works, Abad staked out a proudly globalist stance. At a time before cultural appropriation was considered a no-no, she gathered up influences wherever she found them. The fact that she was neither male nor African didn't prevent her from producing "Masai Man" (1982), a quilt based on a Kenyan mask, encrusted with little mirrors in the Indian manner and cowrie

shells from Papua New Guinea, blending vastly disparate regions in a great cosmopolitan mash-up.

In the 1980s and '90s, the art world tilted towards conceptualism and painters joined the battle to strip art of transcendental aspirations. ("Beauty is lulling, boredom is liberating" could have been their motto, though they were rarely so direct or concise.) Abad moved in the opposite direction. She veered away from the tastefully sleek, towards clutter and craft and profuse sensuality. In this, she followed a generation of feminists. Miriam Schapiro invented "femmage" in the 1970s by fixing fragments of paper and fabric to surfaces and invoking the quilt as a model of women's expressivity. The critic Linda Nochlin dubbed Schapiro's explosively gaudy patterns a "patchwork liberation."

Abad linked the unshackling of women with the emancipation of her

mother", "pañuelos worn by my aunts" and "the old just barongs of my father". You don't need to know the origin story of each fragment of fabric to register the emotional impact of this complex, polychrome, multi-layered reliquary or her other, similarly expansive concoctions. It's enough to sense Abad's magpie spirit, her talent for stirring together Sinhalese masks, Hmong story cloths, Tibetan thangka and dozens of other bits and bobs picked along the way. You understand she saw the world as a vast button jar, a collection of good ideas to be picked over and relished.

Towards the end of her too-short life, she channelled this plenty into abstractions that are among my favourites. "Spring is Coming" (2001) evokes a cosmic meadow ruffled by a breeze. Slashes of green, blue and orange invite you to sink in and wiggle your toes in its cool blades. "Early One Morning" (2003) is as unabashedly loud as a marching band coming around the corner. It's a festival piece alive with confetti, streamers, flashing lights, reflections – all the glister of daily celebration, conjuring cheerful chaos.

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Daniel Barenboim's heroic return

CLASSICAL

BBC Proms
Royal Albert Hall, London

Richard Fairman

It is five years since Daniel Barenboim was last at the BBC Proms with his West-Eastern Divan Orchestra of musicians from across the Middle East. A lot has happened since then, little of it good. The region has descended into another period of violence, and in 2022 Barenboim himself was diagnosed with a serious medical condition that led to him stepping back from engagements.

Against that background, it is not surprising that the conductor was greeted like a returning hero. It is hard to overstate his standing at the Proms: he made his debut as far back as 1966 and has led memorable events such as the Beethoven symphony cycle in 2012 (before dashing off to be a flag-bearer at the London Olympics) and the Wagner *Ring* cycle of 2013.

He conducts sitting down now, but the minimal gestures (barely visible when he holds the baton so low?) seem enough. Barenboim's favoured ground is the Austro-German classics and that is the focus of this summer's West-Eastern Divan Orchestra tour of Europe's music festivals, with Rheingau, Salzburg and Lucerne still to come.

The Proms audience heard two major works. Brahms's Violin Concerto with Anne-Sophie Mutter edged into consciousness through an almost impossibly tender, drawn-out introduction, and pace remained difficult to come by throughout, but Mutter pushed the music along when she could. She remains peerless in technique and quality of sound for this concerto, the highest passages on the violin romantically sweet and perfectly controlled. When speed arrived in the finale, the performance took off.

Schubert's Symphony No 9 also made a stately start, but Barenboim was more

animated here. He always allowed the music space to breathe, so Schubert's repeated rhythms did not feel relentless, nor the players sound stressed. This was lyrical, glowing Schubert, not as rhythmically sharp as some, but the orchestra played with fine balance and warmth. There was no political speech from Barenboim this year – only long and heartfelt applause. ★★★★★

Barenboim has spoken about the quietness of Proms audiences. That is even more evident at the late-night Proms; the most recent had hushed concentration for Heiner Goebbels's *Songs of Wars I Have Seen* (2002/07).

The work was commissioned for a mixed group of players drawn from the period-instrument Orchestra of the Age of Enlightenment and contemporary specialists the London Sinfonietta. Goebbels selected readings from Gertrude Stein's memoir of living in occupied France during the second world war; his music does not so much interpret the texts as establish a pensive mood in which they can be pondered.

Stein's quirky, everyday observations are what matter here, at least until a solo trumpet epilogue compels attention. Goebbels instructs that extracts be read by the female musicians, who did so very professionally at this performance,

and they were well amplified. As at the premiere, the OAE and London Sinfonietta joined forces, this time conducted by Chloe Rooke. ★★★★★

The National Youth Orchestra's annual Prom is always a fixture worth catching. The highlight of this year's concert was the premiere of Dani Howard's *Three, Four And . . .*, an orchestral showpiece of a truly Proms massiveness. More than 150 NYO players were listed in the programme and extra musicians from its companion project NYO Inspire overflowed into boxes and up in the gallery. Howard's music does not just do the obvious and play it big and loud, instead offering beautiful, glittering combinations of instruments – a surround-sound experience on a grand scale. Was this the largest orchestra ever heard in the Royal Albert Hall?

Also on the programme were Missy Mazzoli's *Orpheus Undone*, derived from a ballet score that contrasts rhythmic movement and stasis, and an unusually thoughtful performance of Mahler's Symphony No 1, conducted by Alexander Bloch. It must have taken long hours of rehearsal and commitment to achieve so much expressive detail from such young musicians. ★★★★★

To September 14, bbc.co.uk/proms



Hero's welcome: Daniel Barenboim — BBC/Chris Christodoulou

FT BIG READ. SUSTAINABILITY

Abundant electricity in the north was supposed to power a new wave of industrialisation, with projects attracting a rush of investment. The problem now is these pioneers are struggling to scale up.

By Richard Milne



Can Sweden deliver a green energy boom?

Herald Mix has what he describes as a “big hairy goal”: to set up enough green companies to reduce global emissions by 1 per cent himself. And the Stockholm-based private equity executive has found the perfect place to do it: northern Sweden.

Blessed with copious green energy from its extensive network of hydropower, the far north of the Scandinavian country has experienced nothing short of a green rush. Thousands of people have flocked to this often snow-covered region that straddles the Arctic Circle to work for companies using the surplus power, such as battery maker Northvolt and H2 Green Steel, set up by Mix and business partner Carl-Erik Lagercrantz. “It is a Klondike situation, where the gold is green electricity,” says one executive working there.

For Mix, cutting emissions in sectors such as steel, cement, transport and residential heating requires “re-industrialisation” on a massive scale, bringing together some of the world’s biggest investors and companies with entrepreneurs, green technology, government subsidies and large amounts of renewable energy.

“The only way that we are going to save the planet is by actually proving this represents the single biggest investment opportunity of the century. It’s really about investment: hundreds of billions and trillions of capital that needs to be mobilised,” he adds.

The reality has been far from easy. Northvolt and H2GS have raised extraordinary amounts of capital – €15bn and almost €6.5bn respectively, from investors such as Volkswagen, Siemens, Goldman Sachs, Temasek, BlackRock and an Ikea foundation – making them some of the best-funded private companies in Europe. But both are facing serious challenges over their main projects and question marks about future expansion.

Northvolt has struggled to ramp up production in its first, northern Swedish gigafactory, losing a \$2bn contract with carmaker BMW – its first customer and one of its shareholders – causing the loss-making battery maker to launch a strategic review about its growth ambitions and financing needs.

H2GS’s first plant, which will use hydrogen gas as an alternative to coking coal to reduce iron ore, is under construction in the north. But its ability to scale up production is threatened by problems in accessing enough power amid a growing dispute with several Swedish state-backed companies with their own green steel project, Hybrit.

Critics argue that the green industry plans are too risky for this country of 10.5m people, and the local and national governments backing them. “The very size of these projects relative to the Swedish economy means you jeopardise the national economic system,” says Magnus Henrekson, professor of economics at the Research Institute of Industrial Economics in Stockholm. “In the US or China, even if they fail, it’s manageable. In Sweden, if you put in so many resources, so many political investments and it still fails, it will harm the entire economy for decades.”

Christer Gardell, co-founder of Europe’s largest activist investor Cevian

‘It is a Klondike situation, where the gold is green electricity’

Capital and who helped fund Henrekson’s research, adds that such large-scale projects are extremely difficult to pull off. “There was so much hallelujah [about northern Sweden] in the early days. But there was no real analysis of these big investments that were heavily supported by taxpayer money, and the risk involved,” he says.

The stakes are high, for both Sweden and Europe. As businesses and governments across the continent pour money into clean energy, Asian companies have stolen a march in industries such as batteries and electric vehicles, while US President Joe Biden’s Inflation Reduction Act has seen a surge of green investment. Northern Sweden has been much touted as Europe’s answer.

“The Nordics have the potential to be the Silicon Valley of sustainability,” says Magnus Tyreman, managing partner for consultant McKinsey in Europe.

With vast amounts of money invested in various factories across the region, one word is on the lips of those involved in northern Sweden. Now, says Mix, “it’s really about execution”.

Sweden’s natural advantage is its electricity surplus. The drive to lower greenhouse gas emissions is forcing countries to decarbonise power generation and their industry. In Sweden, the first part is already done. Northern Sweden last year generated 76 terawatt hours of electricity from its hydropower and wind farms, but only consumed 33TWh. That surplus of 43TWh is equivalent to or more than the annual electricity consumption of countries such as Hungary, Denmark or Ireland.

Due to poor transmission links to the south, Sweden’s surplus electricity is largely trapped in the north of the country, attracting interest from a range of companies keen to exploit it.

Social media group Meta was the first big business to react, opening its first data centre outside the US in Luleå, a port and steel city in northern Sweden, in 2013. “This was an important thing to happen because it gave a new picture of northern Sweden. It showed the clean air, the clean water,” says Lorents Burman, mayor of Skellefteå, a town south of Luleå.

Skellefteå Kraft, the municipality-owned power company, saw the chance

to exploit its own power surplus, beating offers from about 40 Nordic cities in 2017 to attract Northvolt to build its first gigafactory. Joachim Nordin, chief executive of Skellefteå Kraft, says it was important to attract a company that would create a lot of jobs, unlike data centres. Northvolt expects to employ 3,000 workers when its factory is completed; Meta says its Luleå data centre supports about 300.

Northern Sweden’s energy boom is leading to a big reversal in the region’s fortunes. The population in most northern towns has declined steadily in the past decades as young people in particular moved to the warmer, lighter and more prosperous south.

“The picture of our region from the rest of Sweden is: a place you want to leave. But this has always been an area where we have a lot of natural resources,” says Carina Sammeli, the mayor of Luleå. “Now we are at the start of a green industrial revolution. We need to be fast, because it’s about being the first on the market.”

Hybrit’s test facility for green steel is based in Luleå while Spanish fertiliser Grupo Fertiberia, as part of the Power2Earth consortium, is planning to build a plant there and H2GS’s first factory will be close by in Boden.

Lotta Finstorp, governor of Norrbotten, Sweden’s northernmost and largest county, says she is now inundated by requests from ambassadors wanting to learn more about the north.

The sudden boom is bringing headaches, however. Housing is a big problem. Such is the surge in foreign workers moving to Skellefteå that house prices have shot up, while some people had to live temporarily in shipping containers. Upgrading infrastructure such as roads and rail is time-consuming in bureaucratic Sweden, as is securing permission for new factories. “It’s permits, permits, permits. We have to go faster,” says Ebba Busch, Sweden’s minister for energy, business and industry.

There is also the issue of what climate activists such as Greta Thunberg call “green colonialism” – using the cloak of green projects such as wind farms to usurp the rights of the Sami, the indigenous people in the north. Thunberg and others have protested against a number of mining projects and wind farms, both in Sweden and Norway. Busch concedes that “it’s a difficult balancing act” between combating climate change and protecting nature.

And there are even questions about northern Sweden’s trump card: its electricity surplus. The amount of electricity needed by some projects would eventually eat it up. LKAB, the state-owned iron ore mining company, estimates it will need 70TWh of power by 2050 to reach zero carbon emissions. That is equivalent to 43 per cent of total Swedish electricity production last year. “The surplus will be gone and gone again with these efforts. So the big question is: where is the power going to come from?” asks Cevian’s Gardell.

Energy executives say it will have to come from wind farms, noting that there is still time to build them, as long as Sweden acts fast. “I’m not especially worried,” says Nordin of Skellefteå

Kraft. But he concedes that there is heavy local opposition to windmills.

However, it is the performance of the supposed crown jewels of the green transition in northern Sweden – Northvolt and H2GS – that is drawing the most attention. Mix argues he is setting up an entirely new asset class, and that “we are early on in that process”.

Peter Carlsson, Northvolt co-founder and chief executive, adds: “It is a very critical time for Europe, the next couple of years. The way we and others are executing, and to some extent being supported by the EU, is going to determine the long-term outcome of what the [battery] industry looks like globally.”

Mix says “industrial scale-ups” fall between the cracks of existing asset classes such as start-ups, infrastructure projects and private equity. The companies are young, but need massive amounts of capital. Their financing –

Skellefteå in northern Sweden. The region has used its surplus power supply to attract companies and investment. Below: Hybrit, a joint venture between state-backed SSAB, LKAB and Vattenfall, estimates it will require about 15TWh of power for full production

Charlie Bibby/FT

of a worker last year. Its net loss deepened to \$1.2bn last year compared with \$285m in 2022, but it still has more than \$50bn of orders.

Northvolt will report on its strategic review to the board in September, which is likely to include reassessing plans to open new gigafactories in Sweden, Germany and Canada. The aim is to ensure “the core engine of Skellefteå is getting up and running before we take the next steps”, says Carlsson.

This is taking place against the backdrop of lower-than-expected demand for electric vehicles, which many in the sector believe will cause a clear-out among battery start-ups and established players. If Northvolt does not succeed “the whole business model fails with them”, says one well-connected technology investor in Stockholm.

H2GS has also faced delays, and is now forecasting it will produce its first steel in two years’ time at Boden, versus its forecast from 2021 of this year. It is planning other plants in Canada, Portugal and Brazil for its green steel. But a second phase of production at Boden is uncertain after Vattenfall, a state-owned utility, moved it behind another state-owned company, steelmaker SSAB, in the queue for electricity.

H2GS executives have reacted furiously, as they have to their difficulties in getting iron ore from the local miner, LKAB. LKAB insists there is not enough capacity on the local railway to ship iron ore to H2GS, and Vattenfall says SSAB’s plans are more mature. But for H2GS it is no coincidence that LKAB, SSAB and Vattenfall are the three companies involved in its rival – Swedish green steel venture Hybrit.

Mix is undaunted by the problems of two of the main assets for Vargas, his holding company together with Lagercrantz. Vargas has just launched Syre, a joint venture with retailer H&M to produce fossil-free polyester. Last year, it helped start up Aira, a heat pump maker and seller. In future, “we would see the logic” on aluminium while “cement is interesting”, Mix says. “It’s a question about bandwidth and the importance of focus.”

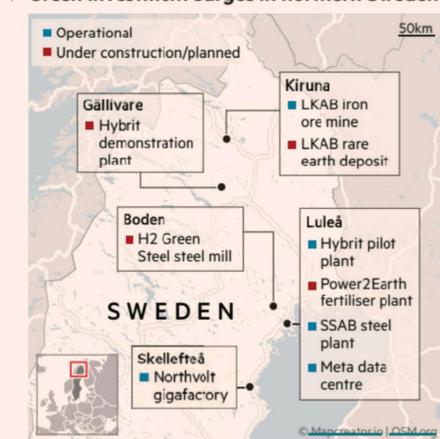
His goal to reduce global emissions by 1 per cent may seem unachievable now. But Mix says taking 5 per cent market share in sectors that could disrupt the transport, steel, textile and heating industries could get him there in the decades ahead. In any case, he argues his biggest impact would be “to demonstrate it’s possible to make great returns”.

A common refrain in Sweden is: what happens if the country’s push does not succeed and Europe loses its leadership on green industrialisation? In Stockholm, Busch, the deputy prime minister, warns that, were this to happen, the dependence the EU had on Russian gas would be “a summer breeze” in comparison to how dependent the bloc could become on China.

“The EU’s route to the green transition very much goes through China. We are saying that it could go through the EU itself,” she says.

Sammeli, Luleå’s mayor, is confident her country can lead the green revolution: “Right now, we are the first mover on this. It will be done somewhere. Maybe it is in Sweden.”

Green investment surges in northern Sweden



The FT View



FINANCIAL TIMES

"Without fear and without favour"

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Ukraine's audacious counter-incursion into Russia

Diverting troops from defending the frontline in Donbas is a sizeable gamble

Ukraine's surprise counter-incursion into Russia's Kursk region, the biggest advance by either side since Kyiv's rapid liberation of Russian-occupied territory in Kharkiv in late 2022, is nothing if not bold. It is also a huge gamble. Diverting some of Ukraine's best troops away from defending its eastern front may seem foolhardy. Provided Kyiv can avoid it turning into an excessively costly endeavour, however, the rewards potentially outweigh the risks.

Ukraine's 30km-plus advance beyond its own border – the first time Russia has been invaded by foreign troops since the second world war – began last Tuesday. President Volodymyr Zelenskyy confirmed it only on Saturday, and has said little about its aims. But attempting to turn the tables on an

aggressor or break military deadlock with a shock advance into an adversary's lands is a tactic with a long pedigree. In this case it could pull some Russian forces away from Donbas, where Moscow has made steady if costly gains this year, easing some of the pressure on Ukraine's defences.

It also exposes and exploits Russia's biggest vulnerability: its own vast borders. It may compel Moscow to redeploy some troops and equipment that could otherwise be used in Ukraine to defend its frontiers against similar incursions elsewhere. A clearly irked President Vladimir Putin will not want to allow this to happen again.

Indeed, perhaps the biggest impact of Ukraine's advance is psychological. For Ukrainians worn down by nearly two and a half years of war, who polling suggests have become more open to peace talks, it provides a demonstration that their army is still capable of positive shocks. In Russia, it punctures the narrative of invincibility that the Kremlin

has worked hard to maintain. Some local media reports suggest fear and confusion in Kursk and the neighbouring Belgorod region, with thousands evacuated from border areas.

Ukraine has learned, too, that success on the battlefield is the best way to persuade its international allies to step up supplies of military aid and equipment. By executing what appears to be a highly mobile attack utilising western-supplied armoured vehicles and air defences, Kyiv sends a message to western capitals that such support is not in vain. And, while there are big questions over whether it has the manpower and equipment to maintain its gains long-term, holding some Russian territory could strengthen its hand in any negotiations with Moscow.

One big risk of Ukraine's gambit is that it could not only be forcibly driven out of Kursk but will lose troops and equipment in such quantities that it will harm its ability to hold back the Russians elsewhere. Another is that Russia,

By executing what appears to be a highly mobile attack utilising western-supplied vehicles and air defences, Kyiv sends a message to its allies that such support is not in vain

claiming its territorial integrity is in peril, will threaten to move up the ladder of escalation. Putin needs little excuse to rattle the nuclear sabre.

Yet for all its propaganda worth to Kyiv, seizing part of one Russian region is hardly an existential threat for Russia. And there is deterrent value in western supporters displaying their readiness to back decisive action by Kyiv. Western capitals, seemingly caught unawares by the Ukrainian offensive, have rightly signalled implicit approval in their public remarks. They have defended Kyiv's right to use western-supplied weapons in its Kursk operations – noting that international law says a country defending itself against foreign attack can also do so on the attacker's territory.

Ukraine's advance into Russia may yet turn out to be a turning point, a strategic blunder, or neither. But achieving military success sometimes requires bold throws of the dice. Not for the first time, Ukraine's president has just made one.

Opinion Technology

Digital meatballs and the rise of branded games

Ewan White



Elaine Moore

In the real world, Ikea stores are designed to be labyrinthine. Still, the company's pixelated virtual shop beats them all. Not only is there no way out, there is no outside. So why do hundreds of thousands of people want to work here?

Earlier this year, Ikea announced that it would pay 10 remote workers £13.15 an hour to staff a new store inside Roblox, the gaming platform that became wildly popular during the pandemic. The company says it received more than 178,000 applications for the jobs. That number is either a depressing commentary on how difficult the job market is for young people or proof of how popular Roblox is. Probably both.

As workplaces go, virtual stores are aseptically in the extreme. There are no boxes of merchandise to lug around and no sore feet at the end of

watching live television and keep opting out of targeted online ads? Plus there's always the chance that immersive experiences will build goodwill.

Roblox, based in San Mateo a few miles south of San Francisco, is welcoming corporate content with open arms. After spending 17 years as a private company, Roblox decided to join the giddy wave of tech listings in 2021. In that pandemic year the company's revenue doubled and it came close to a \$78bn valuation. Since then, however, growth has slowed. Players had to go back to work and school (Roblox has a lot of nine- to 12-year-old users) and it now trades with a market value of \$25bn. It has yet to report annual profit. Advertising is one way to bump those numbers up.

That this is happening on Roblox instead of Meta's metaverse will be galling to Mark Zuckerberg. Roblox does not require expensive virtual reality equipment and its avatars look like Lego characters. It has a decidedly low maintenance vibe and some of the most popular games are simple and user-generated. Yet it has nearly 80m players.

They do more than game, too. Last year a group arranged to gather on the platform and create a digital protest in support of Palestine.

With typical tech exec humility, Roblox chief executive David Baszucki has suggested that Roblox could one day be the dominant form of communication. As he sees it, we moved from the telegraph to the phone, to video and now "3D simulation communication" (a term that could use some workshoping).

But commercial endeavours are still in an experimental phase. It is not easy to balance brand building with entertainment for a community that is wise to ad trickery. H&M has a Roblox game called Loooptopia, for example, that leans so far into the "gaming" side of things that you might not know it came from the fashion retailer. And when Walmart launched its Roblox Walmart Land in 2022 its marketing officer appeared on the platform watched by a lonely solo player.

If companies care to listen, they might learn from the mistakes made in Second Life, the oldest virtual world. Go all the way back to the early 2000s and brands such as Apple and Reebok were all building storefronts inside Second Life. But within a few years it had become the equivalent of an abandoned mall. There wasn't much to do, which put players off.

Turning branded content into games is one way around this – so long as the game is fun. Paying people to work in a virtual store is one thing. Giving them a reason to visit for free is another.

elaine.moore@ft.com

Letters

Labour will not solve tech skills gap by curbing overseas hiring

The UK government may be committing to tackle skills shortages in engineering and technology by building up and training home-grown engineers and technicians – but this should not come at the cost of limiting the number of high-skilled overseas recruits into the engineering and technology sector ("Cooper signals move to curb overseas hiring for engineering and tech jobs", Report, August 12).

The independent Migration Advisory Committee's review will be critical in understanding the issues employers face in attracting and retaining engineers and technicians in the sector. It's therefore vital for companies to fully contribute to this review and have a voice before decisions are finalised.

We know the sector is already facing issues with recruiting for graduate positions and this includes overseas

candidates. The current skilled workers visa threshold of £38,700 has priced many employers out of the international graduate recruitment market.

We need to see a dual approach of building a resilient domestic pipeline of engineers and technologists – starting in schools, and looking at upskilling and reskilling throughout people's careers – while continuing to attract

the best talent from around the world.

We cannot effectively tackle the skills shortage in key industries if we are limiting opportunities for growth and failing to attract a diverse pool of engineers and technicians into the sector.

Stephanie Baxter
Head of Policy, Institution of Engineering and Technology
Hitchin, Hertfordshire, UK

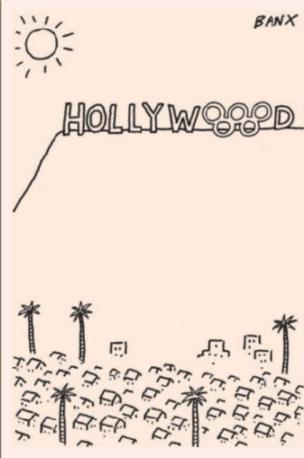
A former member recalls Opus Dei's methods

I read with interest Antonia Cundy's report "Opus Dei group accused of recruiting children" (August 5). The accounts given by former members of the conservative Catholic group exactly match my own experience as a numerary member from 1974 to 1979, joining when I was 15. I wrote a book about my time in the organisation. In it I tried to expound on and warn about the methods used by Opus Dei when dealing with young adults which amount to brain or soul washing, inculcating certain ways to think, feel and emotionally react.

If these methods are employed on a young person, it will be unimportant whether he or she already has the legal status of a member of Opus Dei or not – one of the issues you discuss. The true scandal is that Opus Dei is still able to disguise the methods by which it recruits adolescents.

These people often come into contact with Opus Dei via institutions (youth clubs, student homes) and offerings (eg computer courses) whose connection with Opus Dei is not obvious.

For the youth clubs or student homes are not owned or formally run by Opus Dei. Legally they are not institutions of



Opus Dei. Instead, they are operated by associations founded and run mainly by members of Opus Dei. The young visitors – or their parents – cannot know that one of the main aims of the youth clubs is the recruitment of new members for Opus Dei by those who run the youth clubs.

Klaus Steigleder
Professor of Applied Ethics,
Ruhr University, Bochum, Germany

Reaganite approach to inflation is the wrong one

The rate-cutting ritual you describe in your editorial (FT View, August 2) is based essentially on political calculations to address inflationary pressures, and not necessarily sound economics.

Inflation is a phenomenon born of excess demand over supply, and there are two ways to restore the balance between the two. You either (a) increase supply or (b) decrease demand. Central banks' involvement originated in the last century when conservative economic thinkers advised governments, like the Reagan administration in the US and the Thatcher government in Britain, to address the problem of inflation by cutting demand. As you rightly say: "Higher rates have squeezed demand, and central bankers deserve credit for helping to contain and bring down inflationary pressures."

Yet the social costs, in terms of unemployment and stagnant wage growth, are enormous. It would be less costly if we instead adopt option (a) as many governments are now doing.

Mehdi Al-Bazzaz
Former World Bank Economist,
Alexandria, VA, US

Worth remembering how Britain built its stately piles

You write that Blackstone boss Stephen Schwarzman is running into "new trouble" at his £80m English country estate (Report, August 7).

The story points up the over-regulation of the business community in Britain, where the frequent results are constricted growth and unwarranted bureaucratic power.

Protecting the little amphibians to the extent advertised in the article risks not seeing the forest for the trees. Even if I am wrong that the critics are probably more resilient than planning rules seem to contemplate, how many great houses would grace Britain's sylvan acres today had the philosophy of such regulation applied to them?

That many were built, with money flowing down to skilled and unskilled labourers and contractors, is testament to the efficacy of even imperfect markets versus highly interventionist ones. Schwarzman's intended upgrade would similarly spread the wealth. Add to which many surviving old piles are admired for their aesthetic qualities. Why not his, potentially, in time?

Gary Gillman
Toronto, ON, Canada

OUTLOOK

ASIA

How street dogs haunted my journey through Anatolia



by Adam Samson

From afar, Turkey's stray dogs can resemble stuffed animals: big, harmless, furry creatures with a penchant for basking in the hot sun.

I thought little of them when my wife and I embarked on an odyssey to move our 12-year-old greyhound mix Ricardo from London to Ankara after my appointment last year as Turkey correspondent.

The journey across Europe involved sleeper trains and cars. Ricardo had the time of his life, eating schnitzel in Vienna and pizza in Rome. A hotel in Patras even laid out a dog bed filled with treats.

When we finally crossed the Turkish frontier on a small ferry that glided across the glittering Aegean Sea from the Greek island of Kos to Bodrum in southern Turkey, our spirits were high.

But it took less than 24 hours in the country to dispel my fantastical image of Turkish street dogs as gentle giants. Walking through a small town on Bodrum's outskirts to try *midye dolma*, a delicious dish of rice-stuffed mussels, three or four huge dogs appeared on the sidewalk and charged at us, barking and snarling.

My wife Victoria and I chalked it up to a freak incident in a remote location but we were wrong: stray dogs haunted our trip through Turkey's Anatolian heartland. Every petrol stop involved being chased by packs of dogs, some of whom escorted our car out as we drove from the forecourt.

There was little reprieve when we eventually reached Turkey's capital Ankara. Our hotel was next to a park that was home to a particularly aggressive pack. It was heartwarming to see residents feed them each day. But it was less heartwarming when they gave chase to us as we took Ricardo out for his daily walks.

The 4m-strong street dog crisis divides Turkish society. Harrowing stories in local newspapers show children being hit by cars while running away from stray packs and public health officials worry about the spread of disease. But others say the dogs have been a beloved part of life here for centuries. It is common to see people leave dog food, chicken bones and even pasta out for strays – something Ricardo regularly tries to avail himself of in our neighbourhood.

For the past two decades, Turkey has implemented a policy of catching street dogs, sterilising them and returning them to where they were found. But patchy implementation meant the dog population boomed. President Recep Tayyip Erdoğan this spring called for sweeping changes to Turkey's street dog policy, saying the crisis was holding back the country from becoming more developed. His Justice and Development party (AKP) stoked fervent debate when it floated a plan to round up street dogs into shelters and kill those not adopted within 30 days.

State television bolstered the president's case by continuously

showing reels of hulking street dogs attacking people across the country. But animal rights activists countered with protests, labelling the mooted legislation a "massacre" law.

The AKP eventually backtracked on the plan to kill dogs that are not adopted within 30 days. Parliament, which is controlled by the AKP and its coalition partners, late last month passed legislation that will require municipalities to collect stray dogs. It clears the way for them to kill dogs that are aggressive, sick or pose a risk to public health.

Many worry the new rules will give local governments and those who hate animals the green light to start a cull. "There is no doubt that we will witness mass killings in a very short time," said Kerem Turunç an Istanbul-based attorney.

Surveys show a consensus in Turkey that stray dogs should be removed from the streets, but few want to see widescale culls. Many worry that even if Turkey attempts to kill unwanted animals humanely, such an operation could lead to savage practices.

Turkey's main opposition party, which controls the country's biggest cities, has vowed to fight the new rules in court and said it would not implement them.

For now, like many Turkish residents, I am anxiously hoping that animal lovers' worst fears won't come to fruition, while also keeping Ricardo far away from roaming dog clans.

adam.samson@ft.com

Opinion

Global inequality is narrowing – and that is cause for celebration

Shekhar Aiyar

Imagine that across the length and breadth of America, working-class wages grew much faster than the incomes of millionaires. Rustbelt states started catching up with their more prosperous coastal counterparts. But these developments came with a caveat: greater income inequality in Beverly Hills. The pay cheque gap between Leonardo DiCaprio and his supporting cast increased. Superhero sequels crushed indie movies at the box office.

Taken as a whole, these developments would be cause for joyous celebration. Few would shed a tear for the Golden Globe nominees falling further behind their Oscar-winning colleagues.

Something analogous to this happy fiction has been happening at a worldwide level over the past half century. While the public discourse focuses overwhelmingly on rising domestic inequal-

ity in western countries, global inequality has fallen sharply, primarily due to the rise of two Asian giants, China and India. In 1980, the two countries accounted for almost 40 per cent of the world population but only 5 per cent of world income. Today they still make up roughly the same share of global population, but account for a much larger 25 per cent of global income. The global income distribution remains unequal, but not nearly as unequal as it used to be.

Since they started liberalising their economies in the late 20th century, both China and India have been utterly transformed from the plodding and insular economies they used to be. In neither country was liberalisation a once-and-for-all event; reforms gathered speed at times and subsided or even went into reverse at others. Nonetheless, the overall trajectory has been unmistakable.

Both countries registered a step-increase in GDP growth post liberalisation compared with previous decades. More important, the economic dynamism lifted all boats. Although both countries saw an increase in inequality after liberalising, there was nonetheless rapid

income growth even at the bottom of the income distribution. The steep fall in the number of people living in absolute poverty in China and India must count as one of the most dramatic improvements in human welfare in the history of the world. Together, the two countries were responsible for lifting an astonishing 1.1bn people above the international poverty line over the past four decades.

Together, India and China were responsible for lifting 1.1bn people above the international poverty line

Over the same period, income inequality rose sharply in the west, so much so that it now dominates the political discourse and is one of the chief culprits behind a resurgent populism on both sides of the Atlantic. In most OECD countries the labour share of income has declined substantially in recent decades, with the gains from economic growth accruing disproportionately to

the owners of capital and the highly educated. A vivid illustration is provided by the US, where GDP per capita has more than doubled since the mid-1980s, but median household income has risen by only about 30 per cent.

These numbers are disturbing and politically consequential. They have fuelled populist attacks on what might be called the liberal economic order: a system of free(ish) trade and cross-border investment, substantial immigration from poor to rich countries, and a rules-based international order adjudicated by institutions such as the World Trade Organization.

But they need to be put in perspective. The US and western Europe collectively comprise about 11 per cent of the global population. Their deteriorating domestic income distributions must be set against the gains made by vast numbers of much poorer people. The economist Branko Milanovic has pointed out that the Theil index – a standard measure of global income inequality – has shown considerable improvement since the 1980s, with widening within-country inequality more than outweighed by

narrowing between-country inequality.

How should a universalist – somebody who holds that human life has equal worth irrespective of location – regard the overall trajectory of the past half century?

The philosopher John Rawls suggested that questions about the just ordering of society should be considered from behind a “veil of ignorance”. If you knew nothing about your own attributes – whether you were rich or poor, male or female, Chinese or American – which society would you choose to inhabit: today’s world, or the world of 50 years ago? Given that your chances of being Chinese or Indian are roughly two-fifths, while your chances of being a westerner are about one-tenth, you would almost certainly choose the present. Trouble in Beverly Hills should not obscure the much wider progress of those who live on less elevated ground.

The writer is a Visiting Scholar at Johns Hopkins SAIS, a Non-Resident Fellow at Bruegel and a Visiting Professor at NCAER. He is currently writing a book entitled ‘A Defence of the Liberal Economic Order’

Companies can prepare for the threat of attacks by hostile states

Elisabeth Braw

This summer arsonists set French rail lines alight. Other unknown actors tried to break into Finnish water plants, and staged a cyber attack that crippled British hospitals. Today any western company risks being targeted by hostile states, their proxies and politically motivated outfits. Just as the armed forces run exercises for all kinds of military risks, governments and the private sector should team up to model national crises.

When news arrived that the French rail lines had been sabotaged, the first thought of Tomáš Kopečný, the Czech Republic’s envoy for the reconstruction of Ukraine, was: “Is this just the first stage? Will there be more attacks?” It is impossible to know whether the unknown perpetrators have planned more attacks. We have no way of knowing which companies will be the next victims as hostile states and other actors seek to weaken the west’s open societies. It feels hopeless – but it’s not.

Governments are aware of the need for such preparation but have been struggling to figure out precisely how to go about it: which companies should participate? What should the exercises entail? They should not let the perfect be the enemy of the good.

“Until now, governments’ mindset has been, ‘we have to create the perfect exercise,’” said Charlotte Petri Gornitzka, the director-general of Sweden’s Civil Contingencies Agency (MSB). “But companies want to exercise straight away, even if it’s just a table-top exercise.” Earlier this year, Gornitzka did

Governments and the private sector should team up to model national crises

just that and invited the heads of Sweden’s trade associations to what one might call an alpha-version exercise.

Companies are eager to prepare for harm that may come their way. This year’s political risk survey report by WTW, the insurance broker, shows that in 2023 more than 70 per cent of the multinationals surveyed experienced political-risk losses; 96 per cent have added new political-risk capabilities; 62 per cent reported being concerned about state-sponsored supply chain disruption; and 44 per cent reported fears of attacks on infrastructure. Yes, many practise for contingencies, but that’s not enough when hostile states are at the gates.

Three years ago, Kopečný – then deputy minister of defence in the Czech Republic – tackled the challenge. “I looked at our largest companies and invited some of them,” he told me. “The exercise has to be in person. You need people to really focus. It doesn’t work if they’re doing a bunch of other Zoom calls at the same time.” Top executives should be involved, he said.

The key to successful exercises is good scenarios, and they should include not just crises that have already occurred but especially those that have not. “You need three-four people who know how to write an exercise and have done it before, for example military officers,” Kopečný said. “Or it could be RPG [role-playing game] designers. It’s the methodology that matters. And then you add the subject-matter experts.”

By practising all manner of national crises, the state and the private sector will be better prepared whenever hostile states, their proxies and other forces target civil society. “In a crisis, companies need to be able to work with the government,” Gornitzka noted. “We need to figure out which groupings and individuals need to establish links so they can co-operate well.” That means involving all the relevant sectors and ministers in each exercise.

Governments and businesses that have jointly practised withstanding non-military assaults should advertise the fact that they possess these skills. That would reassure markets and make prospective aggressors less interested in the pursuit.

Gornitzka’s exercise this summer was indisputably more modest than Kopečný’s full-blown version. “But it’s amazing how far we got,” she told me. Imagine the possibilities.

The writer is adviser to Gallos Technologies, and author of ‘Goodbye Globalization’

How enduring autocracies can also end

GEOPOLITICS

Alec Russell

Given Chinese officials’ penchant for diplomatese, not to say dialectic, it seems unlikely that the agenda for the ruling party’s annual “retreat” to a beach resort this week will set attendants’ pulses racing. But if the officials really wanted to be kept on their toes, there should be a last-minute change to the schedule to include a session on helicopters and autocracy – or rather on the lessons from the overthrow of Bangladesh’s long-serving leader, Sheikh Hasina.

Her flight by chopper from her residence in the face of an enraged crowd is not just a reminder of how seemingly the steeliest systems can be vulnerable to people-power; she had ruled increasingly despotically for the last 15 years. It is also the latest manifestation of a spirit of anti-incumbency sweeping the world. Whatever happens in Bangladesh now – and the revolution may not have a happy ending – it does seem after all to be premature to sound the knell for global democracy.

This year opened with a plethora of warnings about its fragility. (I should know as I wrote an essay on the theme.) The argument has firm statistical founda-

tions. For 20 years after the fall of the Berlin Wall, democracy was on a roll. Then the spirit of pluralism started to wither, not least in the world’s largest democracy, India. Simultaneously, established autocracies have become more bullish. China and Russia have in different ways turned more hardline. Allies and client states have taken note. Democracy seemed in the doldrums, if not decline.

Yet, halfway through the so-called year of democracy, in which more people are voting than ever before, a subtler narrative has emerged. If there is a common theme, it is that in election after election, whether in established liberal democracies, such as Britain and France, younger more rambunctious democracies with a dominant party such as India or South Africa, or authoritarian states such as Venezuela – and Turkey in its local elections – the incumbent has had a kicking.

And now Bangladesh. When in January it became the first country to vote in 2024, it seemed a harbinger of a grim year at the polls: Sheikh Hasina secured a fifth term after a sham of an election. Yet voters have had the last word. They may not have been able to oust her via the ballot box but they have via the street.

Inspiring as it is, Bangladesh’s upheaval does not of course on its own dispel the clouds over global democracy. Olusegun Obasanjo, Nigeria’s former president, warns of a frustration in Africa about western liberal democracy. Democratically elected leaders in Kenya



and Nigeria have been served notice by street protests that victory at the ballot box is not a free pass. The most consequential election of all is still to come, in America, with the Republican candidate, Donald Trump, an avowed sceptic of the niceties of democracy. But right now if the FT was voting for its person of the year, the “voter” would be the obvious choice.

So what is an autocrat to make of all this? Digital technology has made it much easier for them to install surveillance states and exert control, and also to collaborate with other rogue actors in business and politics. Also, after the west’s debacles in Iraq, Afghanistan and Libya, Washington is seen in some parts of the world as a diminished rallying force for opposition parties. But auto-

crats are not immune to the pandemic of incumbency fatigue.

The canner know there are two golden rules for survival: keep the army on side, and feed the people. Sheikh Hasina’s downfall had echoes of the most famous case of an autocrat fleeing by helicopter: Nicolae Ceauşescu, Romania’s longtime tyrant, in December 1989. Readers with longer memories will recall grainy footage of crowds outside the Communist party headquarters. The key moment was when shouts of *armata e cu noi* (“the army is with us”) rang out. The army – after days of shooting demonstrators – had changed sides.

So too the turning point in Bangladesh was when the army, traditionally close to Sheikh Hasina, made clear it would no longer repress the protests. In contrast, Venezuela’s leader, Nicolás Maduro, has made sure the army leaders are embedded in a web of deals and corruption – as they are to different degrees in Beijing and Moscow.

Sheikh Hasina also lost sight of the second rule. She presided over jobless growth. Autocrats can oversee a basket

Strongmen rulers are not immune to the pandemic of incumbency fatigue sweeping the world

High time for the UK to shine a light on foreign government lobbyists

Casey Michel

For years, the foreign lobbying industry in the US has run rampant through Washington. Working at public relations shops, law firms, consultancies and more, these foreign lobbyists have signed up kleptocratic clients around the world, spinning dictatorships as supposedly pro-American forces. In the process, they’ve not only made billions of dollars, but have gained entrée to the highest rungs of American political power – and helped their dictator-clients entrench their rule that much further.

The entire industry is a sordid blight on the American body politic. And it is all perfectly legal.

There is, however, one tool that Americans have to track what these foreign lobbyists are doing, who they’re meeting and how much money they’re

making in the process. It’s known as the Foreign Agents Registration Act (FARA) – and it’s been the single greatest pro-transparency tool the US, or anyone else, has ever seen when it comes to the world of foreign lobbying. It is a tool that the UK, which also has foreign lobbyists running amok in London, would be wise to emulate, as soon as possible.

FARA dates back to the 1930s, when American legislators uncovered pro-Nazi lobbyists working in the US. As a result, the creation of FARA required all those lobbyists representing foreign governments and foreign entities to register their work with the federal government – to disclose their clients, their payments and their resulting work in the US. In recent years, these details have all been digitised – meaning that anyone with computer access can search through the FARA database for information on, say, which firms are working on behalf of Beijing, or what autocratic rulers like Saudi Arabia’s Mohammed bin Salman are doing with American foreign lobbyists.

All of it has led to unprecedented

transparency. Thanks to FARA, we know that foreign entities have spent over \$5bn since 2016 in the US on lobbying efforts, with China, Saudi Arabia and the UAE among the biggest spenders as recently as 2023. We know that foreign lobbyists have met the most powerful members of the US Senate, and helped lead successful presidential campaigns,

The reach of this industry has exploded in recent years and shows no signs of slowing

and even worked directly as the national security adviser to the American president. We know that the reach of this industry has exploded in recent years – and that, despite a recent uptick in foreign lobbying-related prosecutions, it shows no signs of slowing.

FARA has, in other words, been a most powerful tool in illustrating how modern dictatorships reach directly into

democracies – and how western enablers have helped these regimes spread their influence around the world.

And yet, despite being such a clear boon for transparency, American allies haven’t all followed suit in implementing their own versions of FARA. Australia recently did so, and discussions in Canada are accelerating. Yet London appears to be conspicuously dragging its feet on the topic.

It’s not as if the UK is a stranger to damaging foreign lobbying schemes. An entire array of British firms and figures have grown the country’s lobbying industry.

But because of the paucity of transparency – because there’s no British variant of FARA – we have no idea just how much the industry has swelled, let alone who these foreign lobbyists are representing, or who they’re meeting, or what effect this has all had on British policy writ large.

Thankfully, British legislators appear at least aware of the issue. Last year, British policymakers passed legislation creating the Foreign Influence Registration Scheme. Like FARA, this legislation

will force all foreign lobbyists working on behalf of foreign governments to register and disclose their work. The legislation will bring special transparency to those attempting to “carry out political influence” in the UK.

There is, however, no timeline for when these new regulations will be enacted, with the latest updates saying they are “expected” to come into force later this year. More concerning, the business community has already voiced concerns about the plans, claiming the new regulations are onerous and unnecessary.

These concerns couldn’t be more overblown – and the new UK database can’t come online soon enough. After all, if the American example is anything to go by, the more light we shine on the foreign lobbying industry in London – and on what British lobbyists are doing on behalf of their dictator-clients – the better off we’ll all be.

The writer is author of the forthcoming book ‘Foreign Agents: How American Lobbyists and Lawmakers Threaten Democracy Around the World’

Lex.



Sujeet Indap
Automation is coming for private equity's junior processing roles
INSIDE BUSINESS

Gig economy kept strong by the US love of convenience

American households may be cutting back on everything from Big Macs and caramel frappuccinos to trips to Disneyland, but they are not ready to forgo their takeaways and rideshares yet.

In an earnings season marked by company warnings over softer consumer spending, gig-economy companies stood out for their resilience.

At Uber, gross bookings grew by 19 per cent year-on-year to \$40bn during the second quarter. Revenue, or Uber's cut from those bookings, was up 16 per cent at \$10.7bn. Both figures were above expectations.

Unlike the big consumer groups that leaned on price increases to offset volume decline, underlying demand at Uber is up. Trips grew by more than a fifth to 2.8bn.

It's a similar story at rival Lyft, which reported a 17 per cent rise in gross bookings and 41 per cent jump in revenue.

DoorDash, the largest food-delivery company by market share in the US, delivered a 23 per cent rise in revenue. The number of orders placed on its platform grew by nearly a fifth to 635mn. Grocery-delivery service Instacart reported a 7 per cent rise in order volume and a 15 per cent rise in revenue.

It appears that consumers accustomed to the ease of hailing a ride or having something delivered to their doorstep with the touch of a button are loath to give that up. Having users who tend to be higher income helps.

But gig-economy companies –



Uber's multi-vertical structure raises its appeal to drivers — Spencer Platt/Getty Images

Demand for ridesharing and food delivery remains strong

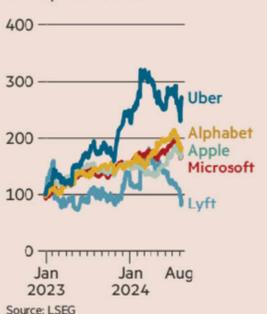
Gross bookings/order value (quarterly year-on-year % change)



Source: company reports

Uber zooms ahead

Share prices rebound



Source: LSEG

which are labour intensive businesses – can also benefit when the economy slows. More people look for side gigs to supplement their incomes. This increases the pool of drivers and delivery people. Delivery times and prices come down; the service becomes more reliable and affordable. This helps attract more users.

Still, not all gig-economy stocks are created equal. Uber, whose global platform includes rides, food delivery and freight, has an edge when it comes to attracting labour and customers.

Its multi-vertical structure makes it more appealing to potential drivers by providing more options for earning money. They can shift to ferrying meals when ridership demand slows, for example.

Uber is also further along compared with others in reaching profitability,

having reported its first annual profit on a net income level last year.

By contrast, Lyft is a “pure-play” ride-hailing company that focuses mainly on the US market.

It reported its first ever quarterly profit – \$5mn – only during the second quarter.

DoorDash made a loss while Instacart reported a 46 per cent drop in net income to \$61mn.

Valuations reflect this. Uber shares, up 57 per cent over the past year to touch a new high in February, look fully priced. At 36 times forward earnings, the stock trades at a premium to Lyft's 13 times and Instacart's 30 times.

But as consumer concerns start to hit shares around the sector, investors may find Uber a good place to hitch a ride.

BT can ring the changes for shareholders after Drahí's sale to Bharti

There always seems to be a reason BT's investors are kept on hold. Strategic mis-steps, operational challenges, a hypercompetitive sector and a noisy shareholder roster have kept a lid on the stock, which is languishing 15 per cent below where it was five years ago.

The UK telecoms group's long-suffering shareholders may finally be reaching the front of the queue.

A massive signal distortion has been removed. With the empire of Franco-Israeli billionaire investor Patrick Drahí needing to sell assets to reduce debt, investors had feared that his 24.5 per cent share in BT – worth £3.4bn at current prices – would be dumped on the market. Indian conglomerate Bharti's acquisition of the entirety of Drahí's stake – in stages, upon receipt of regulatory approvals – does away with this overhang. It also leaves Drahí with a loss of about £900mn on his investment, according to NewStreet Research estimates.

BT still has plenty of telecoms investors in its shareholder base. Following the transaction, 40 per cent of its capital will be held by Bharti – which also holds Bharti Airtel – Deutsche Telekom and Mexico's Carlos Slim. A full takeover could be challenged by regulators and Bharti said it does not intend to make an offer. Still, rumours will inevitably swirl.

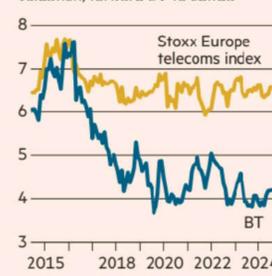
The presence of these savvy, long-term telecoms investors is apparently a vote of confidence in BT and its strategy. The trouble is, it isn't the first one. Drahí's 2021 acquisition, too, was touted as a buy signal. Yet had investors followed in his footsteps, they would be nursing a significant loss.

This time around, however, BT could manage a better connection. This has nothing to do with abating competitive pressures in its beleaguered sector – BT is still losing customers in broadband as rivals compete on price.

Rather, BT is further on in its investment cycle – something that has helped the valuation of some European peers. BT is pouring capex into its fibre network, up to £4.8bn this year alone – an undertaking that rattled investors given the sector's poor returns on

BT has lagged behind the European sector

Valuation, forward EV to ebitda



Source: FactSet

capital. Spending is now falling and is expected to be £1bn a year lower by 2030. Mathematically, this should lift free cash flow by two-thirds, even if the business does not improve. The company targets a doubling, hoping to throw some ebitda growth in the mix.

Many telecoms investors have suffered waiting for sector growth. But an equity story simply based on rapidly growing cash flow plus supportive shareholders has a nice ring to it. Shame Drahí was disconnected because he ran out of credit.

UK student housing crisis will play into developers' hands

A-level results day in the UK should mark the end of a stressful period of waiting. In recent years, though, soon-to-be university students have quickly faced a fresh headache: finding affordable accommodation amid an acute student-housing squeeze.

In some of the popular university cities some students have been housed in different towns, miles from campus. It is a pretty poor start to university life. But investors see an opportunity.

London-listed Unite Group last month raised £450mn to develop and buy more student accommodation. But only in select locations will the maths add up. There is no evidence that the accommodation crisis will ease.

University applications this year, although down marginally on 2023,

were still 6 per cent above pre-Covid levels, according to UCAS data. Since 2021, though, there has been an estimated reduction of 100,000–150,000 beds for students to rent in shared houses. Higher interest rates and more regulation is pushing small-scale landlords to quit.

New supply of accommodation, of the kind purpose-built by Unite and others such as Empiric Student Property (ESP), is also 60 per cent lower than pre-pandemic levels, reckons the former. On the one hand, the crisis has enabled landlords to push up rents. Unite is forecasting a 7 per cent increase in rents in its 2024–25 fiscal year. Higher rental prices helped drive a 14 per cent increase in its half-year adjusted earnings to £125.3mn.

That sounds like easy money. But construction costs have also jumped in recent years, even if inflation is now softening. Construction costs are now north of £100,000 per en suite room in a private purpose-built student block, says David Feeney a partner at Cushman & Wakefield.

To make developments worthwhile, he reckons companies will need to achieve weekly rents of about £230 for an en suite room. Only in certain cities, where general private rental prices exceed that level, will students be prepared to pay this.

Shares in student accommodation developers have followed the general downturn in real estate investment trusts as interest rates have risen.

Unite and ESP are selective about where they develop. An affordability ceiling will kick in; but for the next few years at least, the accommodation crisis should work in their favour.

UK university applications remain robust

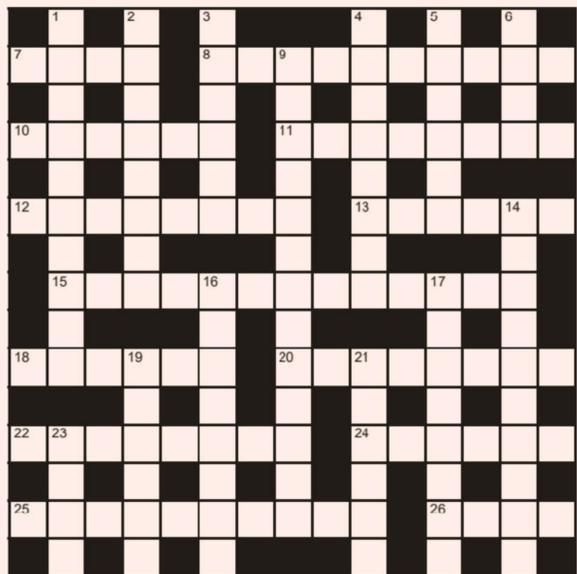
UCAS applicants (000) UK application rate (%)



Sources: UCAS; Unite

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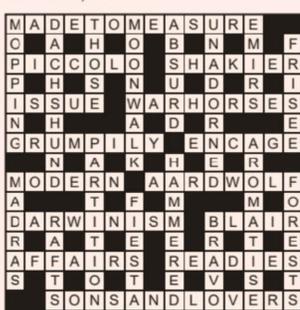
ACROSS

- Joint trouble following bit of jogging (4)
- Periodic table of a certain sort (10)
- Get lost in Belgium, say, working with earl (6)
- One takes the piss out of tact here, sadly (8)
- Sex without ties? Sovereign gets none! (4,4)
- Bishop avoiding flogging is worrying (6)
- Hole in the wall spreads inches out (4,9)
- When to stifle camp stage whispers (6)
- A large rabbit seen around a hound (8)
- Avoid 45 minutes with one in a state (8)
- With no cocaine coming in, bust is off (6)
- They make one go to pals and mess about (5,5)
- Wise man always after drop of sherry (4)

DOWN

- Leave work as a music producer? (4,6)
- Knickers or slips (8)
- Very rainy over urban area in Africa (6)
- In some way like sex with English soldiers (2,2,4)
- In bed, general is compellingly brief (6)
- Caught Russian representative unclothed (4)
- New park nice and close for dog (6,7)
- Monkey with vast rear in stories (10)
- Loudly insult blokes in costume, perhaps (8)
- Dickens fan sits with a novel with Brown in it (8)
- Troubles ultimately in store for Putin? (6)
- Son very close to tears causes worry (6)
- Weaklings ripping the lid off Sprites (4)

Solution 17,812



JOTTER PAD



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