

How Netflix's reset left Hollywood bleeding
BIG READ, PAGE 21

Three growth tests for Reeves's first Budget
JEREMY HUNT, PAGE 23

UK-Italy talks Starmer eyes asylum model

Sir Keir Starmer and Giorgia Meloni share a joke at Villa Doria Pamphilj in Rome yesterday.

Italy's prime minister said that her British counterpart was taking "great interest" in her country's plan to process asylum claims in Albania. Starmer added: "We will look at what works."

Meloni said the scheme, which was still weeks away from being formally launched, would see migrants held in Albanian centres where their asylum claims would be processed by Italian officials, and those deemed genuine refugees would be taken to Italy.

Home secretary Yvette Cooper yesterday confirmed that the UK was considering Italy's model, as London seeks to thwart small-boat crossings. On Sunday, eight people died trying to cross the Channel, taking the 2024 death toll from attempted crossings to 46.

Report & analysis page 2



Phil Noble/Reuters

Brussels lines up €40bn loans package for Ukraine despite faltering G7 effort

◆ Fears Orbán will derail frozen asset plan ◆ New move regardless of US backing ◆ End of year target

PAOLA TAMMA AND HENRY FOY — BRUSSELS

The EU is preparing to provide up to €40bn in new loans for Ukraine this year regardless of US participation, after previous G7 plans to use frozen Russian assets to aid Kyiv faltered.

The unilateral push comes amid concern in Brussels that Hungary will prevent the bloc from delivering safeguards required by the US to join the frozen-assets scheme, according to three people involved in the talks.

The government of Viktor Orbán, the EU's most pro-Russia leader, has sought to delay a decision on the frozen-assets scheme until after the November 5 US presidential election.

But Brussels must start work on any alternative within the next few weeks

since such a move would rely on powers that expire at the end of the year.

The funds would aid the financial stability of Ukraine, which faces a \$38bn financing gap in 2025, according to Kyiv and the IMF. The country is reliant on foreign aid to keep functioning as Russia steps up attacks on its infrastructure.

According to a draft legal proposal seen by the FT, the EU will raise an unspecified number of billions in loans to Ukraine by the end of this year.

The funds would aid the financial stability of Ukraine, which faces a \$38bn gap in 2025

Such a move, which would expand an existing aid programme, would require majority support rather than unanimity, removing Budapest's veto power.

The final figure could range between €20bn and €40bn and will be set by the European Commission after consulting member states, the officials said.

"We could always go on our own," said an EU official.

While the original scheme — involving US participation — remains Brussels' plan A, officials argue that they need an alternative if Budapest keeps its veto.

G7 leaders agreed in June to issue a \$50bn loan to Ukraine to be repaid with future profits from about €260bn in frozen Russian foreign reserves, most of which are held at Belgian central security depository Euroclear.

According to that plan, the EU and US would shoulder about \$20bn each, with the remainder shared between the UK, Japan and Canada.

But the US demanded safeguards to ensure that the Russian assets remain frozen to ensure a steady flow of income to pay the loan.

Brussels in turn proposed that the bloc's sanctions immobilising Russian assets be lengthened from its current rolling six-month period to 36 months, to provide greater certainty.

But Orbán, who has vetoed EU support for Ukraine in the past, is blocking such an extension, according to people briefed on his thinking.

A Hungarian government representative told EU ambassadors in Brussels yesterday that the issue would have to

be addressed after the US election, say two people briefed on the discussion.

Instead, the EU is considering issuing the loans as part of an existing financial support package for Ukraine that expires at the end of the year.

The scheme would involve increasing the bloc's total borrowing and would be backed by the common EU budget.

"It is urgent to adopt the proposals before end October, so that the Union loan can be released before the end of 2024 for future disbursements in tranches," the proposal said.

The proposal would still use proceeds from frozen assets, estimated at €2.5bn-€3bn a year, to repay the loan. Currently, those profits are channelled to Ukraine through the EU budget.

Russia dials up pressure page 4

Briefing

► **Premier seeks to ease business fears over Budget**
Sir Keir Starmer has insisted that the Budget will not contain any measures that stifle growth, amid growing concerns in the City that the government is planning to fill a fiscal hole by hiking business taxes. — PAGE 3; JEREMY HUNT, PAGE 23

► **post-Brexit trade hit**
Economists have noted serious impacts on trade with the EU, with goods exports and imports still being hit by the bureaucratic barriers that were erected by leaving the single market. — PAGE 3

► **Titanic builder wound up**
The 163-year-old shipbuilder Harland & Wolff has appointed Teneo to wind up its "insolvent" holding group. Bids for its four yards are being finalised and sales are expected in weeks. — PAGE 9

► **BP wind unit for sale**
The energy company has put its onshore US wind business up for sale as it trims its renewables operation and gets rid of weaker assets. The business is said to be worth \$2bn. — PAGE 9; LEX, PAGE 24

► **MotoGP concession call**
Motorsport power broker Alejandro Agag has called on Brussels to demand concessions from Formula One owner Liberty Media before its proposed deal for the motorbike series. — PAGE 17

► **Iran nuclear talks signal**
Reformist president Masoud Pezeshkian has signalled a renewed openness to resuming talks with western nations and denied that Tehran recently gave ballistic missiles to Russia. — PAGE 4

► **WTO carbon price call**
World Trade Organization chief Ngozi Okonjo-Iweala has warned that carbon pricing is needed to prevent "difficult" environmental disputes from disrupting global commerce flows. — PAGE 8

► **BHP copper alert over AI**
The mining group has warned that the expansion in artificial intelligence will worsen a looming shortage of copper, increasing global demand by 3.4mn tonnes a year by 2050. — PAGE 10



FBI probes apparent fresh attempt on Trump's life

The FBI is investigating a possible second assassination attempt against Donald Trump in as many months after the Secret Service opened fire on a suspect at the ex-president's golf club. An agent on Sunday targeted a man hiding in bushes after spotting a rifle. Law enforcement officials found a rifle with a scope, two backpacks and a GoPro camera. They later detained a suspect, named by US media outlets as Ryan Wesley Routh, 58, of Hawaii.

Reports & analysis — PAGE 6

Citigroup strips veteran executive of key compliance role after \$136mn fine

STEPHEN GANDEL — NEW YORK

Citigroup is stripping chief operating officer Anand Selva of his responsibility for a key piece of its compliance work, after the bank was fined \$136mn by regulators for reporting failures.

Selva will no longer head the data overhaul team working to satisfy regulators that the bank's compliance systems are up to scratch, according to four people familiar with the changes. He will lose responsibility for about 800 employees.

Citi was fined \$136mn in June after inaccurately reporting the details of tens of billions of dollars of loans to regulators. Following the fine, which specifically mentioned Citi's data issues, chief executive Jane Fraser pledged to commit more resources to improving data controls.

Selva's responsibility for data compli-

ance will be shared with Tim Ryan, the former accountant and top PwC partner who joined Citi in June.

The move makes Ryan, the bank's chief technology officer, the third senior Citi executive in three years to oversee the task of fixing the bank's persistent data problems.

The decision to move responsibilities from Selva to Ryan was made last week during a series of meetings Fraser held with bank executives and board members. Selva will remain head of Citi's larger effort to improve risk controls and continue to head the bank's back-office operations.

The shift is seen as an acknowledgment that he had been stretched too thin, says a person close to the bank, and that adding another executive to the effort would speed up the overhaul.

The change in responsibilities is a

blow to Selva, a 33-year Citi veteran and one of the bank's most senior executives.

Selva ran Citi's consumer business and was promoted to chief operating officer in March last year.

The bank will also appoint a new top data officer to replace Japan Mehta, who reported to Selva. Ashutosh Nawani will instead report to Ryan.

Selva and Citi were sued this year by a former employee, Kathleen Martin, who claims that she was instructed by the executive to lie to regulators. Martin alleges that she was fired after telling regulators instead that the bank was behind schedule in fixing its issues.

Citi, which is fighting the lawsuit, said that Martin was fired legitimately for performance issues. A spokesperson for Selva declined to comment.

Citi declined to comment.

World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS			
	Sep 16	Prev	%chg	Pair	Sep 16	Prev	Pair	Sep 16	Prev	Chg	
S&P 500	5617.74	5626.02	-0.15	\$/€	1.112	1.109	€/\$	0.899	0.902		
Nasdaq Composite	17936.78	17893.98	-0.23	\$/£	1.370	1.315	£/\$	0.758	0.760		
Dow Jones Ind	41523.98	41393.78	0.31	€/€	0.843	0.843	€/€	1.183	1.186		
FTSEurofirst 300	2037.71	2041.43	-0.16	¥/\$	140.435	140.650	¥/€	156.219	155.960		
Euro Stoxx 50	4624.78	4843.99	-0.40	¥/€	185.339	185.005	€ index	84.502	84.326		
FTSE 100	8278.44	8273.09	0.06	SFr/€	0.940	0.940	SFr/€	1.115	1.115		
FTSE All-Share	4525.95	4522.48	0.08	CRYPTO							
CAC 40	7449.44	7465.25	-0.21		Sep 16	Prev	%chg				
Xetra Dax	18633.11	18699.40	-0.35	Bitcoin (\$)	57904.30	58553.00	-1.11				
Nikkei	36591.76	36933.27	-0.66	Ethereum	2293.05	2277.78	0.67				
Hang Seng	17422.12	17369.09	0.31	COMMODITIES							
MSCI World \$	3634.86	3611.30	0.65		Sep 16	Prev	%chg				
MSCI EM \$	1082.30	1075.62	0.62	Oil WTI \$	69.76	66.65	1.62				
MSCI ACWI \$	626.93	621.59	0.65	Oil Brent \$	72.54	71.61	1.30				
FT Wilshire 2500	7229.13	7180.80	0.67	Gold \$	2575.10	2545.95	1.14				
FT Wilshire 5000	56251.40	55861.40	0.70								

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NATIONAL

Border policy

Labour to study Meloni's asylum scheme

Ministers 'will look at what works' as Italy shifts processing to Albania

GEORGE PARKER AND AMY KAZMIN — ROME AND JIM PICKARD — LONDON

Sir Keir Starmer is taking "great interest" in Italy's plan to move the processing of asylum claims offshore to Albania, according to Giorgia Meloni, his Italian counterpart, yesterday.

Speaking after talks in Rome, Starmer said "the British are very good at pragmatism", adding: "We will look at what works."

Meloni said that the "world is watch-

ing" whether Italy's Albanian migration deal would be effective, but admitted it was still an experiment and some weeks away from being formally launched.

"The model that the Italian government has envisioned . . . is a model that has not been tried anywhere," she said. "If it works — as I believe it will, everyone will understand that it can become a cornerstone for dealing differently with the issue of migration flows, also because of the deterrence it produces."

Meloni said that migrants held in the Albanian centres would remain under Italian jurisdiction, with their asylum claims processed by Italian officials under EU law, and those deemed genuine refugees would be taken to Italy.

"Migrants will have the same treatment that they would have had in Lampedusa or other Italian centres, just not on Italian soil," the rightwing Italian premier said. "You can't argue that what is being done in Albania violates human and migrant rights."

Starmer draws a distinction between the Albanian scheme — where migrants' asylum claims are processed with successful claimants being allowed to enter Italy — and "the gimmick" of the previous government's Rwanda scheme, in which people could only claim asylum in the central African country. The Rwanda scheme was scrapped by Labour after it won power in July.

Starmer and Meloni come from differ-

ent ends of the political spectrum but, in talks at Rome's 17th-century Villa Doria Pamphili, they found common cause on the challenge of tackling irregular sea-borne migration.

Home secretary Yvette Cooper confirmed yesterday that the government was studying an Italian-style asylum processing scheme in Albania, as Westminster seeks to prevent more small boat crossings in the English Channel.

Cooper said the government was also eager to tackle organised crime with European partners, as well as working with other countries "upstream" to stop people leaving north Africa in the first place. She also said it wanted to achieve "major returns" of people who

did not have a right to be in the UK. Downing Street confirmed Starmer wanted to "work more closely with countries upstream" but expressed concern about reports that some migrants intercepted in Tunisia had been dumped in the desert.

"Obviously we take that incredibly seriously," a spokesman for Starmer said. "The principle that we'll be following in everything that we do is that it is workable, affordable and in line with international humanitarian law."

Starmer also announced that Leonardo, the Italian defence group, would be investing £435m in 2024 at its Yeovil site in Somerset.

Additional reporting by Giuliana Ricozzi

Parliamentary standards

Call for probe into gifts for Starmer's wife is rejected

JIM PICKARD — DEPUTY POLITICAL EDITOR

The parliamentary watchdog overseeing MPs' conduct has rejected calls by the Conservatives for an investigation into Sir Keir Starmer's failure to declare a donation of thousands of pounds for clothing for his wife Victoria.

Labour and Conservative officials confirmed last night that the office of Daniel Greenberg, parliamentary commissioner for standards, had told them he would not open an investigation.

The prime minister declared more than £18,000 of free clothing and spectacles from millionaire Labour peer Lord Waheed Alli in April. But he initially failed to disclose more than £5,000 of clothing and tailoring for his wife.

Starmer said yesterday his team received advice after Labour won the July general election that suggested he did not need to declare the gifts made to his wife. They sought "further advice more recently", he added.

"For me it's really important that the rules are followed. That's why I was very pleased my team reached out proactively, not once but twice, because it is very important that we have transparency," he told reporters.

The Conservatives raised concerns about the donations from Alli and the Downing Street security pass he held in August despite having no formal government role, and wrote to Greenberg yesterday demanding an investigation.

"There must be a full investigation into this scandal given this is not the first instance of the prime minister failing to declare donations and abiding by parliamentary rules," the letter said.

The MPs' code of conduct states they must register "any benefit given to any third party, whether or not this accompanied a benefit for him or her" as long as the benefit or donation was given as a result of the person's membership of the Commons or their political activities.

Alli, who is responsible for Labour election fundraising, is also reported to have suggested candidates for public jobs under a project he is said to have dubbed Operation Integrity.

Number 10 has confirmed that Alli had a "temporary" pass but said it was "given back several weeks ago". A Downing Street aide refused to comment when asked whether Alli had attended meetings inside the building as recently as last week.

The letter from the Tories noted that in August 2022 Starmer, then the leader of the opposition, breached the MPs' code of conduct after failing to register eight interests in time.

An inquiry by the commissioner at the time found that Starmer's breaches were "minor" or "inadvertent" and welcomed his promise to put measures in place to ensure the timely management of his future registrations.

The Financial Times revealed in July that Starmer had accepted £76,000 worth of entertainment, clothes and similar freebies from UK donors since the 2019 general election, more than almost any other MP.

That figure for "gifts, benefits and hospitality" spanned concerts, parties, sports events, hotel stays and clothing during the last previous parliament, including more than 20 free tickets to see football matches — and included the free clothing from Alli.

Migration Rome curbs small boats but attracts controversy

WILLIAM WALLIS — LONDON
AMY KAZMIN — ROME

Standing alongside Italy's prime minister Giorgia Meloni, Sir Keir Starmer praised the "remarkable progress" made by her government in tackling irregular migration.

"Italy has shown that we can," the UK premier said yesterday, after arrivals to Italy fell 60 per cent in a year.

The question now is whether Italy's tactics — some of which have been controversial — can be emulated by the UK to stem the flow of small boat crossings.

How has Italy cut irregular migration?

Under Meloni's leadership, Italy has stepped up financial and material support to Tunisia and Libya to prod their security forces to crack down on human-smuggling gangs and intercept migrant-laden boats undertaking the Mediterranean crossing. Meloni also persuaded Brussels to follow suit.

Italy has also restricted the activities of humanitarian groups that aid migrants at sea and bring them to Italy, impounding search and rescue boats on 23 occasions.

In addition, Rome unveiled a deal with Albania last year to establish and operate two migrant holding centres, where Italy will process the asylum claims of migrants that its coastguard rescues from the Mediterranean.

People deemed genuine refugees will be taken to Italy, while those deemed economic migrants will be held in the Albanian centres until their deportation.

How successful has this been?

The number of irregular migrants reaching Italy by sea has dropped sharply to just 44,676 people so far this year, compared with 128,815 in the same period last year, and against 67,418 in the same period in 2022.

But critics accuse Italy and the EU of turning a blind eye to serious human rights abuses by Tunisian and Libyan authorities against migrants, who mostly come from elsewhere in Africa.

"We are delegating to authoritarian regimes to save people at sea," said Luca Barana, a migration expert at Rome's Institute of International Affairs. "One could say 'repression works' but at what cost?"

Barana also expressed scepticism that the current reduction in migrant inflows would be sustained in the long-run, given Italy's past experience with looking to politically volatile north African neighbours to stop departures.



Migrants trying to cross the English Channel to Britain board an inflatable dinghy. Below, Keir Starmer praised progress made by Italy's government in tackling irregular migration — Benoit Tessler/Reuters; Phil Noble/PA Wire

"The key point is how long will the co-operation of these third countries continue," Barana said.

The Albanian centres are yet to start receiving migrants and the effectiveness of the plan is unclear.

Could Italy's methods help the UK?

"We have always said we will look at anything that works," home secretary Yvette Cooper said yesterday, adding the UK could copy the Albania model if it proves "workable".

Any solutions "have to be workable, they have to be financially viable and they also have to meet international standards," she said.

She did say the UK was looking at a

fast track system to repatriate migrants not eligible for asylum.

But there is some scepticism about the logistics, cost and administration involved in offshoring the processing of asylum claims as Italy intends. Potentially, such a plan could help the UK cut use of hotels to house asylum seekers, and with it the public visibility of the migration issue.

The more contentious measures are even harder to emulate. Italy has targeted charities that help rescue migrants at risk of drowning across the Mediterranean. The closest UK equivalent — and there is no suggestion of this — would be curbing the activities of The Royal National Lifeboat Institution, a charity that runs the UK's lifeboat fleet.

Do EU relations play a role?

Britain is also at a disadvantage to other EU countries since Brexit, when it also opted out of the Dublin agreement, which allows migrants to be sent back to the first place within Europe where they claimed asylum.

But Labour seems determined to re-establish better relations with Europe over migration, potentially opening the way for the UK to rejoin the Dublin arrangement, or its equivalent, and to

The number of irregular migrants reaching Italy by sea has fallen to 44,676 so far this year, compared with 128,815 in the same period last year

work more closely with the EU in preventing people crossing the Med, and tackling people smuggling gangs.

While Italy controversially gives financial support to Tunisia and Libya, the UK already has a close relationship with France, the staging post for asylum seekers hoping to reach Britain by boat.

What are the chances of success?

Sir David Normington, who was permanent secretary at the Home Office between 2005 and 2011, a period in which Labour was relatively successful in speeding up repatriations and curbing irregular migration, is mildly optimistic.

He said that while there was no "big ticket deterrent" in current plans, they were "sensible" in so far as they should begin to restore some order to the asylum system.

If the government could halve the numbers crossing and prove that it is regaining control of borders, it could begin to change the nature of the public debate around refugees, said Normington. But he added: "I don't know how much patience there will be if the numbers don't start improving by next spring."

Salvini migrant ship charges page 4



Lib Dems

PM has 'boxed himself in' with red lines on Europe, says Davey

ANNA GROSS — BRIGHTON

Sir Keir Starmer has "boxed himself in" over ties with the EU by drawing red lines over Britain's future relationship with the bloc, the leader of the Liberal Democrats has warned.

Speaking on the sidelines of his party conference in Brighton, Sir Ed Davey said the prime minister had made a "mistake" in outlining non-negotiable positions.

Starmer has vowed to rebuild the UK's relationship with its largest trading partner, but has ruled out rejoining the single market or customs union, as well as resisting any deal on youth mobility.

"We think he needs to be much bolder on things like the single market, ruling that out is a mistake," said Davey, whose party promotes signing a much-coveted youth mobility deal with the EU and rejoining the bloc wholesale over time.

Rebuilding EU relations was "a really obvious thing to focus on . . . if we're going to get our public finances right, if we're going to grow the economy", Davey added.

The party's position "is not because we're left or right, it's because we really

believe in the trade deals that are going to help our farmers trade", he said.

Davey has spent the weekend swerving accusations that his party is tacking to the left of Labour as he seeks to solidify the support that saw the Lib Dems win 72 seats in July's general election.

Several new MPs who fought in historically staunchly conservative areas of the country are jittery about the extent to which the Lib Dems are attacking Labour from the left on issues including investment in public services, welfare payments and wealth taxation.

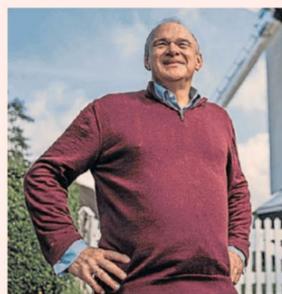
One new MP said that if the Lib Dems' strategy continued in this vein in the years ahead it would spell "electoral suicide". But Davey insisted the party had not become the leftwing "conscience" of Labour, saying it has a distinctive platform on issues from social care to reintegration with Europe that would help it win many more seats in future elections. "I'm not sure the NHS or care is classically left or right . . . it's what most conservatives want," said Davey. Greater investment in the health service has taken centre stage at the Brighton event.

Ahead of the Budget on October 30, Davey told the FT he would be pushing

the Labour government to consider the Lib Dems' tax proposals, including most notably reversing Conservative tax cuts given to big banks, which they claim would raise £4.3bn a year by 2028-29, and increasing capital gains tax paid by the highest earners.

Davey said many former Tory voters across the country "look at the Conservative party now" and believed "that doesn't represent us".

The key moment in this parliament would be the local elections in May,



Ed Davey: non-negotiable positions on ties with Europe were a 'mistake'

where the party hoped to defeat Tories in councils won by former prime minister Boris Johnson in 2021, including East Sussex, West Sussex, Devon and Hampshire. "It's the big opportunity for us to finish off the job," Davey said, referring to the party's electoral success in July where it ousted four cabinet ministers and more than 50 Tory MPs.

The Lib Dem leader was bullish that there were dozens more parliamentary seats to be taken from the Tories at the next general election, including urban constituencies in Liverpool, Sheffield, Newcastle and Gateshead.

Davey — known for eye-catching stunts that have included paddleboarding and playing beach volleyball — also criticised Starmer's "doom and gloom" messaging ahead of the autumn budget.

"The way this government has been going about that conversation is 'it's all so difficult, it's all so painful' when actually when you roll your sleeves up . . . you can really offer people the prospect of the health service improving, of our relationship with Europe improving," he said. "People need to be convinced that this journey has a happy ending."

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NATIONAL

Developer plans two skyscrapers on site of Earls Court exhibition centre

Eventual target is for 4,000 homes on plot that has lain empty during nearly a decade of wrangling

JOSHUA OLIVER

Earls Court will have two new skyscrapers by 2030 under plans submitted this week to move forward with developing central London's largest empty site after nearly a decade of delays.

The Earls Court Development Company (ECDC) has formally submitted detailed plans for the first phase of development on the more than 40-acre site – including two towers of 42 and 26 storeys – as well as outline plans for later stages that will run into the 2040s.

The area has been largely disused since the demolition of the Earls Court Exhibition Centre in 2015. Previous plans for the site under former owner Capco were scrapped after disagreements with nearby residents and the borough council.

“There can't be any greater example of a project that needs to get going than this one,” said Rob Heasman, CEO of ECDC, which is backed by developer Delancey, Dutch pension fund APG and Transport for London's property arm.

“There can't be any greater example of a project that needs to get going than this one”

The push to move forward with the site comes as the government has prioritised unlocking “stalled” developments as part of its ambitious agenda to build 1.5m homes over five years. Urban “brownfield” sites such as Earls Court, which will ultimately have 4,000 new homes, will be critical to delivering on these targets.

The roughly £10bn project will also involve moving a TfL depot where some District Line trains spend the night and specialist parts for the tube's signalling systems are manufactured.

Tube tunnels, which run almost at surface level into Earls Court station, will be incorporated into the design to avoid the engineering challenges of building on top of them.

The site has been repeatedly rumoured as a home for a new Chelsea Football Club stadium, but ECDC has ruled this out and it forms no part of the planning submission.

The official filing begins what is likely to be an involved consultation process leading up to a decision from local planning committees expected in the middle of next year – with construction planned to start in late 2026.

ECDC has already spent four years developing the plans and consulting with locals, after Delancey and APG bought out Capco for £425m in 2019. The new owners' first move was to drop plans to include the redevelopment of an adjacent housing estate in the project, which had been the key source



London mayor sets out scheme to ban traffic from Oxford Street

London's Oxford Street will be pedestrianised under proposals set out today by Sadiq Khan, the city's mayor. The central London artery “is in need of major regeneration” after suffering from online shopping, the closure of department stores and the lingering effect of the Covid-19 pandemic, the mayor's office said.

“Urgent action is needed to give the nation's most famous high street a new lease of life,” Khan said.

Opposition has centred on disruption to public transport and worries about access for people with disabilities. But deputy prime minister Angela Rayner said the redevelopment would generate jobs and growth.

Westminster City Council, which is responsible for the street, has opposed previous pedestrianisation plans. Stuart Love, the council's chief executive, said it would “work constructively” with the mayor. The Labour-controlled council already has a £90m “shovel-ready” plan to improve the street, including wider pavements but keeping two-way traffic. *Joshua Oliver and Jim Pickard*

of tension with residents and the local council.

The current proposals reflected years of engagement with the local community, Heasman said, including dropping plans for one 34-storey skyscraper, reducing other building heights and increasing the amount of open space and parkland by a fifth. The site is next to a 36-storey office tower used by the Metropolitan Police.

The first phase includes a new “amphitheatre” style entrance from Earls Court station, parks, 1,500 homes and an office building. There will also be shops and restaurants and the first of several planned cultural venues. ECDC said it was planning for 35 per cent of the housing to be affordable.

Heasman said the latest designs were “a real leap” from previous plans for the site. “Of course, there will be expensive homes. The expensive homes pay for all the social infrastructure. But it should be a place people feel they can come regardless of what is in your wallet.”

A computer generated image of part of the planned development. Below, the old exhibition centre *Ian Nicholson/PA*



The Earl's Court Society, a residents' group, said it had “many concerns about the height [of buildings] and lack of parking. . . excessive strain on existing roads and amenities”, but declined to comment further before seeing the planning submission.

Barry Munday, an architect and chair of the Edwardes Square, Scarsdale, and Abingdon Association, a local conservation group, praised ECDC's consultation efforts so far and said responses from locals “have been quite mixed”.

He added: “There were people who live near the site who are obviously concerned about the height and density of the thing. Others. . . are excited by it and see it as a big opportunity to uplift the Earls Court area.”

The application will be considered by both Hammer-smith & Fulham council and the Royal Borough of Kensington and Chelsea because the site straddles the boundary between the boroughs. Munday predicted an intense planning debate. He said: “It is not going to sail through by any means.”

Ex-BBC presenter

Edwards avoids prison time over child sex abuse images

SUZI RING

Former BBC news presenter Huw Edwards has been handed a six-month prison sentence – suspended for two years – and ordered to attend a sex offender treatment programme by a London court for accessing indecent images and videos of children.

The sentence means the veteran presenter will not serve time in jail unless he commits any other offences in the next two years. Handing down the sentence at Westminster magistrates' court yesterday, chief magistrate Paul Goldspring said Edwards' “long-earned reputation is in tatters”.

Edwards, 63, was the highest-paid newsreader at the national broadcaster when he resigned in April. In court, he looked straight ahead with his chin resting on his hands as the sentence was read out.

In July, he pleaded guilty to three charges of making indecent images of children between December 2020 and August 2021, admitting to receiving 41 illegal pictures and videos from a man on the WhatsApp messaging platform. Seven of the pictures and videos were deemed to be Category A, the most serious type. Several were believed to be of a child aged 13 to 15, while another was of a child possibly as young as seven.

The prosecution told the court that Edwards had paid about £1,000 to £1,500 in total to Alex Williams, the man who sent him the images, as gifts or presents after receiving the content. But

the judge said he accepted the defence's explanation that the payments were more of a “thank you” than payment for purchasing the images.

The sentencing sealed the downfall of Edwards, who fronted the BBC's flagship *News at Ten* programme and led coverage of important state and international events, including the funeral of Queen Elizabeth and the coronation of King Charles. The Welshman was at the centre of a media frenzy last year after reports emerged that a senior BBC presenter had alleged relationships with a series of young people.

His wife Vicky Flind, who confirmed his identity as the person at the centre of the allegations after days of speculation, said Edwards was suffering from serious mental health issues.

The police concluded that Edwards had not broken any laws. But in April, Edwards resigned from the BBC, where he earned about £475,000 a year, having been arrested on suspicion of serious offences last November. He was charged in June this year with making indecent images of children.

The corporation said last month it would seek to claw back hundreds of thousands of pounds in salary it paid Edwards between his arrest and his resignation. He had “clearly undermined trust in the BBC and brought us into disrepute”, the corporation said.

A BBC spokesperson said the broadcaster was “appalled by his crimes. He has betrayed not just the BBC, but audiences who put their trust in him.”

Health and prosperity

Taxing junk food would help raise £10bn a year, says report

SARAH NEVILLE
GLOBAL HEALTH EDITOR

The government should increase tax on tobacco, alcohol and “unhealthy food companies” to raise £10bn a year by the end of the decade to boost the nation's health, a leading think-tank has said.

The centre-left Institute for Public Policy Research's commission on health and prosperity also recommended tighter regulation in areas such as food packaging and gambling advertising, as it proposed enlisting employers, communities, businesses and investors in the effort to improve wellbeing.

Health secretary Wes Streeting said he had engaged closely with the commission's work and wanted to make the Department of Health and Social Care “a department for economic growth, because we won't build a healthy economy without a healthy society”.

Established three years ago, the commission has been chaired by England's former chief medical officer, Dame Sally

Davies, and surgeon and former Labour peer Lord Ara Darzi, whose report into the state of the NHS last week declared it to be in critical but salvageable condition. As the government begins to focus on delivering its “health mission”, the commission had provided “a ready-made policy vision for a new approach to public health”, Darzi said.

Linking health and economic challenges, the report released today found about 900,000 people of working age were absent from the workforce due to sickness, costing an estimated £5bn in lost tax receipts a year. New levies on unhealthy food, tobacco, vapes, gambling and alcohol could raise more than £10bn a year by the end of the decade, “while serving as a powerful incentive for reformulation”, it added.

Just as economies are seeking to transition from the use of fossil fuels, industrial policy should support “health vital” industries such as healthy food and agriculture, active transport and the life sciences, the report said.

The number of people with a health condition is expected to rise sharply between 2010 and 2040. The report suggested better health could save the NHS £18bn per year by the mid-2030s.

After nearly two decades of stagnant real wage growth, avoiding a preventable long-term condition was “worth up to £2,200 in annual earned income”, it added. Last week, Prime Minister Sir Keir Starmer made clear that reform would be a precondition for further investment in the NHS.



IPPR think-tank called for tighter regulation of less healthy foods

Europe

Brexit blamed for ‘stifling’ volume of trade with EU

PETER FOSTER
PUBLIC POLICY EDITOR

Brexit is having a “profound” impact on Britain's trade with the EU, with exports and imports still being hit by bureaucratic barriers erected by leaving the single market, research has shown.

Modelling by economists at Aston University has estimated that annual exports to the EU are 17 per cent lower and imports 23 per cent behind where they would have been if Brexit had not occurred, with negative impacts increasing during 2025.

“The findings reveal a sharp decline in both UK exports and imports with the EU, underscoring the enduring challenges posed by Brexit on the UK's trade competitiveness,” the authors wrote in the paper due to be published today.

Its findings are likely to fuel calls for the government to be more ambitious in improving trade ties with Brussels.

The research was led by Jun Du, a professor of economics at Aston, who has modelled Brexit impacts since the EU-UK Trade and Cooperation Agreement (TCA) came into force in January 2021.

Labour has ruled out rejoining the EU single market or forming a customs union, but in its manifesto pledged to “tear down” barriers to trade with Europe by seeking other improvements.

These include an agreement to reduce border checks on plant and food products, a deal to improve access for touring musicians and steps to make it easier for

Economic policy

Growth will drive decisions in the Budget, claims premier

GEORGE PARKER — ROME

Sir Keir Starmer has insisted next month's Budget will not contain any measures that stifle growth, amid growing concerns in the City that the prime minister is planning to fill a fiscal hole by increasing taxes on business.

Starmer, speaking on a visit to Rome, insisted that chancellor Rachel Reeves would not take decisions that harmed the economy.

“If it promotes economic growth it's in the Yes column – if it is inhibiting growth it's in the No column,” he said.

However, Starmer also said that stabilising the public finances was a prerequisite for growing the economy, giving him cover for tax increases that target wealth creators.

Starmer has ruled out increases in income tax, value added tax, corporation tax and employee national insurance, giving rise to speculation that he will turn to wealthier Britons and entrepreneurs to plug what he claims is a £22bn fiscal hole.

Increases in capital gains tax and employer national insurance contributions have been mooted, along with higher taxes on banks ahead of the Budget on October 30. Tax rises for private equity bosses, those with non-domiciled status and oil and gas companies are already promised.

Asked if business was right to be worried, Starmer said: “It's really important – the number one priority of this government is economic growth and all decisions will be made against that objective.”

But he added: “Because I believe stability is vital for economic growth – we aren't going to get [growth] if we don't stabilise the economy – we're going to do the really hard stuff now.”

He said he was “not prepared to put it off” and that the government would “do the tough, difficult things up front”.

Starmer was speaking after meeting Giorgia Meloni, Italy's prime minister, and sought to dispel criticism from some Labour MPs and business leaders that he was being excessively gloomy.

The prime minister and Reeves are likely to use the annual Labour conference in Liverpool next week to flesh out what they say are the expected upsides for jobs and growth, if fiscal discipline is imposed at the start of the parliament.

Eight senior economists warned Starmer and Reeves yesterday against cutting public investment, saying it would damage the “foundations of the economy”.

In a letter to the Financial Times, the group, including Lord Gus O'Donnell, former cabinet secretary, and Lord Jim O'Neill, former Treasury minister, said that delivering Tory plans, inherited by Reeves, to reduce investment spending as a share of GDP would repeat earlier mistakes and undermine growth.

[Jeremy Hunt Opinion, page 23](#)

UK professionals such as architects and lawyers to practise in the EU.

The research examined the extent to which Brexit had an impact on sectors including agrifoods, wood, textiles and footwear, with larger companies in sectors such as autos and aerospace showing relatively more resilience.

“These findings [indicate] the profound and ongoing stifling effects of the TCA on UK-EU trade,” it added. “The analysis reveals a heavily disrupted and weakening UK-EU supply chain post-TCA.”

The research builds on work by economists at the Resolution Foundation think-tank that warned that Brexit was squeezing the UK out of higher-productivity manufacturing activities that were reliant on integration with EU supply chains.

Sophie Hale, principal economist at the Resolution Foundation, said the findings showed the “economic damage is far from over”, though it was unclear how much of the decline was caused by shifting to new trading arrangements, and how much was because of regulatory divergence with the EU.

“Either way, what is clear is the urgent need for Labour to act quickly on their UK-EU reset strategy to prevent further deterioration and protect the UK's economic interests,” she added.

The Cabinet Office said the government would “look forwards, not backwards” when addressing the challenges created by Brexit, but would be sticking to the red lines set out in the manifesto.

INTERNATIONAL

Islamic republic

Iran president denies arms-to-Kremlin claims

Pezeshkian offers chance of new deal with the west on nuclear programme

NAJMEH BOZORGMEHR AND BITA GHAFARI — TEHRAN

Iran's reformist president, Masoud Pezeshkian, has signalled a renewed openness to resuming nuclear negotiations with western nations and denied that his country had supplied ballistic missiles to Russia since he took office more than six weeks ago.

In his first press conference with local and foreign media since taking over, he

defended strong ties with the Kremlin, adding that at a time when the Islamic republic was struggling under western-imposed sanctions, Russia provided crucial support to Iran.

"Some [military] exchanges might have happened in the past, and there was no obstacle in doing so," Pezeshkian said in Tehran yesterday. But "what can be said with certainty is that [sending ballistic missiles to Russia] has not happened since we assumed office".

The US, UK, Germany and France have accused Iran of supplying ballistic missiles to Russia for its war in Ukraine, prompting the announcement of new sanctions against Tehran. US secretary

of state Antony Blinken said last week that Russia was expected to deploy the new missiles, which have a maximum range of 75 miles (120km), within weeks. According to Blinken, this would give Moscow "additional capability and additional flexibility", allowing it to conserve its other long-range missiles for deeper targets within Ukraine.

Iran's president, who was elected in a tight race against his headline rival in July, said his government would seek peace rather than war in the world and was ready to consider a resumption of talks over its nuclear programmes, akin to the accord it signed with world powers in 2015. In 2018, then US president

Donald Trump unilaterally withdrew from the agreement and imposed harsh sanctions on Iran. In response, Tehran has been enriching uranium up to 60 per cent purity — close to weapons grade — for more than three years.

"We are seeking a return to the framework of the [2015] nuclear deal. If they stop, we shall stop, too. If they are committed to the accord, we will be, too," Pezeshkian said. "We are not seeking nuclear [arms]. But we will not bow down to pressure."

Iran's 69-year-old president added that "we don't want to be under sanctions and don't want to fight with anybody", while urging the US "to respect

our people's rights and not to plot". He said Iran would be "committed to its agreements with the US and Europe".

Increased tensions between Iran and Israel have made signing a fresh nuclear agreement even more complicated than it was in 2015. The risks of an all-out regional war escalated when Hamas political leader Ismail Haniyeh was assassinated in Tehran hours after attending Pezeshkian's inauguration.

Pezeshkian will travel to New York this month to deliver his first address to the UN General Assembly, where he is expected to criticise Israel over the Gaza war but will also explore the possibility of renewed negotiations with the west.

Brussels

Von der Leyen under fire as Macron picks his new EU commissioner

SARAH WHITE — PARIS
HENRY FOY, JAVIER ESPINOZA
AND ALICE HANCOCK — BRUSSELS

President Emmanuel Macron has nominated his outgoing foreign minister as France's next EU commissioner, replacing Thierry Breton hours after he resigned from the bloc's executive.

Stéphane Séjourné's surprise nomination yesterday came after Breton, in his resignation letter, criticised a deal between Macron and European Commission president Ursula von der Leyen for a more powerful position for France in return for swapping its candidate.

Von der Leyen is due to announce her new slate of commissioners today and yesterday's switch is the latest disruption to hit her troubled process of forming a team for the next five-year cycle.

Séjourné is a close ally of Macron, having previously led the liberal Renew group in the European parliament.

The Élysée said Séjourné "meets all the required criteria" for the job, having served as Renew leader. "His commitment to Europe will allow him to fully carry the agenda for [European] sovereignty," it said, adding that Macron had long pushed for greater European autonomy on issues such as industrial policy and competitiveness.

Replacing Breton with Séjourné was prepared in advance during private discussions between Macron and von der Leyen, according to two people briefed on the talks, as a means for France to get the best possible role in the next college of commissioners.

Breton's resignation as one of the EU's most prominent and outspoken commissioners — he oversaw industrial policy, defence and the bloc's powerful Digital Services Act that regulates big tech companies — came with a personal jibe at von der Leyen for allegedly cooking up the deal without his knowledge.

"A few days ago... you asked France to withdraw my name — for personal reasons that in no instance you have discussed directly with me — and offered as a political trade-off an allegedly more influential portfolio for France," he said in a letter to von der Leyen posted on X.

Von der Leyen's actions were "further testimony to questionable governance" of the commission, Breton said, adding that he would resign immediately.

Breton provided no details of the "personal reasons" cited.

It is up to von der Leyen to choose which countries receive which roles in the commission, and many big nations including France and Italy have lobbied her for a powerful portfolio overseeing industrial and economic policies.

The resignation ends a tumultuous working relationship between von der Leyen and Breton, who often clashed over policies and rhetorical style. He chafed at what he saw as her heavy-handed approach to managing the commission, and reluctance to delegate power — or praise — to commissioners.

A commission spokesperson, in saying von der Leyen "thanks [Breton] for his work during the mandate", declined to comment on the contents of his resignation letter or private discussions with Macron. A decision on who would take over Breton's portfolio for the remainder of the term had not yet been taken, the spokesperson said.

War in Europe. Counterattack

Russia dials up pressure on Kyiv's Kursk offensive

Moscow claims it is retaking territory without shifting forces from eastern Ukraine

ISOBEL KOSHIW — KYIV
POLINA IVANOVA — BERLIN

A Russian counteroffensive against Ukrainian troops who seized a swath of the Kursk region last month has turned the spotlight back on Kyiv and the objectives of its audacious invasion.

The Ukrainian operation — the first major foreign incursion into Russian territory since the second world war — was always a gamble, said analysts. But with Kyiv's forces in Kursk now on the back foot, the risks are growing.

Ukrainian forces achieved a morale-boosting tactical victory when they seized roughly 1,200 sq km of Russian territory after their surprise attack on August 6. The operation helped to restore some faith in Ukraine's offensive potential, changing the war's narrative.

But so far there has been little success in the aim of forcing Moscow to divert forces from the country's east, where Kyiv's exhausted troops are losing ground. Russia has, if anything, stepped up the pressure within Ukraine, particularly around the rail hub of Pokrovsk.

Rob Lee, a senior fellow at the Foreign Policy Research Institute, said the outcome for Ukraine's depended on the relative resources committed by each side. "What's important is not that Ukraine has diverted resources," he said. "That's OK — as long as Russia diverts more."

Russia launched a counteroffensive in Kursk last Wednesday and claimed to have quickly retaken about 63 sq km from Ukrainian forces on the left flank of the area that they seized. However, Deepstate, a military analysis outlet with links to Kyiv's defence ministry, said Ukraine was still edging forwards in the north. The FT could not independently verify the reports.

Ukraine's President Volodymyr Zelenskyy said on Friday Russian forces had "started their rapid offensive actions" but without major gains. "Our military is holding on heroically and doing everything necessary for our other military-political steps," he told the Yalta European Strategy conference in Kyiv.

Zelenskyy has previously indicated that Ukraine would use captured Russian land as a bargaining chip in any future peace negotiations, which could



Battleground: a Russian soldier fires a howitzer at Ukrainian positions in the border area of Kursk region — AP

mean holding on to it indefinitely. "The Ukrainians have also stopped bringing in new reserves... they've started to move around less and to dig in more instead," a person close to the Russian military establishment said.

Despite being outmanned and out-gunned, Ukraine had saddled itself with a "new commitment" with its Kursk offensive, said Lee — "and it's a lasting commitment". Kyiv had created an

extended front which it would have to continually supply and reinforce, he said. Ukrainian forces might use the cover of tree lines to dig in, Lee added, but that advantage would disappear in winter, once the leaves fell and "it will be easier to see where the positions are".

Ukraine's options for rotating its units or sending in reinforcements are also limited. It is in the early stages of replenishing its troops after implementing its new mobilisation law in spring — almost a year after the generals requested it. Officials say mobilisation is on track, but it would take another three months before the new troops could make an impact on the battlefield, the head of the defence committee of Ukraine's parliament, Oleksandr Zavitnevych, said.

Russia's President Vladimir Putin has not been goaded into shifting his best-trained assault forces away from the Donetsk region. But Ukraine's top military commander Oleksandr Syrskyi claimed Russia had been "deprived of the ability to manoeuvre [its] units" and prevented from sending additional forces to Pokrovsk.

Moscow initially relied on border troops and conscripts to try to contain Ukraine's incursion before bolstering them with more capable units. "Apart from a few marine brigades, we didn't

'Despite the fact that Putin was obviously extremely angry about Kursk, he did not make emotional decisions'



Mediterranean crossings

Prosecutors seek jail for Italian deputy PM over migrant ship

AMY KAZMIN — ROME

Prosecutors are pushing for Italy's far-right deputy prime minister Matteo Salvini to be jailed for six years for barring a humanitarian boat carrying nearly 150 migrants from docking in Italy for nearly three weeks.

The 2019 stand-off between Salvini — then interior minister — and the Spanish charity Open Arms finally ended after 19 days, when an Italian court ordered Rome to allow the passengers, who had been rescued from the Mediterranean, to disembark from the ship on the island of Lampedusa.

But the plight of those trapped on the ship, at least 15 of whom threw themselves overboard in a desperate attempt to reach shore, drew international condemnation, including from Hollywood celebrities such as Richard Gere and Spanish actors Antonio Banderas and Javier Bardem.

Prosecutors in Palermo have charged Salvini with kidnapping and refusal to perform official duties over his resistance to signing papers that would have allowed the ship to dock and passengers to disembark, even as conditions on

board deteriorated amid turbulent weather. A conviction, which in Italy is only considered final at the end of a lengthy, three-level judicial process, could bar the far-right leader from holding government office.

However, Salvini, whose League is a junior coalition partner in Prime Minister Giorgia Meloni's government, remained unrepentant.

"No government and no minister in history has ever been put on trial for defending the borders of their own country," the deputy premier said in a video released on social media late on Saturday after the day's court proceedings, in which the prosecutors requested the six-year sentence, had concluded.

"The Italian constitution calls the defence of the fatherland a sacred duty of citizens," he said. "I declare myself guilty of defending Italy and Italians."

Meloni — an ultraconservative figure for whom cracking down on irregular migration is a policy priority — has expressed solidarity with Salvini, an ideological ally but personal rival whom she eclipsed to emerge as the undisputed leader of the Italian right.

"It is incredible that a minister of the

Italian republic could face six years in prison for doing his job defending the nation's borders," she wrote on social media platform X.

The Open Arms stand-off was part of Salvini's tough approach to irregular immigration and the humanitarian groups that operate Mediterranean search and rescue ships.

Salvini, who argues that such charities encourage more migrants to undertake the precarious crossing, spearheaded a stringent law that fined ships entering Italian waters without permission up to €1m. The law was later



Matteo Salvini has been charged with kidnapping over the incident

scrapped by a subsequent government. Italy's campaign against humanitarian rescue vessels has resumed under Meloni, albeit with different tactics after her government's first attempt to turn back a rescue vessel provoked a diplomatic row with France and strong criticism from Brussels.

Instead, Meloni's coalition has issued restrictive operational protocols that limit the number of people search-and-rescue ships can pick up. Rome also directs boats carrying rescued migrants to distant ports, reducing their time on patrol in regions where migrants are most at risk.

Humanitarian vessels have been impounded on 23 occasions — up to two months at a time — for violating the operating restrictions.

Since Meloni took power, there have been several large-scale migrant drownings in Italian waters, including last year when at least 90 people perished after a ship broke apart metres from shore.

This summer, about 60 people, including 26 children, mainly from Afghanistan, are believed to have drowned when an overloaded migrant ship sank in waters south-east of Italy.

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INTERNATIONAL

Fed's Powell seeks to echo Greenspan and steer US economy to soft landing

Central bank chief faces delicate balancing act as he prepares for series of rate cuts from 23-year high

COLBY SMITH — WASHINGTON

Jay Powell laid out the stakes for the US economy three months ago as the Federal Reserve advanced towards its first interest rate cut since the pandemic.

"It's a consequential decision," the Fed chair said when asked about the pace of easing in June, adding that "you want to get it right".

With fears about inflation giving way to fears about jobs, the Fed is poised to launch the first in a series of expected interest rate cuts this week, finally offering Americans some relief after more than a year of borrowing costs held at a 23-year high of 5.25-5.5 per cent.

"In all likelihood, this is the beginning of an easing cycle that is going to go a long way, and by that criteria, this is a fairly momentous meeting," said Alan Blinder, vice-chair of the Fed in the early 1990s under Alan Greenspan.

For Powell, the Fed's capacity to stave off further weakness in the labour market and pull off a "soft landing" will be pivotal to burnishing his legacy of navigating the global financial system through the largest contraction since the Great Depression and the worst inflation crisis in decades.

Historians have cited the Fed's actions under Greenspan as among the central bank's most successful to bring inflation down without causing a recession.

"That is when Greenspan became a god, but it was easy compared to what they are dealing with now," said Blinder of the current Fed leadership, which has had to contend with a pandemic, the war in Ukraine and a much worse inflation overshoot. "If Powell achieves [a soft landing], he will go down in the Federal Reserve hall of fame."

The Fed's success could hinge in large part on how quickly it returns monetary policy to a more "neutral" setting that neither hampers nor spurs growth. Ease too fast and the central bank risks elevated inflation becoming entrenched; ease too slow and it risks inflicting undue economic damage.

Also on the line are historic gains for workers accrued in the aftermath of the Covid-19 shock, as well as a possible impact on the US presidential election in November, with Kamala Harris and Donald Trump polling neck and neck.

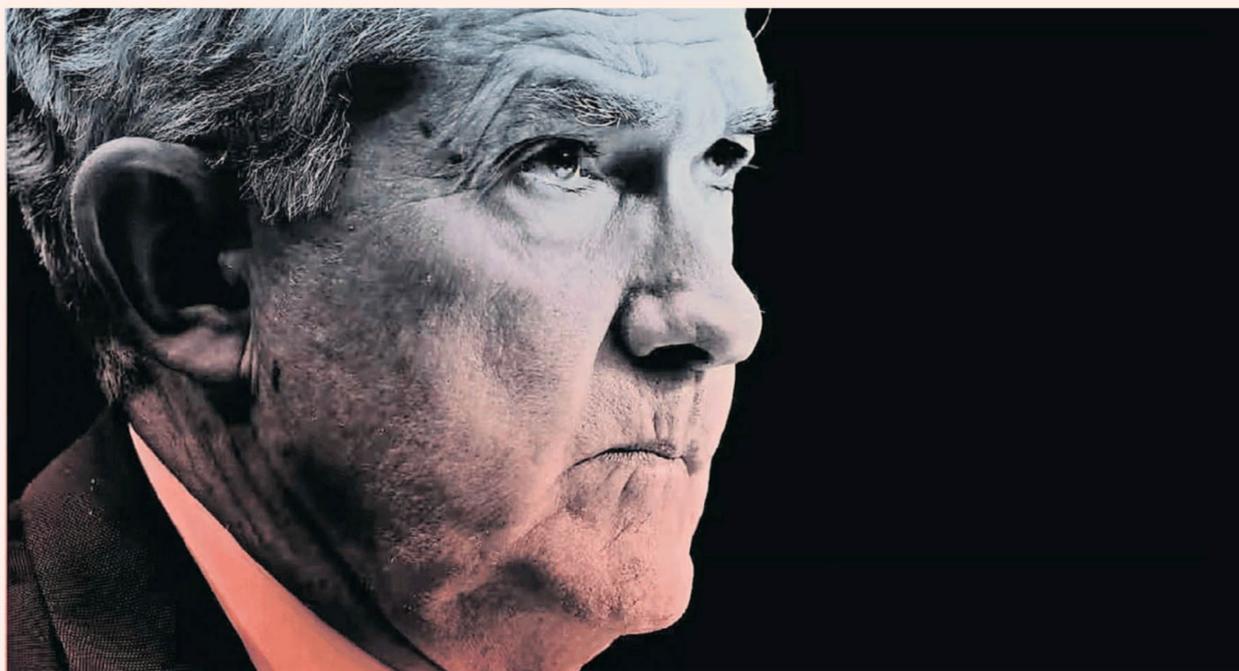
Striking the right balance is top of mind as officials plot their policy path. Their first decision — on whether to opt for a traditional quarter-point cut or lead with a larger, half-point move — will come tomorrow.

Futures markets are evenly pricing the odds of either outcome.

"There is every reason to think that the US economy can stick a soft landing with appropriate policy," said Julia Coronado, a former Fed economist who now runs MacroPolicy Perspectives, a research provider.

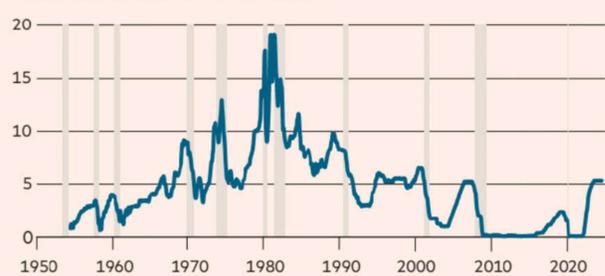
Coronado called for starting the rate-cutting cycle with a bumper half-point reduction and lowering the policy rate by a full percentage point over the course of the year. She expects it to drop another 1.5 percentage points by the end of 2025.

Since the Fed's previous meeting in July, when several policymakers deemed a rate cut "plausible", data has



Soft landings are rare

US federal funds effective rate (%), since 1954



Recessions shaded
Sources: Board of Governors of the Federal Reserve System; US Bureau of Labor Statistics

The labour market has been loosening

Job openings per unemployed person, since 2000



High stakes: Fed chair Jay Powell, who is preparing for the first in a series of expected rate cuts, has emphasised that the central bank makes its calls based solely on 'the data, the outlook, and the balance of risks'
FT montage/Bloomberg

been mixed. Inflation has retreated, but there is some lingering stickiness. After a weak July jobs report, in August the unemployment rate ticked lower. Other measures of demand, such as vacancies, have continued to fall.

Against this backdrop, more than 90 per cent of economists surveyed in the latest FT-Chicago Booth poll thought the Fed would move gradually with a quarter-point reduction tomorrow, projecting a soft landing.

"Communication is going to be everything here," said William English, a Yale professor and former director of the Fed's division of monetary affairs. It would be "as important as the decision that they make" in terms of the size of the move.

"If they do 25 [basis points], they will want to be clear that they're not just hopelessly behind the curve and oblivious to what's going on in the economy, and that they'll move quickly if they need to," he said. "If they do 50 [basis points], they'll want to be clear that they're not on a really fast march to neutral. It's easy to screw up in both directions."

Ellen Meade, a senior adviser to the Fed's board of governors until 2021, cau-

tioned that neither option was likely to have unanimous support.

"Dissents are really your friend in the close-call narrative," she said, adding that it depended on who dissented as well as the number in opposition. More than two "would draw a lot of attention".

The rate decision will also be accompanied by a set of economic projections and an updated "dot plot" aggregating officials' individual forecasts for the policy rate.

If the Fed decides on a half-point move, economists expect the dot plot to show a full percentage-point reduction over the course of the year, suggesting two more quarter point cuts at each of the remaining meetings. A quarter-point move may cap the projections at 0.75 percentage points over that same period, or risk prompting questions of why policymakers did not start out with a bigger adjustment.

Looming over the Fed and the world's largest economy more broadly is the presidential election, just seven weeks after this month's rate decision.

"Fall of an American election year is always fraught with peril for the Fed and for every agency of government," said Patrick McHenry, the Republican

'If Powell achieves [a soft landing], he will go down in the Federal Reserve hall of fame'

chair of the House financial services committee.

Powell has emphasised that the central bank makes its calls based solely on "the data, the outlook, and the balance of risks".

But Republican candidate Trump has already warned the Fed not to lower rates before the election.

If Trump wins a second term, the fear is that he will escalate the antagonistic approach to the Fed that characterised his first term to more directly challenge and erode its independence, which is codified in law and makes it accountable only to Congress.

Gary Richardson, the historian at the Federal Reserve System from 2012 to 2016, noted there was "very little the president can do" in terms of trying to shake up the Fed and its top brass.

McHenry said he would "always" be a supporter of the Fed's independence.

Donald Kohn, a former Fed vice-chair, said: "There are lots of risks out there, but I think Jay Powell is as well positioned as anyone could be from his past behaviour and from the relationships he's built with people on the Hill to weather whatever storm might be coming his way."

Campaign security Apparent assassination attempt injects uncertainty into White House race

LAUREN FEDOR AND JAMES POLITI
WASHINGTON

With less than 50 days to go until the US presidential election in November, a probable second assassination attempt against Donald Trump has injected renewed uncertainty into the race for the White House, and raised serious questions about the threats faced by the former Republican president and his Democratic opponent Kamala Harris, vice-president.

What has the investigation uncovered? The FBI said on Sunday it was investigating "what appear[ed] to be" an assassination attempt on Trump after a Secret Service agent saw a rifle poking through a fence at the Trump International Golf Club on Sunday afternoon.

Law enforcement officials found an AK-47-style rifle with a scope, two backpacks and a GoPro camera in the foliage surrounding the golf course, and later detained a suspect, named by media outlets as Ryan Wesley Routh, 58, of Hawaii.

Trump was unharmed but it puts the former president's security under scrutiny two months after a would-be assassin narrowly missed killing him at a campaign rally in Butler, Pennsylvania.

The FBI is leading the federal investigation into what took place in the latest

incident, but Ron DeSantis, Florida's Republican governor, said the state would also conduct an investigation.

Routh appeared in the district court for the southern district of Florida yesterday and was charged with possession of a firearm by a convicted felon and possession and receipt of a firearm with an obliterated serial number.

If found guilty, he faces a maximum penalty of 20 years' imprisonment and fines of up to \$500,000.

Did the Secret Service fail to protect Trump?

The US Secret Service, the federal law enforcement agency tasked with protecting current and former presidents as well as other political leaders, came under intense scrutiny after a shooter's bullet narrowly missed Trump's skull in Butler, Pennsylvania, in July.

Kimberly Cheatle, the agency's director, resigned, accepting responsibility.

Now, the Secret Service will once again be facing tough questions about how a potential shooter was able to get so close to the former president. Ric Bradshaw, Palm Beach county sheriff, said the suspect had probably been between 275-450 metres from Trump.

US President Joe Biden said yesterday the "service needs more help". "I think Congress should respond to their need,"

he said, suggesting lawmakers should appropriate more funding to help the security services beef up resources.

In a post on his Truth Social platform late Sunday, Trump himself praised the Secret Service, saying: "THE JOB DONE WAS ABSOLUTELY OUTSTANDING."

Who is to blame for the incident?

Law enforcement officials have not speculated on the suspect's motives. But yesterday Trump was quick to blame his political opponents, saying Biden and Harris's "rhetoric" was fuelling the violence against him.

"He believed the rhetoric of Biden and

Harris, and he acted on it," Trump said of the gunman. "Their rhetoric is causing me to be shot at, when I am the one who is going to save the country, and they are the ones that are destroying the country — both from the inside and out."

"They use highly inflammatory language," he added, in reference to Democratic politicians. "I can use it too — far better than they can — but I don't."

Trump is no stranger to personal attacks against his political rivals, entire ethnic groups and influential individuals such as musician Taylor Swift who publicly criticise him. He also played a role in fomenting the January 6 attack

on the Capitol in 2021, and many Democrats and some Republicans blame him for fostering a toxic political climate.

This was not the first time Trump has blamed Democrats for threats on his life. In the presidential debate with Harris last week, Trump said: "I probably took a bullet to the head because of the things they say about me."

But even in the case of the shooter in Butler, there was no clear motive. He was killed by law enforcement on the spot but was a registered Republican at the time of his death, and had searched the internet for images and public appearances of Trump, Biden and a range of other public figures in the run-up to the shooting.

Is Trump still under threat?

Law enforcement officials were keen to reassure people that there was no immediate threat to the former president or the general public. But Trump remains a target for both domestic and foreign actors.

Before the shooting in Butler, the Secret Service had ramped up security around the former president, after officials received information about a specific threat from Iran.

Trump and former officials from his administration, including former secretary of state Mike Pompeo and former

Trump drama

Kyiv rejected suspected gunman's offer to fight against Russia

JOHN REED — NEW DELHI
CHRISTOPHER MILLER — KYIV

Ryan Routh, the man named in multiple media reports as a suspect in an apparent assassination attempt on Donald Trump, was one of thousands of foreign volunteers who headed to Ukraine after Russia's full-scale invasion in February 2022.

But on arrival in the Polish border town of Medyka, he turned up at the office of the Ukrainian international legion only to be rejected. "They said 'You are 56, you are old and you have no experience,'" Routh, speaking from Hawaii, told the Financial Times last year. "So why don't you recruit and co-ordinate?"

Routh made his first court appearance in the district court for the southern district of Florida yesterday and was charged by federal prosecutors with possession of a firearm by a convicted felon and possession and receipt of a firearm with an obliterated serial number.

The 58-year-old's previous views and political activity are being examined for clues as to possible motivation in any attack on Trump.

After his rejection by Ukrainian forces, Routh, who had previously worked in construction and lived in Hawaii, went to Kyiv "to co-ordinate volunteers", pitching a tent in Maidan Square. There, he hung flags on a plywood display for every country that had civilian volunteers fighting for Ukraine.

"My initial goal was to promote the foreign fighters and foreigners who were there sacrificing their time and energy and lives to support Ukraine," he said.

He also hung flyers around Kyiv's central square offering \$1,200 to foreigners who took up arms against Russia. The contact information was his own and military recruiters said he had no official connection to Ukraine's burgeoning international legion.

Tens of thousands of foreigners flocked to Ukraine in the first months of the Russian invasion. Most were not battle-hardened former soldiers from Nato militaries but similar to Routh, lacking military experience and unsure of how to navigate a foreign country.

Routh was also turned down by an arm of the international legion linked to Ukraine's military intelligence directorate GUR, said a person who knew him and was previously associated with that unit. The person described Routh as "a little too much" for the legion, citing his erratic behaviour.

Ukraine's international legion confirmed yesterday that "American citizen Ryan Routh has never served in the International Legion of the Main Directorate of Intelligence of the Ministry of Defense of Ukraine, [and] has no relation to the unit".

When speaking to the FT, Routh described a series of altercations with Ukrainian police, city authorities and others over the siting of the makeshift memorial and tent on the Maidan. Asked why he had gone to Ukraine to volunteer, Routh said at the time: "For me it is pretty much a no-brainer. I am pretty baffled that everyone isn't there."

Additional reporting by Isobel Koshiv



Investigation: FBI officers at the golf course on Sunday — Chandan Khanna/AFP/Getty



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INTERNATIONAL

Trade

Global carbon price system needed, says WTO chief

International mechanism would prevent 'difficult and problematic' disputes

ANDY BOUNDS — GENEVA

A global system for carbon pricing is needed to prevent "difficult and problematic" disputes over environmental measures from disrupting trade, the head of the World Trade Organization has said.

Ngzi Okonjo-Iweala told the Financial Times the WTO was taking the lead in working to establish an international

carbon pricing system with the IMF, OECD and UN.

That effort comes in response to the EU's carbon border adjustment mechanism, which came into force this year. It requires exporters to the trade bloc to pay a levy linked to the EU carbon price for the emissions of certain carbon-intensive products, including steel, cement and fertiliser.

The levy, which is to be launched in 2026, is intended to balance competition between EU manufacturers, which have to pay for emissions under the bloc's cap-and-trade system, and exporters in countries with lower or no

carbon prices. It is expected to trigger numerous complaints at the WTO.

India has already hinted it could bring a WTO case, while other developing countries have said the measure would price their goods out of EU markets.

"Developing countries see it, rightly or wrongly, as a protectionist mechanism," the WTO director-general said. "They have contributed very little to emissions. Africa is 3 per cent of global emissions."

The EU has defended the measure and emphasised that it has sent officials to help countries including China to develop their own carbon markets.

Ursula von der Leyen, European Commission president, said the bloc must "step up our green diplomacy and engage more with non-EU countries on external aspects of our policies".

Okonjo-Iweala said the EU was right to try to tackle climate change but its approach could fragment efficient trade routes at the cost of economic growth.

"We see [litigation] coming. We think it will be quite difficult and problematic. So we are trying to avoid that by saying why don't we develop a global framework that is interoperable? So that we can limit the trade litigation frictions that would come here."

The Nigerian economist said there were 78 different carbon pricing and taxation mechanisms around the world.

The intention of the working group was to find a way to set different carbon prices in different regions.

The EU might pay \$80 a tonne, and Africa \$20.

This would require a change to the EU's mechanism, which levies the difference between the EU carbon price and that paid by the source of the imports to the bloc.

The proposed global system would also need safeguards against carbon arbitrage, where heavy emitters simply

relocate to areas with lower prices, Okonjo-Iweala said.

Okonjo-Iweala said she wanted trade to help reduce carbon emissions. "I am really personally so excited about it because I think there is really potential for trade to do more, for trade to be part of the answer."

When she became WTO director-general in 2021, "trade was seen as part of the problem" because of transport emissions and commodities exported from deforested land. "I really wanted to turn that around."

Additional reporting by Alice Hancock in Brussels

Middle East. Security

Far-right minister accused of politicising Israeli police

Former officers and activists say Ben-Gvir is moulding force to suit ultranationalist agenda

NERI ZILBER — TEL AVIV

After a difficult week in which the killings of six Israeli hostages by Hamas sparked protests across Israel, the country's far-right national security minister Itamar Ben-Gvir headed to the beach.

In a suit despite the oppressive heat, the ultranationalist arrived on the shoreline of secular, liberal Tel Aviv earlier this month to be met with jeers from bathers. One young woman allegedly threw a handful of sand in his direction, after which the trouble began.

Police officers protecting Ben-Gvir arrested the woman, shackled her hands and legs and kept her in prison overnight. She was charged with "attacking a public servant", an offence that can carry a three-year jail sentence.

For many in Israel, the incident was the latest example of how the country's police force has been transformed under Ben-Gvir's command over the 20 months since his party joined Benjamin Netanyahu's government.

Former senior police officials, legal analysts and anti-government activists say the 30,000-strong national force is being politicised in line with the agenda of an extreme nationalist at a time of high tension resulting from the war with Hamas in Gaza. They warn that the reshaping of the force by a man who proudly tells Palestinians that Jews are their "landlords" may have far-reaching ramifications for police conduct, the rule of law and even Israeli democracy.

David Tzur, a former senior police chief, said: "This is what's called an elephant in a china shop... They took a convicted criminal and put him into the holiest of holies of the law enforcement system. This is something that is unbelievable."

Since Ben-Gvir took on oversight of the country's police, the force has been accused of lax policing of settler violence in the occupied West Bank, of aggressive tactics against anti-government protesters and of failing to halt far-right attacks on aid convoys to besieged Gaza. At the same time, Ben-Gvir has sought unilaterally to change long-standing rules governing Jerusalem's most combustible holy place, the al-Aqsa mosque compound, known to Jews as the Temple Mount.

Ben-Gvir, 48, repeatedly convicted in the past on charges relating to anti-Arab activism, was a teenage disciple of the late Jewish extremist rabbi Meir Kahane. In 1995, he broke an ornament off then prime minister Yitzhak Rabin's car. "Just like we got to this symbol, we can get to Rabin," Ben-Gvir said in a TV



Provocative: Itamar Ben-Gvir joins Jewish nationalists at Jerusalem's Damascus Gate on June 5 to mark Israel's capture of the city's eastern sector in 1967. Benjamin Netanyahu, below, needed the far-right politician to join his coalition



Menahem Kahana/AFP/Getty Images

interview as he held up the Cadillac mascot. In later years, he turned to the law, specialising in defending Jewish settlers suspected of attacking Palestinians.

Netanyahu needed Ben-Gvir and his party to garner enough support to form his current governing coalition. The price of his backing was the grandly renamed "national security" ministry — formerly just "internal security" — with expanded powers over the police.

According to police data made public by the Movement for Freedom of Information, violent crime within Arab-Israeli towns and villages has reached record highs, rising from 116 murders in 2022 to 244 in 2023. Almost 170 Arab-Israelis have been murdered this year. The Israel police said that "addressing violence in the Israeli-Arab community remains a top priority". Yet overall public trust in the police has cratered, polls show. Morale within the force has plummeted and many mid-ranking and senior officers have resigned or are threatening to do so, according to interviews, media reports and internal communications seen by the Financial Times. Six deputy commissioners have left in the past two months alone.

"Ben-Gvir represents all that is undemocratic — bullying, violence, rac-

ism... So long as his plans and failures are allowed to continue and deepen, there will no longer be a 'democratic' police," said a former police commander.

The minister had demanded to act as a "supra-police commissioner" above the top commander, seeking involvement in operations and the use of force, said multiple former senior police officers.

The former officers said this contravened not only democratic norms but also Israeli law, which stipulates that the police commissioner must remain independent from political meddling. The Supreme Court has sought to uphold this independence after civil society groups appealed against Ben-Gvir's extended powers.

Instead, according to the former police officers, Ben-Gvir has wielded influence through the back door. "The crux of [a minister's] power lies in building the force — in other words, appointments. That's where his main power lies," said Tzur.

Ben-Gvir had deployed that power widely, interviewing even mid-ranking commanders for promotion and directly calling district chiefs, said people with knowledge of police operations.

"There is chaos inside the police and he instils fear in the officers according to his own agenda," said the former police

commander. "He moulds the personalities who command the police, and for all the others it shows them where their loyalties should lie."

Ben-Gvir's office and Israel's national security ministry did not reply to repeated requests for comment.

Last month, Ben-Gvir appointed Danny Levy as police commissioner, a shock choice given Levy had been a district commander for less than a year. He had, over the previous year, overseen the violent dispersal of weekly anti-government protests in Netanyahu's home town of Caesarea.

The outgoing police commissioner, Kobi Shabtai, issued a stark warning in July as his term ended. "The fight against the politicisation of the police and its deviation from the professional path is in full swing," he said.

In Levy's first week as commissioner in early September, some 125 demonstrators were detained nationally — amid mass protests calling for a deal to release hostages held in Gaza — compared with an average 85 per month in the 20 months before that, according to the Detainee Legal Support Front, a non-profit organisation.

At the same time, far-right activists closely identified with Ben-Gvir and the West Bank settlement movement for

the first half of this year blocked aid convoys to Gaza, with minimal police intervention. No one was arrested.

An Israeli security source said there were suspicions within the military that police personnel had tipped off the groups about the movement of the convoys.

Several former officers said the worst police indifference was in Jerusalem and the occupied West Bank. Israeli settler attacks on Palestinians have risen sharply, according to data from the UN and Israeli human rights non-profit organisations.

The head of the Shin Bet internal security agency, Ronen Bar, warned in a letter sent to the cabinet — but not to Ben-Gvir — last month that the increase was a result of "the weak hand of the police, and possibly even a sense of support to a certain extent", according to Israeli media reports.

The Israeli police told the FT it "operates as an apolitical institution dedicated to handling offences with impartiality and professionalism. Allegations suggesting that the police are influenced by political agendas distort the truth and undermine the rule of law."

'So long as his plans and failures... continue, there will no longer be a democratic police'

Yoav Segalovich, a former top police officer and former deputy internal security minister from the opposition Yesh Atid party, said the Israeli public was increasingly convinced the police had become politicised under Ben-Gvir, a perception that, he said, fatally harmed trust. "This is the biggest damage that can be caused in a democratic system," Segalovich said.

In Jerusalem, the al-Aqsa compound has been the scene of what former and current Israeli officials, including from the police, said were perhaps Ben-Gvir's most dangerous interventions. The site has sparked repeated Israeli-Palestinian violence, while for decades a "status quo" has been upheld in which Jews can visit but not pray. Police are central to maintaining order there.

Ben-Gvir last month said at the site that he had unilaterally changed the "status quo" — a claim Netanyahu rejected. Video emerged of a beaming Ben-Gvir walking among hundreds of Jewish worshippers prostrating themselves as police looked on passively.

"Netanyahu allowed all of this," said Segalovich. "If you put an agent of chaos as the minister in charge of the police then don't be surprised by the results. This is Ben-Gvir's goal: chaos and mayhem."

'If you put an agent of chaos as the minister in charge of the police, don't be surprised by the results'

Argentina

Milei pledges to eliminate deficit next year

DAVID FELIBA — BUENOS AIRES

Javier Milei, Argentina's libertarian president, has pledged to eliminate the budget deficit next year, doubling down on promises of fiscal discipline despite a recession.

Milei turned the annual budget speech, normally a routine event handled by the economy minister, into a live broadcast from congress as he seeks to rally public support for his nine-month administration amid growing pressure to increase spending and a dip in his ratings.

The proposal, which aims for a surplus equivalent to 1.3 per cent of GDP before interest payments next year, also makes ambitious projections of an economic rebound and a sharp slowdown in inflation. It forecasts growth of 5 per cent next year, after an expected 3.8 per cent contraction this year, and inflation of 18.3 per cent after an expected 122.9 per cent this year.

"After years of the political class shackling individual freedoms, today we are here to shackle the state," said Milei in congress on Sunday, which was half full as many opposition politicians stayed away. "The decision is yours. Citizens will decide whether to place you on the avenue of the righteous or in the corner of the miserably rats who bet against the country."

Clashes with lawmakers have been fierce in recent days. The government successfully defended its veto on a pension increase law that threatened its austerity programme, which has so far generated a primary surplus of 1.4 per cent of GDP through July. Shortly after, a law to boost university spending was passed, prompting Milei to prepare for yet another veto.

"The root of Argentina's deficit lies in politicians' insatiable appetite for spending," said Milei. "We must honour the titanic effort made by Argentines.

We will veto any project that jeopardises fiscal balance."

Lucas Romero, who runs the Argentine political consultancy firm Synopsis, said: "The budget is the heart of Milei's economic programme and also his main political challenge."

"He has tried to offset his parliamentary weakness with a 'going public' strategy: appealing directly to the people to pressure congress into passing laws."

Milei also called on provincial administrations to emulate his spending cuts, insisting that an additional \$60bn in province-level cuts were necessary.

"The Achilles heel of any austerity programme is social tolerance," said Romero. "Have Milei's approval ratings plunged? No, but the downward trend is unmistakable. For him to reverse this trend, it is crucial that the economic recovery becomes visible sooner rather than later."

Sport

Coe joins race to be the next Olympics chief

JOSH NOBLE — LONDON

Lord Sebastian Coe has thrown his hat into the ring to be the next president of the International Olympic Committee, but the British former middle-distance runner faces competition from the son of a former Olympic president, a champion swimmer and a Jordanian prince.

The next IOC president will lead an organisation riding high after the Paris Games, which attracted record audiences and helped the Olympics bounce back from two editions of the Games held under tight Covid-19 restrictions.

The seven-person shortlist to replace outgoing president Thomas Bach next year includes Spaniard Juan Antonio Samaranch, whose father of the same name led the IOC for more than two decades. The younger Samaranch, 64, has been an IOC member since 2001, but has a background in finance.

Kirsty Coventry, 41, the former Olym-

pic swimmer and now sports minister for Zimbabwe, is also seen as a strong contender and could become the first woman to lead the IOC. She won gold in the 200-metre backstroke in Athens in 2004 and is the youngest candidate.

The IOC's rule book could complicate Coe's bid for the presidency. The former British MP, who chaired the London Olympics in 2012, turns 68 this month, making him the oldest person in the field. IOC rules have an age limit of 70, although members can seek a four-year extension. He is also due to step down from his role as president of World Athletics in 2027, at which point he would cease to be an IOC member.

IOC presidential terms last eight years, with the option of an additional four years.

Three of the other applicants lead global sporting bodies: David Lappartient, the French head of the International Cycling Union; Japan's Morinari Watan-

abe, president of the International Gymnastics Federation; and Johan Eliasch, the Swedish-British president of the International Ski Federation, who became an IOC member last month.

Jordanian Prince Feisal al-Husseini, brother of King Abdullah, completes the shortlist. The seven candidates will present their manifestos to members at IOC headquarters in Lausanne in January, before a vote in Greece in March.

Under Bach, the IOC has had to navigate geopolitical challenges, particularly since Russia's full-scale invasion of Ukraine in 2022. The IOC opted not to institute a blanket ban on Russian athletes in Paris, instead leaving the decision to individual sports federations.

The IOC is also grappling with a rapidly changing media and entertainment sector. A priority for its next leader will be making sure that the Olympics stay relevant with younger viewers and keep global sponsors onside.

Crude awakening Oil majors are looking at prices that might average \$10-\$15 per barrel less than they did in 2023 → LEX, PAGE 24

Companies & Markets

Inquest begins in Berlin over UniCredit's swoop on rival

- Commerzbank bid surprised officials
- Opposition politicians seek answers

OLAF STORBECK — FRANKFURT
SILVIA SCIORILLI BORRELLI — MILAN
IVAN LEVINGSTON — LONDON
GUY CHAZAN — BERLIN

Top officials in Berlin were not briefed in advance about an invitation for UniCredit to bid for a German government stake in Commerzbank, according to three people familiar with the events, despite the move opening the door to a full takeover by the Italian lender.

JPMorgan Chase bankers who advised the government on the 4.5 per cent stake sale invited the Milan-based bank to participate, the people said, giving it the impression that Berlin welcomed its interest.

The sale in an after-hours auction last

'It beggars belief that decision-makers accidentally kick off a banking merger'

Tuesday enabled UniCredit to jump to a 9 per cent stake without previously disclosing any interest, something that could have pushed up the price.

The sudden move to become Commerzbank's second-biggest shareholder — behind the government with its remaining 12 per cent — caught the German establishment off guard, ignited public opposition to the sale and put Berlin in an awkward position ahead of federal elections next year.

Before this month, Berlin had repeatedly signalled to UniCredit and European rivals circling Commerzbank that it was not interested in selling to them. It wanted to sell its stake in small portions to financial investors, according to people familiar with the deliberations, but EU bailout rules barred it from discriminating against strategic bidders.

UniCredit did not approach the government about a potential tie-up with

Commerzbank, said people familiar with the matter. But people familiar with UniCredit's thinking said it had expressed interest in purchasing shares to German government representatives in advance of the auction, and the size of the stake and lack of special rights attached to it meant the bank was a financial rather than strategic investor.

The Italian bank, headed by experienced dealmaker Andrea Orcel, had by the time of the auction accumulated a 4.5 per cent stake through derivative transactions that fell below the threshold for disclosure.

Top officials were only told late in the process on Tuesday night that UniCredit was bidding and held an existing stake. Berlin had started a review of the events and who was responsible for the decisions that led to them, people familiar with the move said.

"At the point in time when the book-building was irrevocably started, the finance ministry did not know that UniCredit owned additional shares in Commerzbank," the ministry said.

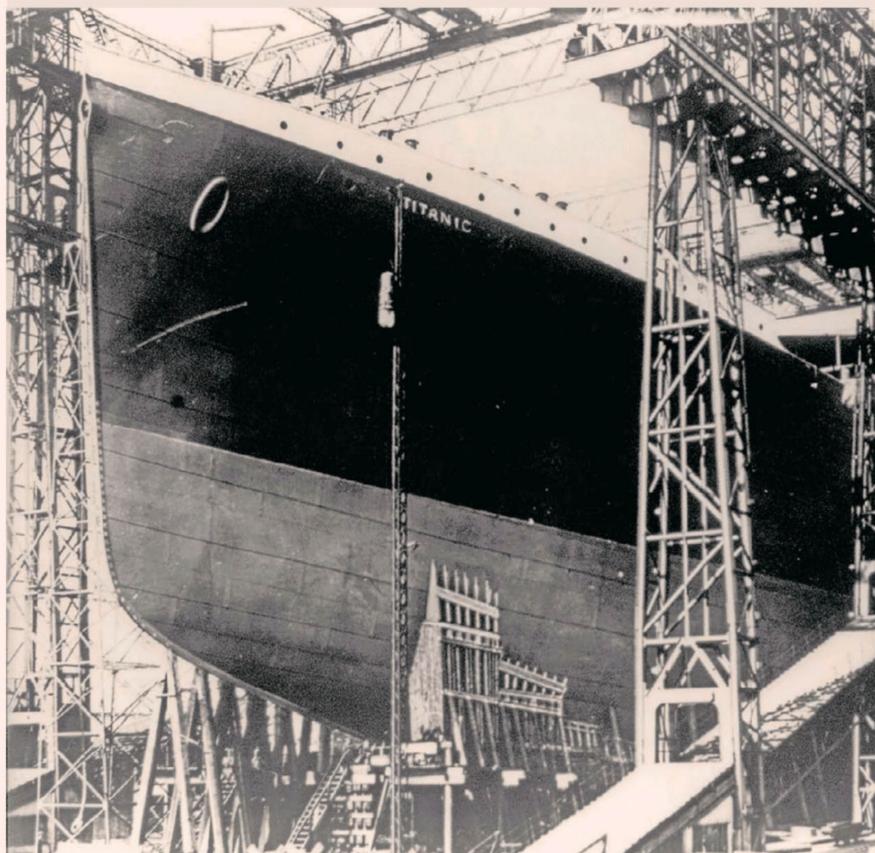
Yesterday, Matthias Hauer, a head of the opposition CDU/CSU group on the parliamentary finance committee, urged the government "to dispel the suspicion that it has lost control of the sales process". Fabio De Masi, an MEP for opposition party Bündnis Sahra Wagenknecht, said: "It beggars belief that decision-makers in Berlin accidentally kick off a banking merger."

Germany's federal finance agency, in charge of the sale, learnt about the existing stake shortly before the auction closed, the ministry said.

People briefed on discussions said officials were frustrated. "UniCredit deliberately tried to take everyone by surprise, which has gone down as a highly unfriendly behaviour," said one person familiar with top officials' views.

UniCredit, JPMorgan and the federal finance agency declined to comment.

Yards threat Harland & Wolff shipbuilder taps Teneo to wind up its 'insolvent' holding group



The business, best known for having built the Titanic, says it sees 'no return likely for shareholders' — Getty Images

JUDE WEBBER — DUBLIN
SYLVIA PFEIFER AND
JIM PICKARD — LONDON

UK shipbuilder Harland & Wolff said yesterday that it had appointed Teneo to wind up the "insolvent" holding company five years after it was rescued from administration.

But the Aim-listed group, best known for having built the Titanic, said that bids for its four yards across the UK were being finalised and anticipated sales agreed within weeks.

"Contingency planning for the making of an administration order and appointment of administrators from Teneo is under way for the company. This process will probably commence this week," it said.

The group saw "no return likely for shareholders", and an unspecified number of jobs would be lost.

The 163-year-old shipbuilder has been struggling to stay afloat since the government in July turned down a

request for a £200mn emergency loan guarantee as an inappropriate use of public funds.

But H&W said that it saw a "credible pathway" to keeping alive its Belfast yard and its three other yards in Britain, its Islandmagee gas storage project in Northern Ireland, and to delivering a Ministry of Defence contract in which it is a partner in a consortium led by Spain's Navantia.

The business said bids for the yards were due this week and it hoped a deal would be concluded in the coming weeks.

Defence industry sources said a mix of British and international strategic bidders, including Spain's Navantia, were in the running. They said it was unlikely that the yards would be sold together.

John Wood, the former chief executive who rescued the company out of administration in 2019 before exiting at the end of July, was in talks with backers about putting together a bid,

according to people familiar with the situation.

Unite, the union representing most workers at H&W's yards in Belfast and Appledore in south-west England, said its preferred option was "to secure a single buyer for all of the company's yards". The purchaser should have a history of shipbuilding rather than being "a private equity outfit looking for a short-term profit". If the right buyer could not be found, "the government should be prepared to intervene", Irish regional secretary Susan Fitzgerald said.

The company employs about 1,200 people across its sites. As many as 60 are expected to lose their jobs at the holding company.

Unaudited results published in July showed an operating loss of £24.7mn for 2023 down from a £58.5mn loss in 2022.

Wood and Navantia did not immediately reply to requests for comment.

BP puts \$2bn US onshore wind business up for sale

MALCOLM MOORE — LONDON
AMANDA CHU — NEW YORK

BP has put bp Wind Energy, its onshore wind business in the US, estimated to be worth \$2bn, up for sale as it trims its renewables business and sells off underperforming assets.

The UK-listed oil major said it would sell the nine wind farms it owns outright and its share in a tenth in Hawaii in order to focus on Lightsource bp, the solar energy business it is in the process of buying.

BP also wrote down the value of its offshore US wind business by \$1.1bn last year after struggling to make progress on three projects on the east coast.

"Ultimately, offshore wind in the US is fundamentally broken," said the company's former renewables chief Anja-Isabel Dotzenrath last November. She left BP in April.

The new head of the gas and low carbon division William Lin said yesterday that BP's onshore wind business was "not aligned with our plans for growth in Lightsource bp" and that the company would continue "to simplify our portfolio and focus on value".

The oil major has refocused on its core oil and gas business since Murray Auchincloss became chief executive in January. Analysts expect BP to drop a commitment to reduce its oil and gas output to 2mn barrels a day (b/d) by 2030.

BP's share price has fallen more than 20 per cent in the past 12 months on fears that it will cut its earnings guidance and have to reduce its distributions to shareholders.

"BP's \$7bn annual buyback does not appear to be covered from 2025 onwards," said Kim Fustier at HSBC in a note last month as the bank downgraded the company.

The wind farms, spread across seven states, are all operational and have a combined capacity of 1.7GW, of which BP owns 1.3GW. Analysts at RBC Capital Markets said they could be worth more than \$2bn.

"This is another signal that BP is rationalising its energy transition strategy, and there are likely willing buyers for these assets that would be worth more than what is implied in the shares, which is likely close to zero," said Biraj Borkhataria, an analyst at RBC.

BP has a pipeline of another 12.7GW of onshore wind globally, but did not comment on what would happen to any of the prospective projects in the US.

The lucrative pension fund transfer trend needs urgent scrutiny

INSIDE BUSINESS

FINANCE

John Plender



There is a comfortable consensus in the UK pensions business that the funding of schemes has improved so much that they can safely move towards a so-called endgame.

This happens in two ways. One is by transferring risk to an insurer via a buy-in, or bulk annuity purchase, where a pension scheme takes out an insurance policy that pays out all commitments to its members. The other is a buyout, where the scheme transfers all its liabilities to the insurer.

The risk transfer market is hot. Actuarial consultants WTW forecast this year that 2024 would be the busiest year ever, with £60bn of bulk annuity transactions. Yet this boom is paradoxical.

The psychology is admittedly understandable after years in which sponsoring employers poured billions into their pension funds to meet burgeoning deficits. Passing on the risk of future deficits is a way of locking in a favourable funding position. Longevity risk is also transferred to the insurer. Yet there is a real question as to whether sponsoring companies and trustees have connived in what William McGrath, chief executive of C-Suite Pension Strategies, calls a damaging de-risking overshoot.

According to the Pension Protection Fund, pension schemes were in surplus in March 2023 to the tune of £359bn

with their liabilities valued at benefit levels equivalent to those of the PPF. That was a funding ratio of 134 per cent. More than 80 per cent of schemes were in surplus. On the tougher valuation basis in line with buyout market pricing, the surplus was still a sizeable £149.5bn, or 111.9 per cent.

Note, too, that past deficits were arguably a fiction — the freakish product of ultra-low interest rates after the financial crisis. This caused the value of future pension liabilities to balloon as they were discounted by lower rates. Given rates are normalising, a transfer of risk to insurers would now preclude benefits such as paying discretionary increases to scheme members and reducing company contributions. In particular, if pension funds continue to retain responsibility for meeting pension liabilities — a so-called run-on — any surpluses could be recycled into threadbare defined contribution schemes.

At the same time, a run-on allows pensions to be financed with a healthier risk appetite across a wider range of assets than insurers tolerate. That highlights the broader economic effect of transferring risk to insurers.

Graham Pearce and John O'Brien of consultants Mercer point out that the risk transfer transaction process is inefficient and costly. Most plans have to overhaul their investments in advance to satisfy the insurers' demand for a highly liquid, low-risk fixed income portfolio — only for insurers to potentially reinvest in illiquid fixed income after the transaction. Pension plans are thus denied the opportunity to earn an illiquidity premium for some time.

Insurers, they say, need to add the cost of delays in reinvesting the assets into their upfront premium pricing.

Such risk transfers reinforce the bias in the UK financial system against equity. For good measure, the Prudential Regulation Authority has been concerned that the insurance sector may have absorbed too many assets too quickly, giving rise to financial stability risks. The concentration among just nine insurers in the business also points to the risk of one-way markets.

Whether buyouts and buy-ins have offered value for money is hard to tell because the market lacks transparency. What is clear, though, is that the dramatic surge in demand is causing capacity constraints. This creates an adverse pricing environment for pension funds.

Turning the Page, a public policy focused think-tank created recently by Michael Tory, a founder of Ondra Partners, estimates that the realised profit from total risk transfers to date by defined benefit pension funds amounts to £12bn-£15bn. These profits, incidentally, include those from buy-ins by big insurers' own pension schemes.

This is a handsome reward for such a low-risk business. Given that just four players are reckoned by industry sources to account for close to 80 per cent of the market there is a clear case for the Competition and Markets Authority to cast an eye. And McGrath argues the government should adopt a windfall profit tax on the insurers.

Windfall taxes often amount to bad economics. But in this case a tiny oligopolistic group of insurers are operating in a highly distorted market where their actions impact the wider economy. This should surely give chancellor Rachel Reeves pause for thought.

john.plender@ft.com

Contracts & Tenders

Rashtriya Chemicals & Fertilizers Limited (A Government of India Undertaking)	
Administrative Bldg, Chembur, Mumbai - 400 074. CIN : L24:10MH1978G01020185	
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COMPANIES & MARKETS

Mining

BHP warns over AI's need for copper

Data centre demand will add to pressure on metal supplies, says finance chief

LESLIE HOOK

The growth of artificial intelligence will exacerbate a looming shortage of copper, a metal vital for the clean energy transition, miner BHP has warned.

The rise of data centres and AI, which requires more energy-intensive computing, could boost global copper demand by 3.4mn tonnes a year by 2050, BHP's chief financial officer Vandita Pant said.

"Today, data centres are less than

1 per cent of copper demand, but that is expected to be 6 to 7 per cent by 2050," she said. "There is a lot of copper in data centres."

BHP, the world's largest mining company by market capitalisation, expects global copper demand will rise to 52.5mn tonnes a year by 2050, up from 30.4mn tonnes in 2021 – a 72 per cent increase.

AI is reshaping energy systems as well as demand for commodities around the world.

The expectation of a shortfall of copper has triggered a race to secure access to mines, including BHP's unsuccessful £39bn bid for London-listed Anglo American earlier this year.

In July BHP, along with Canada's Lundin Mining, paid \$3bn to acquire exploration company Filo, whose assets include copper prospects.

Copper is used in a range of industries

"Today, data centres are less than 1% of copper demand, but that is [likely] to be 6 to 7% by 2050"

and products needed to meet net zero targets, including power cables, electric vehicles and solar farms. Many analysts expect a global copper shortfall in the medium to long term.

Data centres are expected to exacerbate this shortage in the shift to accommodate AI applications, which use more energy-intensive chips and increase energy needs.

"Data centres themselves are becoming incrementally less copper intensive, but getting the electricity to them, that is copper intensive," said Colin Hamilton, commodities analyst at BMO Capital Markets.

Copper is used not only to supply power to data centres but also in the cooling systems and to connect processors in the centre. However, others caution that long-term forecasts for copper in data centres are highly uncertain.

"We are trying to predict the future of

a market that we don't really know that much about," said one analyst. "We are at the dawn of AI, so how much AI will the world be using in 2050? We don't have any idea."

Weak demand in China has weighed on copper prices this year, which are trading at about \$9,207 a tonne, 15 per cent lower than their peak in May.

The copper market is in surplus this year due to poor demand, and that will continue next year as well, according to BHP forecasts, before reversing towards the end of this decade. The group warned in August that rising demand for copper "in the final third of the 2020s" could lead to a "fly-up" pricing regime as demand outpaces supply.

Technology

TikTok urges court to block law that could ban it from US

HANNAH MURPHY — SAN FRANCISCO

TikTok has urged a federal appeals court to block a law that could soon ban the app in the US over national security concerns related to its Chinese parent, arguing that the consequences of such a move would be "staggering" for free speech.

Under the law signed by Joe Biden earlier this year, TikTok will be banned in the US if it does not divest from its parent ByteDance by January 19 2025, the day before the next US president is inaugurated.

It comes as US officials have warned that Beijing could compel the parent group to share the personal information of its 170mn US users for espionage purposes or manipulate content for propaganda purposes.

During a hearing before the US Court of Appeals for the District of Columbia yesterday, Andrew Pincus, a partner at Mayer Brown representing TikTok, invoked first amendment free-speech protections in the constitution and pushed back against the argument that the app was controlled by China or had posed a national security threat.

"For the first time in history, Congress has expressly targeted a specific US speaker, banning its speech and the speech of 170mn Americans," Pincus said. "This law imposes extraordinary speech prohibition based on indetermi-

"This law imposes extraordinary speech prohibition based on indeterminate future risks"

nate future risks." The government had "not come anywhere near" proving that the law was in accordance with the constitution.

Pincus said remedies such as forcing the "disclosure" of any potential propaganda found on TikTok should be explored, rather than a full ban.

However, one judge suggested that TikTok was taking a "blinkered view" by arguing that the statute was singling out a specific company, when it was targeting those owned by foreign adversaries. Another said it was "strange" that the lawyer appeared to be asking the judges to require Congress to provide more "findings" to support the law when it had already been passed.

The outcome of the legal battle will seal the fate of an app that has exploded in popularity to challenge Meta's Instagram and Google's YouTube.

It has become a vital tool in the US election for the campaigns of Kamala Harris and Donald Trump, who have seized on it as a way to reach young voters directly.

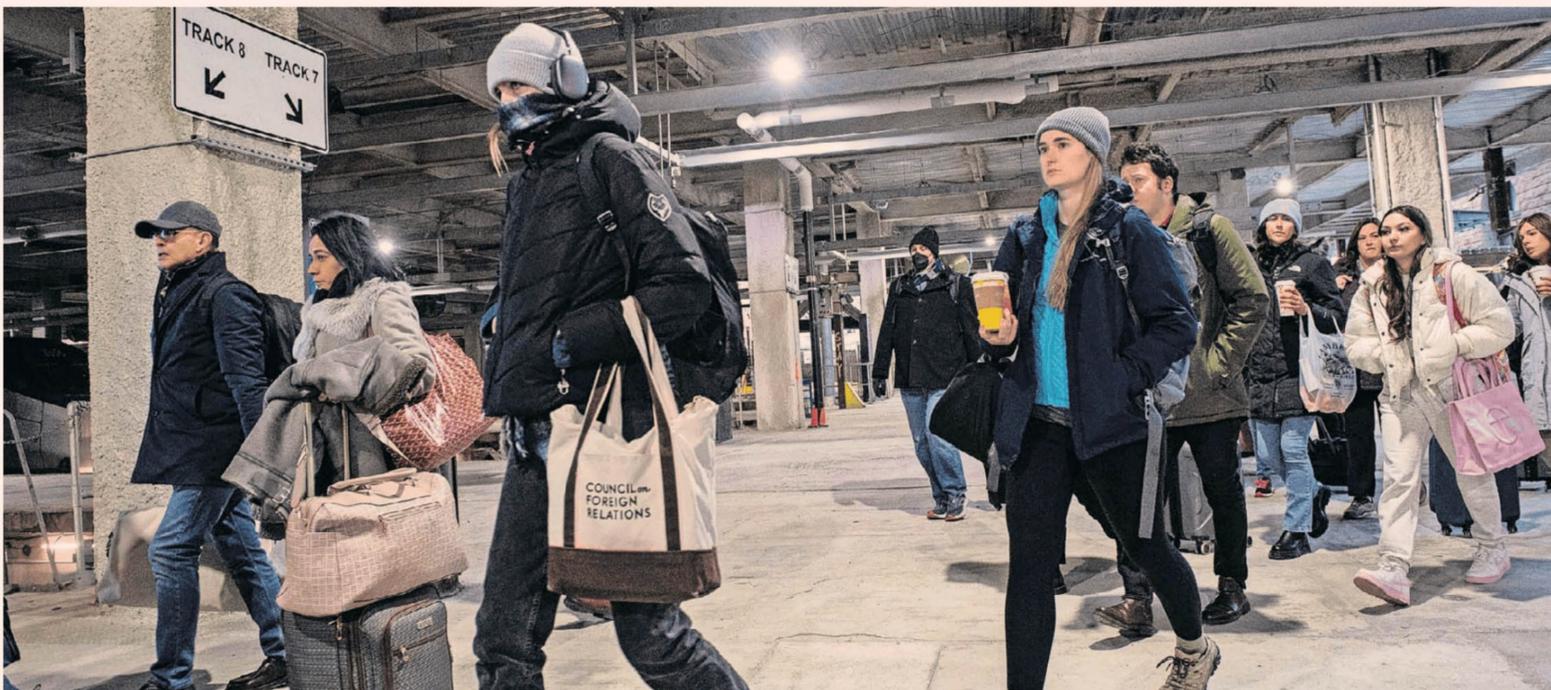
Pincus said the law was in effect a ban, arguing that a sale would be "unfeasible" because a standalone US app would not be possible.

TikTok has previously noted that Beijing has publicly said it would not allow the divestiture of platform's recommendations algorithm by ByteDance, and has export control laws that would block such a spin-off.

One issue was how much influence ByteDance exerts over TikTok in the US. Daniel Tenny, a lawyer for the Department of Justice, said there was "no dispute" that TikTok's recommendation engine was maintained and developed by ByteDance. Its data could be "extremely valuable to a foreign adversary trying to compromise the security states, knowing how what Americans patterns are, who their contacts are, where they go, who they interact with, what sorts of content interests them".

US jobs. Talent pool

Power balance shifts from workers to bosses



Ebbing demand and slowing inflation check pay rises and make staff retention easier

TAYLOR NICOLE ROGERS — NEW YORK

US companies are planning to give employees smaller annual pay increases as falling demand for workers and slowing inflation make it easier to retain staff, recruitment consultants have said. Consulting firm Gallagher said it expected wages across all industries to grow an average 3.6 per cent in 2025 based on its surveys of US employers, down from 4 per cent in 2024.

"We saw a spike in 2022, and since then they have attempted to try to get back to some more standard practices of business," said Kevin Talbot, national managing director of Gallagher's compensation service.

Employers felt less pressure to offer big raises to stop staff from quitting, said remuneration consultants and workers.

US job openings declined to their lowest level in more than three years in July at 7.7mn, as demand for workers subsided. US employers added fewer jobs than economists had expected in August.

The shift in the labour market has also allowed companies to increase their

demands of workers as the balance of power in the labour market switches from employee to employer, letting go underperforming staff and forcing remote workers back into the office earlier this year.

It contributed to what Tom Bowen, an economist at payroll software maker Gusto, called a "notable decline" in pay growth.

Jocelyn, a New York-based marketing executive, said that her bosses denied her request for a raise earlier this month. Her manager said that the agency was still discussing its remuneration budget for next year and some cli-

More employers are letting go staff who underperform and forcing remote workers back into the office earlier

Joseph Prezioso/AFP/Getty

ents still had not signed their scope of work for 2025.

"I got a small 'good job bonus' but it is not the same as a raise," Jocelyn said.

Employers gave large pay rises in 2022 and 2023 as they struggled to recruit and retain staff amid a labour shortage spurred by the pandemic. Many companies offered referral and retention bonuses in addition to substantial rises, pushing median year-over-year growth in hourly wages to a peak of 6.7 per cent.

Wages have grown 23.3 per cent on average since the start of the pandemic, outpacing a 21.2 per cent rise in consumer prices.

But companies had tried to slow the pace of pay increases since, Talbot said.

Rising costs for healthcare benefits were eating into groups' remuneration budgets, said Johnny Taylor, chief executive of the Society for Human Resource Management.

The average cost of health insurance premiums rose 7 per cent between 2022 and 2023, bringing employers' average contribution to \$17,393 for family coverage, per KFF.

"If there is anything that is keeping [human resources professionals] up at night, it is: how do you say to your superstar who has gotten 5 to 6 per cent over the last few years that they are now going to get 2?" Taylor said.

"How do you say to your superstar who has gotten 5% to 6% over the last few years that they are going to get 2%?"

However, Talbot said that his clients were not bracing for pushback from employees.

"I think the willingness of employees to push back is proportional to what they see their opportunities are for jobs elsewhere, and because the job market is not as hot as it was, there is more willingness to accept something in the 3 per cent range than to push for double-digit increases," he said.

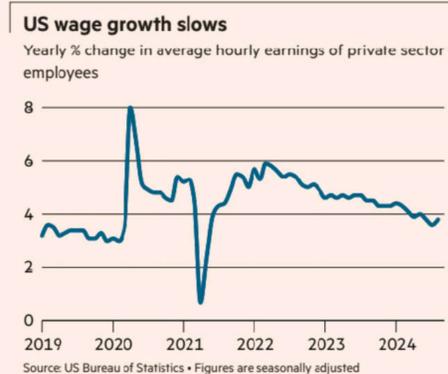
Some workers are receiving outsized raises, however. Talbot said that Gallagher's surveys found that healthcare companies were budgeting the most pay rises, driven largely by demand for nurses.

Kate Duchene, chief executive of consulting firm RGP, said her clients were still willing to pay up to retain workers with expertise in data management and tech implementations.

"Beyond these highly in-demand skill sets, I think large companies are taking a more bespoke approach in this environment as average wage inflation has moderated a bit," Duchene said.

One Wall Street analyst who works on economic modelling software said she received two increases this year, a small one that was given to her whole team in March and a promotion earlier this month.

"Getting any pay bump this year was a little surprising for everyone," she said.



Pharmaceuticals

Pfizer sounds alarm on Biden price controls

OLIVER BARNES — NEW YORK
IAN JOHNSTON — BARCELONA

Pfizer's oncology chief has warned that the Biden administration's drug price reforms could hurt development of cancer treatments targeted at children or patients suffering from rarer forms of the disease.

In August, the US government unveiled \$7.5bn of cost savings for taxpayers from the first 10 drugs eligible for price negotiations with Medicare, the state-backed healthcare programme for over-65s, as part of the sweeping changes introduced by the Inflation Reduction Act.

Chris Boshoff, Pfizer's chief oncology officer, an advocate of Pfizer's \$43bn acquisition of Seagen last year, said the threat of price negotiations for cancer medicines changed the economics of studying the drugs for paediatric cancers or rarer disease forms.

He added: "There may be less incentives to develop a rare indication or paediatric indication because, especially as you close into the IRA date, why would you then start a large phase-three programme or large

"There may be less incentives to develop a rare indication or paediatric indication"

complex programme for a small indication when the return on the investment . . . would be single digits?"

But Boshoff said that Pfizer had not deprioritised certain programmes because of the IRA drug-pricing changes, which makes small-molecule drugs eligible for negotiations after nine years and more complex biologic medi-

cines eligible after 13 years. Pfizer was only hit with price controls on one of its drugs – Eliquis – in the first round of negotiations.

But during the next round of negotiations, up to three Pfizer drugs might be targeted, according to analysts.

Moreover, Pfizer's new cancer drugs acquired through its Seagen acquisition – eight of which are expected to achieve blockbuster status of \$1bn in sales by 2030 – will not be affected for several years.

Boshoff's comments came as Pfizer's multibillion-dollar bet on oncology with the takeover of Seagen, a specialist in antibody drug conjugates, a new targeted form of chemotherapy, begins to pay off.

Boshoff said next year would be "critical" for Pfizer's push into cancer as it launches late-stage trials in lung and breast cancers.

Technology

Swedish PM rules out rescue of Northvolt

RICHARD MILNE
NORDIC AND BALTIC CORRESPONDENT

Sweden's government has ruled out a financial rescue of Northvolt as the country's green battery start-up fights for survival.

Ulf Kristersson, the centre-right prime minister, said yesterday that Sweden wanted to position itself as a leading country for the green transition with new companies such as Northvolt and H2 Green Steel supplying groups such as Volvo Cars and Atlas Copco.

But he said: "There is no question of the Swedish state going in and becoming a shareholder. Right now, the ball is in the court of Northvolt's shareholders."

The Swedish battery group is Europe's great hope of fighting back against the likes of CATL and BYD of China, Panasonic of Japan, and Tesla of the US in leading the battery sector.

Despite becoming the first company in Europe to produce a cell from a home-grown gigafactory in late 2021 at its factory in Skellefteå just below the Arctic Circle, Northvolt has grappled with scaling up its production.

Ulf Kristersson declared that there was 'no question of the state going in and becoming a shareholder'



The group is desperately seeking to raise fresh capital as it focuses on its first gigafactory. It will cut jobs, close part of the Skellefteå factory and examine delays for three other planned plants in Sweden, Germany and Canada.

But after raising more than \$15bn since its launch in 2017 – the most of any privately owned start-up in Europe

– Northvolt is struggling to gain backing for its latest fundraising amid concerns about the outlook for electric vehicles and intensifying worries about the company's financial position.

Carmakers including Northvolt's biggest investor Volkswagen and Volvo Cars have sounded the alarm on the slow pace of EV sales. BMW cancelled a \$2bn contract with Northvolt this year in frustration at delayed deliveries.

Northvolt executives have argued that the group has enjoyed relatively little state support from Sweden, unlike the generous backing from Germany and Canada, with much of it coming in the form of loan guarantees. "It's not like we're dependent on a vast amount of subsidies from Sweden," said one.

Northern Sweden has become a hub for the green transition thanks to the abundance of renewable electricity in the region.

COMPANIES & MARKETS

Sellers of alternative assets vie to do business with rich retail clients

Push raises concerns over risks of marketing illiquid and hard-to-value products to inexperienced buyers

BROOKE MASTERS — NEW YORK

The race is on to sell unlisted assets to wealthy individual investors.

BNY, the custody bank, yesterday announced plans for a platform that makes it easy for financial advisers to buy and manage investments for their clients in a number of products from private equity, private debt and infrastructure firms.

It comes on the heels of three much-trumpeted partnerships between traditional asset managers and alternative investment firms that take aim at the rich end of the retail market. Tie-ups between BlackRock and Partners Group, and State Street and Apollo, were announced last week, while Capital Group and KKR struck a deal in May.

The firms are trying to hitch their wagons to a fast-growing area that can generate hefty fees. They are also adjusting to a shift in which more companies have delayed or forgone public listings while non-bank lending has expanded.

"For an investor who wants to own the whole market, more and more of the market is private," said Brian Moriarty, strategist at Morningstar, the fund research firm.

So far, the investors in private markets have overwhelmingly been pension funds, endowments and other institutional investors. While many have racked up gains, they are starting to limit or even trim exposure to alternatives.

Just 13 per cent of alternative firm assets came from retail clients in 2023, but that share is expected to rise to 23 per cent by 2026, according to data firm Cerulli. By 2028, advisers are expected to be managing \$3.6tn in alternatives for their individual clients, up 50 per cent from \$2.3tn last year.

Traditional asset managers and financial infrastructure companies want a piece of that pie. They also want to hang on to their customers as they move into new markets. So they are partnering with alternative shops to find solutions.

"This is something that the market is asking us for," said Holly Framsted, Capital Group's global head of product development. "We are aiming to create a new space here and a new category for wealth investors."

Analysts and investor groups point to risks and challenges. They are concerned about the implications of selling assets that are inherently illiquid and hard to value to retail investors, who are used to uniform disclosure and easy access to their money.

Not only are many of the offerings untested in volatile markets, but private fund fees have historically been complex and much higher than traditional mutual and exchange traded funds.

"Investors need to understand that the private markets don't have the same degree of transparency, and the whole structure is different," said Ben Schiff-



Custody bank BNY has plans for a platform that makes it easy for advisers to buy and manage investments for clients in products from private equity, private debt and infrastructure businesses

Jeenah Moon/Bloomberg

frin, director of securities policy at investor protection group Better Markets.

One early private market success story, Blackstone's Breit real estate fund, pulled in tens of billions of dollars from individual investors but then had to limit withdrawals for months when redemption requests exceeded monthly caps.

The various new ventures are experimenting with different ways of giving retail investors access to the higher returns that private assets can provide without sacrificing all of the liquidity and investor protections that retail investors expect from public securities.

When it launches this autumn, BNY's platform will allow registered investment advisers and independent broker dealers to buy, value and manage alternative investments. It has signed up nearly two dozen private market specialists and arms of larger groups including Carlyle, Blue Owl, Franklin Templeton, Invesco and Goldman Sachs.

"We are going to be the intake valve to the wealth community, and hopefully bring the same sorts of methodologies and rigour that you expect in public markets into private markets," said

Akash Shah, BNY's chief growth officer. The goal was "to give the clients a true sense of what they are exposed to and how".

State Street has filed for US regulatory permission to sell an ETF that holds both public and private debt sourced from Apollo. The structure would be groundbreaking because ETFs offered daily trading but some of the underlying assets could be hard to sell, analysts said. The sponsors said in the application that Apollo had signed up to buy and sell the private debt when the fund needed to redeem or add more shares.

"This could work... but that requires a size, liquidity and market depth that who knows if it exists or who knows if it disappears one day," said Moriarty.

BlackRock and Partners Group took the leap on their offering after Partners chief executive Dave Layton went to the annual Milken conference this spring and was astounded by all the talk of selling private assets to individuals. They plan to offer financial advisers packages of investments, known as model portfolios. That can be used to give clients diversified exposure to alternatives that can be adjusted rather than putting all their money in a single fund.

'We are going to be the intake valve to the wealth community [and] give the clients a true sense of what they are exposed to and how'

Akash Shah, BNY

"When you see a rush of product sales into a hot category, it often doesn't end well for the clients. What we are trying to do is provide a more disciplined approach that we can look back on and be proud of," said Mark Wiedman, head of BlackRock's global client business.

That approach had potential pitfalls, analysts warned. "Model portfolios are a new frontier... Managers must work through the key challenges of rebalancing the underlying illiquid exposures and ensuring adviser understanding of limitations," said Daniil Shapiro, Cerulli's director of product development.

The Capital/KKR project involves launching a suite of products in the first half of next year that combine bonds managed by Capital with private debt managed by KKR into interval funds that offer periodic chances to sell rather than daily trading.

"Education is hugely important," said KKR partner Eric Mogelof. "It's really important for advisers and their investors to fully understand the structures... how they work, how they could help investors, what the liquidity conditions are, and obviously understanding the overall risks as well."

Financials

Insight close to \$10bn fund after venture deals pick up

GEORGE HAMMOND — SAN FRANCISCO
IVAN LEVINGSTON — LONDON

Insight Partners is on the verge of closing a \$10bn-plus fund, roughly half the sum it had targeted but a sign that tech investors are cautiously returning to a venture market that has been battered over the past two years.

The New York venture capital firm would not formally close its 13th fund until early next year, but at least \$10bn had been committed, according to people with knowledge of its plans, and the final figure might be closer to \$12bn.

Tech investors are tentatively returning to a market that has turned down since 2022. Andreessen Horowitz, Thrive Capital and Iconiq Growth have raised almost \$20bn between them in the past six months.

General Catalyst was near closing a fund of more than \$6bn, according to a person with knowledge of the matter.

The vehicles signal growing confidence among larger VCs that they can profit despite a dearth of IPOs. The drought has prevented VCs from returning capital to their backers, institutional investors and endowments known as limited partners, a precursor to their raising new funds.

But a pick-up in dealmaking has eased the pressure. Two Insight portfolio groups have been acquired in the past week, with Mastercard buying Recorded Future for \$2.65bn and Salesforce buying Own for \$1.9bn.

VCs have sought creative ways to eke out liquidity.

Insight, with more than \$80bn in assets under management, was using a private-equity-style structure to sell more than \$1bn worth of start-up stakes and free up cash to return to investors, according to a person with knowledge of the plans.

The firm has set up a continuation fund, which allows LPs to sell their positions in portfolio companies to other investors while letting Insight retain its share of the underlying company.

One start-up in the fund is cyber security business Wiz, which abandoned a planned \$23bn acquisition from Google in July, according to the person.

But \$10bn is a substantial reduction on Insight's previous \$20bn fund, raised in 2022, and is half of the target the firm set when it began talking to investors in June of that year. Last year Insight cut its target from \$20bn to \$15bn, having raised just \$2bn from investors.

"They have had to take their medicine. The whole market has," said a New York venture capitalist.

Insight declined to comment. Insight backed Wiz, Checkout.com, HelloFresh, Twitter and collapsed crypto exchange FTX.

It has reined in spending over the past two years, but the pace of dealmaking has increased in recent months.

Insight had invested in more than 15 companies this year, according to a person with knowledge of its activity.

Financials

Taiwan's regulator paves way for \$16.6bn bank merger by blocking hostile takeover

KATHRIN HILLE — TAIPEI

Taiwan's financial regulator has blocked a hostile takeover of financial group Shin Kong, clearing the way for it to merge with rival Taishin Financial Holdings in a \$16.6bn friendly deal.

The Financial Supervisory Commission's move to block the hostile bid by Chinatrust, the country's third-largest financial holding company, came after Taishin's president warned that it could undermine the banking sector's ability to support the globalisation of Taiwanese tech companies.

The FSC said yesterday that Chinatrust had failed to show how it would handle potential shareholder battles if its tender offer did not result in the acquisition of a controlling stake and that this raised concerns over the maintenance of order in the financial market.

The commission also said Chinatrust had not been able to demonstrate a thorough understanding of the financial situation of Shin Kong's life insurance business.

In an earlier interview with the Financial Times, Taishin's president Welch Lin had called on the regulator to block the Chinatrust bid, saying his group's agreed merger with Shin Kong was the best way to enable Taiwan's banks to help technology companies globalise.

"Our overbanking situation is terrible, terrible," Lin said, pointing to Taiwan's 37 banks, 21 life insurers and more

than 50 securities brokerages in a market of just 23mn people.

"There are now already many Taiwanese companies like [chipmaker] TSMC who are global companies but our financial institutions are not big enough to go global to support them," he added. "So the government should encourage mergers and acquisitions to create a few national champions. And if you want [that], the regulator should not encour-

Taishin said its agreed deal with Shin Kong was the best way to help Taiwan's tech industry globalise

age tender offers in replacement of friendly M&A."

Taishin would acquire 100 per cent of Shin Kong through a share swap under a deal agreed by the two groups last month.

A day after their boards approved the merger, Chinatrust offered 30 per cent more per share in a part-cash deal for between 10 and 51 per cent of Shin Kong shares.

To fend off the rival Chinatrust bid, Taishin last week raised its offer by 25 per cent. Driven by gains in Taishin shares since then, the value of the merged entity rose to NT\$529.1bn (\$16.6bn), Taiwan's largest-ever financial sector M&A deal.

UBS is advising Taishin, Morgan Stanley is advising Chinatrust and Goldman Sachs is advising Shin Kong.

The battle was the first serious test of 2018 rules allowing hostile takeover bids in Taiwan's financial sector.

Under that law, the financial regulator still needs to vet such unsolicited offers. Chinatrust can only formally make its tender offer to Shin Kong shareholders after the regulator's approval.

Lin's comments on the Shin Kong battle highlight the challenge for Taiwan's financial industry at a time when competition with China has prompted the US and its allies to "reshore" industry, prompting Taiwanese manufacturers to launch an unprecedented global investment and acquisition spree.

The bidding war for Shin Kong had also laid bare the fierce rivalries between the families that still dominate much of Taiwan's corporate landscape.

Shin Kong and Taishin are controlled by different brothers from the Wu family, one of the country's wealthiest clans. Chinatrust belongs to one branch of the Koo family while two other Koo siblings control smaller China Development Financial Holdings and leasing company Chailasee.

Taking over Shin Kong would have made Chinatrust Taiwan's largest financial group. If Taishin's bid is approved at extraordinary shareholders' meetings on October 9, it will create a fourth top-tier group almost the size of Chinatrust.

Financials

Private lenders win their battle to stop Visi Media's court appeal over \$560mn debt claim

A. ANANTHA LAKSHMI — JAKARTA

Indonesian courts have ruled in favour of international lenders battling a media company over a \$560mn debt claim, in a case illustrating the risks faced by private creditors in the south-east Asian country.

Visi Media Asia, a subsidiary of the powerful conglomerate Bakrie Group, has sought to exclude a group of private creditors from participating in a court-supervised debt restructuring process and had challenged court rulings favouring the lenders.

The group of over 10 creditors including UBS, Hong Kong-based Tor Investment Management and US alternative credit investor Varde Partners, defeated a recent attempt by Visi to escalate the case to the country's Supreme Court, paving the way for them to vote on any restructuring deal, according to a court document seen by the Financial Times.

"We hope that the Bakrie Group engages in good faith and constructively in the restructuring discussions which we will now be voting on," said a spokesperson for some of the lenders. Visi did not respond to a request for comment.

The dispute comes as Indonesia has been attracting billions of dollars in foreign investment as a result of its vast nickel reserves, which have made it a critical partner in global energy transition efforts.

There have been several high-profile

cases of foreign lenders struggling to recoup their money in Indonesia. Domestic courts have in the past excluded international creditors from restructuring processes by denying them the right to vote on proposals.

In a rare move, the Commercial Court in central Jakarta ruled in favour of Visi's foreign lenders in July and August, asking the media company run by founder and president director Anindya Novyan Bakrie, the son of businessman and politician Aburizal Bakrie, to recognise the claim from the creditors.

Visi challenged the ruling by filing a request with the court registrar in late August for an appeal against the decision to be heard by the Supreme Court, according to the international lenders.

Visi is "manipulating legal rules," said the group of private creditors in an August letter to various courts and legal



Anindya Novyan Bakrie: founder and president director of Bakrie Group

agencies in Indonesia urging against the escalation of the case to the Supreme Court. "This manipulation has clearly damaged the legal framework and business law in Indonesia and set a bad precedent," said the letter.

In response, Indonesia's directorate general of general courts ruled that the request filed by Visi "does not meet the formal requirements" and will not proceed to the Supreme Court, according to a court document dated September 6.

While Visi has failed in its attempts to challenge the rulings, there remains a possibility that it could try other legal measures to exclude the private creditors from the restructuring deal.

"We hope that the incoming government takes note of the significant damage being done to Indonesia's prospects for foreign direct investment," said a spokesperson for the lenders.

President Joko Widodo is set to hand over the presidency to Prabowo Subianto on October 20. Prabowo, a former military general who won an election this year, has promised to focus on investor-friendly policies and has set at target to boost economic growth to 8 per cent from its current 5 per cent.

Visi first incurred the debt in 2013 when it took out a loan worth \$230 million, which was then refinanced in 2017. The lenders have said Visi defaulted on the loan in 2018.

Additional reporting by Diana Mariska in Jakarta

COMPANIES & MARKETS

Sport

EU urged to scrutinise MotoGP deal

Chair at Formula E warns move threatens to hand Liberty 'significant' clout

SAMUEL AGINI

A power broker in motorsport has called on Brussels to demand concessions from the owner of Formula One ahead of its proposed €4.2bn takeover of elite motorbike series MotoGP.

Alejandro Agag, co-founder and chair of electric car series Formula E, warned that the deal threatened to hand US group Liberty Media "very significant" power with broadcasters when negotiating media rights deals.

The US group agreed a €4.2bn takeover of MotoGP in April. It is hoping to emulate its success with F1, which has boomed in popularity thanks to the *Drive to Survive* series on Netflix and new races in Miami and Las Vegas.

"From the point of view of competition law, I think there are significant challenges," Agag said.

"The leverage that this merger will give the resulting entity in terms of negotiating with broadcasters will be significant, and I think the European Commission will look very carefully at this deal."

Agag, who also founded off-road racing competition Extreme E and electric powerboat series E1, stopped short of

saying that the takeover must be blocked but called for "proper remedies to guarantee fairness in the market".

He expressed concern despite the link between Liberty Media and Formula E's main shareholder, Liberty Global.

Telecoms and media tycoon John Malone chairs both Liberty Global and Liberty Media – which are separate public companies with different leadership teams – with shares that grant him significant voting rights in each group.

Liberty Global, which took a controlling stake in Formula E in June, declined to comment.

Agag, a former member of the European parliament, made the comments in a personal capacity.

Formula E said: "As a former politician Alejandro has a strong personal interest in antitrust issues and was expressing his own views. We generally don't comment on prospective deals."

Liberty Media hopes to complete the MotoGP takeover by the end of the year. Liberty Media is preparing to file the deal for scrutiny by Brussels in the coming weeks, said people with knowledge of the matter.

F1 has been owned by Liberty Media since 2017 after it acquired the car racing series in an \$8bn deal from CVC Capital Partners.

European regulators have previously required that F1 and MotoGP be owned separately.

When CVC bought F1 in 2006, the commission approved the deal on condition that the private equity firm sell the motorbike series.

Liberty Media chief executive Greg Maffei previously said that he was "very confident" that the deal would gain approval. "We're certainly not going to be trying to merge and sell the product in the TV market as one," he said.

Liberty Media said: "There is a very large and growing market for audiovisual entertainment well beyond sports, and this transaction will enhance MotoGP's ability to compete in this highly competitive market."

Additional reporting by Javier Espinoza

Sport. Vehicle engineering

F1 star designer hopes for further run of success

Fans are eager to see whether Newey can repeat his Red Bull triumphs at Aston Martin

SAMUEL AGINI

During a career spanning more than 40 years and 25 world championships, Formula One engineer Adrian Newey has shown his talent for turning "mad ideas into reality" in building elite racing cars.

In a sport known for technical precision, Newey's approach has been to ask four questions repeatedly. "How can we increase performance? How can we improve efficiency? How can we do this differently? How can I do this better?" he wrote in his 2017 memoir.

A master of aerodynamics, Newey is a rare car designer celebrated in a sport where gladiatorial drivers dominate screen time. When the 65-year-old revealed his intention to leave reigning champions Red Bull this year, the speculation quickly went into overdrive. However, nobody thought retirement would appeal to a man once described by F1 legend Frank Williams as "more competitive than his drivers".

In joining the Aston Martin F1 team as its managing technical partner, Newey is putting his reputation back on the line. All eyes are on whether he can repeat his success at a fourth team and to justify further his status as an industry legend as well as his annual pay package north of £20mn.

"He had alternatives. He could be sailing. He has taken the opportunity to join with Lawrence Stroll to try and repeat [his success]," said Eddie Jordan, the former F1 team owner and Newey's manager.

By hiring Newey, billionaire Stroll has signalled his determination to win championships in historical British racing green.

"I can tell you, Adrian is a bargain," Stroll said. "I've been in business for over 40 years now, and I've never been more certain. It's not an investment. He's a shareholder and a partner."

Newey, who officially starts at Aston Martin next year, has also been given equity in the F1 team in a move that he describes as having "skin in the game".

However, his price tag, which is more than what many drivers and even some top football players earn, has raised eyebrows among some F1 insiders. Others question his recent contribution to the Red Bull's recent success, pointing to the strength of the team, including its technical director Pierre Waché.

The matter of credit for Red Bull's



Adrian Newey will be paid more than £20mn a year to design cars for his fourth F1 team. Below, mechanics work on Aston Martin driver Fernando Alonso's car

Michael Ports/BSR Agency/Getty Images; Caroline Chai/Pool/AFP/Getty Images



success reared its head last year, when Newey's wife Amanda posted: "What a load of hogwash" on social media in response to an article in Motorsport that touched on how Red Bull's technical prowess had evolved.

Growing up in Stratford-upon-Avon, Newey picked up a passion for four wheels and engineering from his veterinarian father, who worked on cars in his garage. Newey would sketch out his own racing car designs. By 12 he knew he wanted to design the cars for a living.

Attracted by a wind tunnel used by F1 teams, he studied aeronautics at the University of Southampton, reasoning that race cars are more like aircraft.

Newey was a pivotal influence as the sport embraced the importance of aero-

dynamics in performance, with the "downforce", the vertical air that pushes cars downwards, increasing grip and speed around corners.

He wrote his name into F1 lore at Williams and McLaren for his role in championship-winning cars in the 1990s. He also experienced tragedy with the crash that resulted in the death of legendary Brazilian driver Ayrton Senna in a Williams car in 1994.

Newey was hired by the late Dietrich Mateschitz, billionaire co-founder of Red Bull from McLaren soon after he bought the old Jaguar F1 team in 2004. The team went on to win both championships – drivers and constructors – four years running from 2010-13.

After seven years of Mercedes domination, Red Bull returned to the front of the grid in 2021, when Max Verstappen controversially won the drivers' championship from Lewis Hamilton. Its RB19 last year was one of the most dominant F1 cars ever, winning 21 of 22 races.

Newey's potential at Aston Martin is not the only reason the sport has been gripped by his move. F1 supporters will also be watching how Red Bull will adjust following disruption this year when a female employee accused team boss Christian Horner of inappropriate behaviour. Horner was cleared after an investigation.

'If he can't get [Aston Martin] out of the midfield to the front end, I'd be astonished'

Damon Hill

The engineer, who still uses a pencil to sketch, will lead Aston Martin's drivers – double world champion Fernando Alonso and Stroll's son Lance – in turning a middling outfit into champions. Since Stroll rebranded the team, Aston Martin has finished seventh, seventh and fifth in the championship.

He will also need to tackle the next F1 regulatory overhaul in 2026, which requires the construction of an all-new generation of F1 car, more agile with revamped aerodynamics.

The designer will have the freedom of a newly built F1 factory and wind tunnel. Honda, which helped to drive Red Bull's recent championships, has signed up to supply the engine.

Damon Hill, who drove a Newey-designed Williams to championship victory in 1996, said the designer has a special understanding of what drivers need.

"He understands the car is a tool for the driver and it's no good creating a beast nobody can drive," Hill said. "He actually understands your bum is in that seat and if it spooks you, it's not going to be good."

While Hill likens F1 to an "unexploded bomb" that can "explode in your face", he says Newey's experience means he is ready. "If he can't get [Aston Martin] out of the midfield to the front end, I'd be astonished," he said.

Other fashion labels have publicly ditched Xinjiang cotton, even though experts say that in practice it is very difficult to completely eliminate it from supply chains.

Byrne said if a Labour government wanted closer trade ties with the US government, it needed to raise standards on such issues. "We are not going to get closer with the US on trade until we match the new US benchmarks on labour and environmental standards," he said. That included making sure critical minerals imported into Britain also met those standards, he said.

Earlier this month, business secretary Jonathan Reynolds told the Commons that, under the Modern Slavery Act, any business with revenue more than £36mn had to make sure there was no slavery in its supply chains. "Where there are specific allegations, I will look at those... it is an area where we have existing legislation and indeed we would go further if that was required."

Energy

National Grid blames old kit for 'skipping' clean power from batteries

PILITA CLARK AND RACHEL MILLARD

Ageing computer systems and an outdated electricity network means National Grid is often unable to use batteries designed to deliver cheap green power, it has admitted.

Batteries are overlooked by Britain's network operator up to 30 per cent of the times when they are cheaper than other power sources, Craig Dyke, from National Grid's electricity system operator, said. "We do still acknowledge we still have more work to do," he said, blaming a range of technical factors including outdated computer equipment and not enough cables to send electricity to where it is needed.

The company, which also operates in the US, has plans to lower the rate at which batteries are sidelined to single figures by early next year, he said.

Dyke's comments came in response to a letter from four leading battery storage groups who said National Grid's electricity system operator or ESO division was making the country's power costlier and dirtier by failing to use their technology properly.

"Consumers are paying more, clean renewable energy is being wasted and fossil fuel generation is being used instead," they said.

The groups claimed batteries are

'Consumers are paying more, clean renewable energy is wasted and fossil fuel [output] used instead'

being overlooked up to 90 per cent of the time in a way that favours gas-fired power plants that emit tonnes of carbon dioxide and can be more expensive to run. Dyke said the ESO had investigated the 90 per cent claim and found it to be valid at one battery unit on one day.

The four groups are Zenobe, backed by global infrastructure giant KKR, Field Energy, Harmony Energy and Eel Power. The dispute highlights the challenges facing Ed Miliband, the energy secretary, as he tries to hit his government's target to cut emissions from electricity generation to net zero by 2030.

Although the UK is the world's second largest offshore wind market after China, its wind farms are wasted when it is too windy and the grid cannot send their power to where it is needed.

When this happens the ESO pays wind farms in one place to switch off – something called "constraint periods" – and can also pay gas-fired power plants in another area to turn on. These payments add up to hundreds of millions of pounds each year, and the costs are passed on to consumer energy bills.

Batteries store excess green power and release it when needed. The companies argue that using batteries can be cheaper and can limit carbon emissions from gas plants.

Successful governments, eager to make the UK a battery storage pioneer, have encouraged developers to build battery storage facilities across the country over the past decade.

However, the companies say the ESO is consistently underusing or "skipping" batteries, depriving them of revenue and undermining investor confidence.

"Even when batteries are the cheapest and fastest solution to meet the needs of the GB grid, the ESO favours more expensive options too frequently," the companies say in the letter.

Retail

Shein faces greater political scrutiny of its labour practices ahead of planned London IPO

JIM PICKARD AND EMMA DUNKLEY
LONDON
ELEANOR OLCOTT — BEIJING

The Labour chair of the business select committee has called on his own government to prohibit the import of products made by forced labour in the Chinese region of Xinjiang as he called for greater scrutiny of Shein's potential listing in London.

Liam Byrne, a former minister, told the Financial Times that he would like to see a British version of the Uyghur Forced Labor Prevention Act introduced in the US in 2021.

The Chinese-founded fast-fashion giant, valued at \$66bn during the latest funding round, has disrupted the garment industry with its model of shipping cheap clothes directly from factories in China to western shoppers.

Shein launched its plan for an initial public offering at the end last year at first targeting New York but shifted to

London after being rebuffed by US regulators. Shein is still waiting for Chinese regulators to give approval to list overseas – they are unhappy with its move to loosen ties with China, according to people familiar with the matter.

Byrne, who was this week re-elected as chair of the House of Commons' committee that scrutinises business policy, had hoped to call Shein executives to a session in July along with other Chinese companies, including TikTok but that was postponed because of the general election.

The new committee has not yet been assembled but it remains a personal priority for Byrne to summon the executives to be grilled by the committee.

Shein told the FT it had a "zero-tolerance policy" regarding forced labour. "Visibility across our entire supply chain is of the highest importance to us and we are wholly committed to respecting human rights. To comply with applicable laws, we not only

require that our contract manufacturers only source materials from approved regions but we also verify this independently," it said. A person close to the company said a lot of its cotton came from Australia and increasingly the US.

Shein also partners with Oritain, a company that tests the origin of its cotton supply chains.

Oritain found that in November 2023 less than 2 per cent of Shein's cotton tested positive for unapproved cotton – lower than the industry average.

Byrne said he met representatives from the New York Stock Exchange earlier this year where they discussed the Shein listing. "They said it was clear there were some due diligence issues that hadn't been cleared," he said.

"My view is that we don't have a Uyghur Forced Labor Prevention Act in Britain and therefore it's incumbent on ministers to satisfy themselves that Shein passes the highest standards on forced labour protections," he said.

"That is something a Labour government might want to address."

The US act created a taskforce to stop imports of goods manufactured wholly or in part in Xinjiang, which is a major source of cotton and where they allege widespread use of forced labour.

Shein has privately tried to convince western politicians and regulators that it does not use cotton from the region while shying away from saying so explicitly for fear of angering Beijing.



The fast-fashion group says it has 'zero tolerance' of forced labour

James Alexander, chief executive of the UK Sustainable Investment and Finance Association, welcomed potential parliamentary scrutiny of Shein.

"Strong governance standards and safeguards for shareholders have been an important part of the London market's success in recent years," he said.

The EU this year approved a ban on products made with forced labour entering its market, which will take effect in three years.

It covers the world rather than just China and British companies selling to the EU will need to comply.

Campaign group Say No To Shein, which is backed by figures including former Green MP Caroline Lucas and retail entrepreneur Mary Portas, welcomed Byrne's comments but said they had wider concerns about the company's business model, including its environmental impact.

Additional reporting by Laura Onita and Andy Bounds

COMPANIES & MARKETS

Equities. Lacklustre issuance

Hong Kong still feeling the chill as aircon maker Midea floats



Secondary listing worth \$4bn does not signal revival in city's public offerings, warn analysts

ARJUN NEIL ALIM — HONG KONG

Home appliance maker Midea is set to raise about \$4bn in a secondary listing in Hong Kong but the market's biggest debut in more than three years does not yet signal a broader revival in public offerings, according to analysts.

The amount raised by the manufacturer of fridges and air conditioning units will provide a much-needed boost to some dire numbers with Hong Kong and Chinese mainland markets mired in one of their worst years for listings in the past decade.

The company, headquartered in the southern province of Guangdong and already listed over the border in Shenzhen, closed its book in Hong Kong a day early on Thursday.

Its share offering had been multiple times subscribed, according to people familiar with the listing.

Shares were priced at the top of the range at HK\$54.80 and the number being offered was increased ahead of its market debut on Tuesday.

Industry insiders said one successful listing by a mainland Chinese company with a strong international brand would not be sufficient to shift the narrative on the Hong Kong market.

"I wouldn't take it as a broad commentary on a new IPO cycle," said Zhikai Chen, head of Asia Equities at BNP Paribas Asset Management. "This

is very specific to a market champion in the white goods space."

Midea, which bought German robotics maker Kuka in 2017, has about 40 per cent of its sales outside China.

The Midea float is the territory's largest since short-form video app Kuaishou's in January 2021.

Its Shenzhen shares traded at a roughly 21 per cent premium to the Hong Kong listing price at Friday's close and they were the seventh-most traded security through Hong Kong's Stock Connect link to mainland exchanges in August, according to HKEX data.

One person familiar with the process cautioned that an "A to H" listing — in which a mainland China-listed company launched a secondary listing in Hong Kong — did not necessarily herald a reopening of the IPO pipeline, although it was a positive step.

HKEX said at the end of June that it had 107 active IPO applications.

"It's unknown whether Hong Kong

could absorb that much paper," the person added, referring to market liquidity.

They noted the participation of foreign buyers, adding: "It also shows that global investors are not out of China."

Jason Lui, BNP Paribas Head of Apac equity and derivative strategy, said: "It's a welcoming sign that Hong Kong can accommodate those kinds of large scale [listings]. It is also issuing at a discount to the onshore price [in Shenzhen, its primary listing], so there is a valuation appeal to institutional investors."

Tim Wang, partner and chair of law firm Clifford Chance's China practice, said they were seeing "strong interest in companies from mainland China to list in Hong Kong".

Cornerstone investors in the Hong Kong listing, who have to hold the shares for at least six months, include carmaker BYD, UBS Asset Management and Cosco Shipping.

They had committed about \$1.6bn to the offering, according to a term sheet

Factory setting: Midea, the manufacturer of fridges and air conditioning units, bought a robotics maker in 2017

Jade Luo/AH-17/Getty Images

seen by the Financial Times. Hong Kong's equity market fell behind India's in terms of total share value for the first time earlier this year.

It has slipped to eighth worldwide in terms of the value of listings in 2024, behind even Madrid and Amsterdam, according to data from Dealogic.

Also, the value of companies delisting from the Hong Kong stock exchange is at its highest since 2020. In mainland China, the picture is even bleaker.

The amount raised in A-share IPOs in mainland China so far in 2024 is down 86 per cent year on year and is the lowest of any year on record, according to Dealogic, apart from in 2013 when regulators halted all issuance to overhaul rules.

Domestic M&A at \$129bn is at its lowest year-to-date level since 2013.

Syngenta, the Swiss agrochemicals group, earlier this year withdrew long-standing plans to issue in Shanghai. China's securities regulator has also stepped up its scrutiny of new listings.

The collapse in market activity is part of a wider slump in mainland China's economic and business sentiment.

Beijing has renewed its focus on industry and sought to reduce its reliance on a struggling real estate sector.

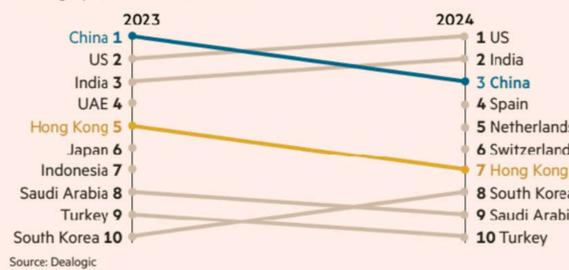
The drop-off has also weighed on foreign banks, which invested heavily in China over the past decade.

JPMorgan chief executive Jamie Dimon said parts of its investment banking business had "fallen off a cliff" in the mainland at a conference in Shanghai in May.

Additional reporting by Chan Ho-him in Hong Kong and Thomas Hale in Shanghai

China and Hong Kong exchanges have slipped in IPO rankings

Ranking by total dollar deal values



'This is very specific to a market champion in the white goods space'

Financials

European tech investment group Noteus targets at least €600mn for debut fund

IVAN LEVINGSTON — LONDON

A group of investors has launched a new European venture capital firm seeking to raise at least €600mn to back local start-ups as a recovery in funding for technology companies picks up after a two-year drought.

The fund, Noteus, is led by a team that split off from French investment firm Eurazeo, and has invested more than €300mn into tech groups since its founding this year, according to a person familiar with the group.

Noteus eventually plans to raise at least double that amount for its debut fund, which will back European start-ups in more advanced stages of development.

"There is a lack of experienced growth investors native to Europe," said the person familiar with the effort. "They're not doing this slowly."

The launch of Noteus comes after a pandemic-era surge in technology investment came to a halt as rising interest rates and geopolitical tensions hit the market, forcing European start-ups to cut costs as VC funding dried up. Almost €29bn worth of venture capi-

tal deals were struck in Europe in the first half of this year, according to data compiled by researcher PitchBook.

Dealmaking has accelerated in recent months, driven by a new craze for artificial intelligence start-ups and the European venture capital industry is now on track for its most active year since the boom period during the pandemic.

Balderton Capital last month raised \$1.3bn in Europe's largest venture funding focused on start-ups in the region.

Some Silicon Valley investors have also expanded to Europe with Andrees-

sen Horowitz and IVP opening offices in London last year.

Noteus is led by chief executive Yann du Rusquec, who previously headed a team focused on later-stage start-up deals at Eurazeo that invested in some of Europe's most highly valued start-ups, including electronics refurbisher Back Market and cloud data specialist Aiven.

The new fund is targeting a gap in the market for European funds that provide financing to advanced start-ups as much of the funding for more mature European tech groups comes from foreign investors.

Noteus has built up a team of 14 including 10 investors. The group includes three other general partners who also worked at Eurazeo — Nathalie Kornhoff Brûls, Guillaume d'Audiffret and Zoé Fabian-Frey.

The investors left Eurazeo at a turbulent time for the firm. Virginie Morgon, one of the rare female leaders of a private equity group, was ousted last year as chief executive after losing the support of Eurazeo's two largest investors.

Noteus has invested in six companies since its founding.



Chief executive Yann du Rusquec was previously at Eurazeo

Equities

India's biggest shadow bank lists housing finance arm in blockbuster \$782mn IPO

CHRIS KAY — PUNE

Bajaj Finance, India's largest non-bank lender, floated its housing finance arm in the country's biggest initial public offering so far this year, drawing strong investor interest due to buoyant property and equity markets.

Shares of Bajaj Housing Finance, one of India's biggest mortgage providers, shot up by as much as 130 per cent to Rs161 during its trading debut on India's stock exchanges yesterday after the \$782mn offering drew bids for more than 64 times the shares offered last week.

Bajaj Housing Finance, part of the nearly century-old Bajaj Group which sells everything from scooters to insurance, has grown with the rapid expansion of India's property market.

The mortgage provider registered a 31 per cent annual increase of assets under management to Rs970bn (\$12bn) in the quarter to the end of June.

The listing comes after India's central bank ordered a group of large non-bank lenders to go public by 2025 in an effort to enhance regulation of the sector.

Sanjiv Bajaj, chair of Bajaj Finserv, the family's financial services holding

company, told the Financial Times that, regardless of the Reserve Bank of India's rules, it was a good time to list the company and diversify its funding.

Indian companies are enjoying heightened valuations in the country's equity market, which is being driven to record highs by a rush of retail investors.

Bajaj said it was also an "open question" whether Bajaj Finance, which has

'We saw slightly elevated stress levels in unsecured personal loans and we slowed down our growth'

\$42bn in assets under management, would float its four-year-old brokerage business down the line.

The billionaire also sought to play down concerns over a rise in bad loans, adding that a deterioration of personal loan credit quality following a boom in retail lending during the pandemic was temporary.

"It will come back within a manageable level and then it'll grow from there

Equities

Barclays calls for tax breaks to help boost London stocks

MICHAEL O'DWYER — LONDON

Barclays has urged an overhaul of the way investors in UK-listed companies are taxed to help "revive" flagging UK public markets.

Changes needed to make London "internationally attractive" include tax reliefs for investors in businesses that graduate from a junior exchange to the main market rather than the current "cliff edge", it argued.

In a report published yesterday, the bank also called for the UK to review the 0.5 per cent transaction tax currently levied on a wide range of share purchases on London's main market.

Reducing or abolishing this "stamp duty on shares" is a popular idea among City of London executives but would come at a cost to the Treasury, which raises about £3.8bn a year from the levy.

The measures would help to smooth the path between junior markets — Aim and the Aquis Growth Market — and the London Stock Exchange's main market, the report argues.

The Centre for Policy Studies think-tank previously estimated that abolishing stamp duty on shares could increase GDP by between 0.2 and 0.7 per cent in the long run.

The UK is battling to make its equity market more attractive and combat a

'We need that pipeline, of private companies moving to junior and then senior markets, to operate better'

trend of companies choosing to list overseas or go private.

Recent changes to main market listing rules had removed requirements that were "a barrier for some companies moving from a junior market to a senior market", Barclays' report said.

But it argued that its recommendations would encourage private companies to list on junior markets by creating a "positive glide path" towards the main market.

"If we want the UK's public markets to revive, be strong and sustainable in the long term and be internationally attractive, we need to find firms that are currently at a growth stage that are going to be the next big firms," said Katharine Braddick, Barclays' head of strategic policy. "We need that pipeline, of private companies moving to junior and then senior markets, to operate better."

Barclays' report also argued for the extension of reliefs enjoyed by investors in Aim-listed companies for a limited period if these businesses move their listings to the main market.

Investors in companies listed on junior markets enjoy reliefs from capital gains and inheritance tax and can also benefit from incentive regimes such as Enterprise Investment Schemes and Venture Capital Trusts where eligibility criteria are met.

Barclays also suggested rules tailored to the needs of junior market companies as the government replaces EU laws that the UK kept in place after Brexit.

COMPANIES & MARKETS

Millennials and Gen Z are helping to prop up US economy

Meredith Whitney

Markets Insight

Watchers of the US economy are likely to get confirmation next week of what many of us know anecdotally to be true: well over 50 per cent of US households have been worse off over the past year than they were four years ago.

The US Bureau of Labor Statistics will release its Annual Consumer Expenditure Survey, and I estimate that it will show the 2023 after-tax income for over 50 per cent of US households not only below 2022 levels but below 2021 and 2020.

Over the past two months, companies from Dollar General and Dollar Tree to McDonald's have spoken about a weakened US consumer. Dollar General stated that their consumers were "cash-strapped" and worse off than they were six months ago.

I believe the underlying data may be even worse than it appears. The fact is that 2023 will be the first fiscal year of data without any consumer Covid stimulus subsidies.

The year 2021 was the only one of the past four to reflect 12 months of such stimulus. Both 2020 and 2022 only reflected six months of support.

Pre-tax incomes for households earning less than \$70,000 a year moved very little over the past four years but after-tax incomes, benefiting directly from tax-free Covid stimulus subsidies, increased between 8 and 28 per cent between fiscal 2019 and 2021.

When the BLS survey data was released last year, it showed only modest year-over-year declines in after-tax income for these same households, barely 2 per cent.

However, when the new data is released, I believe the year-over-year

declines will be more severe, particularly compared with 2021 data.

It will become increasingly clear why companies such as Dollar General saw such meaningful changes in customers over the past six months.

The obvious question is why the US economy is still so strong. I believe the strength is due to two specific groups driving consumer spending: the top-earning households and a uniquely subsidised group.

American Express data shows Generation Z and millennials spending at a rate of five times baby boomers. They have the wherewithal to spend on things

They have the spending for Instagrammable experiences, online games and – yes – avocado toast

such as French-press coffee, Instagrammable leisure experiences, online gaming and sports betting, as well as – yes – avocado toast.

First, the top-earning households saw next to no impact from the Covid stimulus subsidies. For households earning over \$100,000, while pre-tax earnings dipped modestly for the top earners, after-tax earnings stayed relatively constant between 2019 and 2022.

Households earning over \$150,000 a year represent 17.5 per cent of all households in the US. Their spending has remained constant, even if it has shifted from discretionary items to essentials over the past year.

The generation aged between 24 and 38 represents 20 per cent of the US population and has the most discretionary

spending power of any other age cohort. They have, and continue to benefit from, a different type of subsidy: their parents.

The spending power of this generation should not be underestimated. They are driving spending in some of the fastest-growing categories of discretionary spending.

Many do not own homes, more live at home with their parents than at any time on modern record, and over half still remain on their parents' cell phone plans and other shared cloud services, among other parent-subsidised expenses.

Each of these contributes to a large arsenal of spending power. For example, for most households, housing-related expenses (rent equivalent, insurance, property taxes, utilities, and other home-related expenses) represent their single largest expense.

However, nearly 20 per cent of men and nearly 12 per cent of women aged 24-35 still live at home with their parents and probably pay very little of these expenses.

As long as these trends continue, this age cohort will remain the key driver of discretionary spending in the US. It's no wonder there is so much debate over the real state of the US economy.

For over half of the country, I expect the coming BLS survey will show that after-tax incomes are down while prices are up, making living standards feel undeniably worse off.

However, for a smaller group – yet a critical driver of consumer spending – very little has changed for them economically. Their subsidies continue.

Meredith Whitney is chief executive of Meredith Whitney Advisory Group



The day in the markets

What you need to know

- Wall Street mixed with Nasdaq down but Dow Jones hitting record
- Europe's equity indices trade lower as tech stock losses spread from US
- Gold prices reach all-time peak with investors seeking haven

Wall Street stocks were generally softer yesterday as investors weighed the prospect of a bumper interest rate cut from the US Federal Reserve this week.

The blue-chip S&P 500 was down 0.2 per cent by midday in New York and the tech-heavy Nasdaq Composite was 0.8 per cent lower, with both indices giving back some of last week's gains as investors fretted over the outcome of the Fed's meeting tomorrow.

However, the narrower 30-stock Dow Jones Industrial Average rose 0.3 per cent to reach a record.

The US central bank is expected to reduce rates from a 23-year high of 5.25 to 5.5 per cent as fears about persistent inflation has given way to concerns about jobs.

Markets have ramped up the probability of a half percentage-point cut by the Fed to roughly 60 per cent compared with 15 per cent only last Thursday.

Jim Reid, a strategist at Deutsche Bank, said the decision was on "a knife-edge", adding: "Normally, it's been fairly obvious that close to the meeting or the Fed have found a way of guiding the market to the eventual outcome."

However, economists from UBS said they expected the Fed to undertake a single 0.25 percentage point cut at this week's meeting, with chair Jay Powell to signal a "sequence of cuts to come".

Markets predict US interest rates will drop sharply

Expected overnight rate after future Fed meetings (%)



Policymakers at the Bank of England and Bank of Japan will also meet this week but they are not tipped to alter interest rates.

Two-year US Treasury yields, which track rate expectations, were down 2 basis points to 3.79 per cent while those on 10-year debt were also down 2bp to 3.60 per cent amid modest buying.

The US Dollar index, which tracks the US currency against a basket of peers, fell 0.4 per cent.

The region-wide Stoxx Europe 600 slid 0.2 per cent, weighed down by falls for tech stocks that spread from Wall Street.

London's FTSE 100 closed flat while Frankfurt's Xetra Dax fell 0.4 per cent and Paris's Cac 40 was down 0.2 per cent.

Crude prices rose after Hurricane Francine knocked out 30 per cent of oil and gas production in the Gulf of Mexico.

Brent, the international benchmark, rose 1.3 per cent to \$72.52 a barrel while WTI, the US equivalent, was up 1.7 per cent to \$69.78.

Gold reached a record with investors seeking a haven ahead of a prospective rate cut. The precious metal was trading up 0.3 per cent to hit \$2,583 per troy ounce. **Rafe Uddin**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	5617.74	2037.71	36581.76	8278.44	2704.09	135083.71
% change on day	-0.15	-0.18	-0.68	0.06	-0.48	0.15
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	100.610	1.112	140.435	1.320	7.094	5.510
% change on day	-0.498	0.271	-0.153	0.380	0.000	-0.762
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	3.632	2.119	0.841	3.837	2.040	11.566
Basis point change on day	-2.580	-2.900	0.000	-0.800	-2.500	6.000
World index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (I MEX)
Level	544.35	72.54	69.76	2575.10	29.97	4046.60
% change on day	-0.04	1.30	1.62	1.14	4.17	1.19

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

Main equity markets



Biggest movers

	US	Eurozone	UK
Ups			
Bath & Body Works	4.23	Saipem	4.94
Oracle	4.11	Generali	3.22
Intel	3.89	Ageas	1.81
CrowdStrike Holdings	2.92	Telefonica	1.60
Builders Firstsource	2.55	Telecom Italia	1.50
Downs			
Skyworks Solutions	-5.97	Thyssenkrupp	-2.69
Gorvo	-5.87	Asml Holding	-2.48
Mosaic (the)	-4.19	Infineon Tech	-2.45
Micron Technology	-3.69	Dassault Systemes	-2.07
Teradyne	-3.53	Cap Gemini	-1.76
		Phoenix Holdings	-5.29
		Melrose Industries	-2.57
		Spirax	-2.00
		Scottish Mortgage Investment Trust	-1.49
		Prudential	-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.

Currencies

Yen strengthens past ¥140 against dollar ahead of central banks' rate decisions

ARJUN NEIL ALIM — HONG KONG

Japan's yen has strengthened past ¥140 to the dollar for the first time since July 2023 as traders expect diverging moves by US and Japanese central banks this week will weaken demand for the US currency.

The yen touched ¥139.56 against the dollar yesterday, extending its position as one of the best-performing currencies among large economies and Asia-Pacific nations in the past two months.

The Japanese currency has risen 13.5 per cent against the dollar since mid-July as investors expect the US Federal Reserve to begin cutting interest rates from a 23-year high – just as the Bank of Japan begins raising its benchmark lending rate and winding down purchases of government bonds after years of ultra-loose policy.

The US Dollar index, which measures the currency against a basket of six peers, fell 0.5 per cent.

"It's all coming from interest rates right now," said Chandresh Jain, Asia

rates and FX strategist at BNP Paribas. "The market is pricing more US Fed cuts and hiking from the Bank of Japan."

The sharp move in the yen came in light trade in Tokyo due to a national holiday.

However, other Asia-Pacific currencies also rallied against the dollar yesterday, including the Australian

"The market is pricing more US Federal Reserve cuts and hiking from the Bank of Japan"

dollar, up 0.5 per cent, and the Thai baht, up 0.3 per cent.

Ryota Abe, an economist in the Asia-Pacific division at Sumitomo Mitsui Banking Corporation, cautioned that holiday "speculators" had taken advantage of the "thin" trading.

However, he said the yen could end the year at ¥135 to the dollar, a level not seen since May last year.

"The direction of the dollar/yen is surely downward in the near future with some volatility," he said.

The Fed is widely expected to cut rates in the US tomorrow with the market divided over whether it will go for a quarter percentage point or half percentage point cut.

Traders predict the BoJ will keep rates steady on Friday but more than half of analysts polled by Reuters forecast one quarter-percentage point rise by the end of the year.

The stronger yen has come in spite of a turbulent August when fears over the health of the US economy shook markets and led to the partial unwind of the dollar-yen carry trade, through which international investors borrowed in yen to buy higher yielding or riskier assets.

In the aftermath, the yen weakened to close to ¥150 to the dollar.

Jain said that they expected the yen to end next year at ¥131 to the dollar but warned there were "quite a lot of risks", including the outcome of the US election and the risks of tariff increases.

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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. Includes sections for Australia (AS), Brazil (BS), Canada (CS), China (HK), Denmark (DK), Finland (F), France (F), Germany (G), Hong Kong (HK), India (I), Italy (I), Japan (J), Korea (K), Mexico (M), Netherlands (N), Norway (N), Saudi Arabia (S), Singapore (S), South Africa (S), South Korea (K), Spain (E), Sweden (S), Switzerland (S), Taiwan (T), Thailand (T), United Arab Emirates (U), United Kingdom (U), United States of America (U), and Vietnam (V).

FT 500: TOP 20

Table with 5 columns: Stock, Close, Prev, Day, Week, Month. Lists top 20 FT 500 companies with their current prices and percentage changes.

FT 500: BOTTOM 20

Table with 5 columns: Stock, Close, Prev, Day, Week, Month. Lists bottom 20 FT 500 companies with their current prices and percentage changes.

INTEREST RATES: MARKET

Table with 5 columns: Over, Night, Day, Month, Six, One. Shows interest rate movements for various maturities.

INTEREST RATES: BOND

Table with 5 columns: Sep 16, 18, 20, 22, 24. Shows interest rates for different bond maturities.

INTEREST RATES: FTSE

Table with 5 columns: Sep 16, 18, 20, 22, 24. Shows FTSE interest rate data for various maturities.

COMMODITIES

Table with 5 columns: Energy, Precious Metals (PM), Base Metals (LME), Iron Ore, and Wheat. Lists commodity prices and changes.

BOND INDICES

Table with 5 columns: Index, Day's change, Month's change, Year return, Return 1 year. Lists bond index performance.

CREDIT INDICES

Table with 5 columns: Index, Day's change, Week's change, Month's change, Series, Series Beta. Lists credit index performance.

MARKET INDEXES

Table with 5 columns: Index, Day's change, Week's change, Month's change, Series, Series Beta. Lists market index performance.

MARKET INDEXES

Table with 5 columns: Index, Day's change, Week's change, Month's change, Series, Series Beta. Lists market index performance.

BONDS: INDEX-LINKED

Table with 5 columns: Price, Yield, Month, Value, No. of stocks. Lists index-linked bond data.

BONDS: TEN YEAR GOVT SPREADS

Table with 5 columns: Bid vs Prev, Spread, Bid vs 5yr, Spread, Bid vs 10yr. Lists ten-year government bond spreads.

BONDS: HIGH YIELD & EMERGING MARKET

Table with 5 columns: High Yield, Emerging Market. Lists high yield and emerging market bond data.

BONDS: BENCHMARK GOVERNMENT

Table with 5 columns: Ret, Date, Coupon, Price, Yield, Wt. Lists benchmark government bond data.

BONDS: GLOBAL INVESTMENT GRADE

Table with 5 columns: Ret, Date, Coupon, Price, Yield, Wt. Lists global investment grade bond data.

GLTS: UK FTSE ACTUARIES INDICES

Table with 5 columns: Price Index, Sep 16, Day's chg, Total Return, Return 1 month, Return 1 year. Lists UK FTSE actuaries indices.

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FINANCIAL TIMES SHARE SERVICE

Main Market

Main Market table with columns for Sector, Price, %Chg, 52 Week High/Low/Yld, P/E, and Vol. Includes sub-sections for Aerospace & Defence, Automobiles & Parts, Banks, Chemicals, Construction & Materials, Electronic & Electrical Equip, Financial General, Health Care Equip & Services, House, Leisure & Pets Goods, Industrial Engineering, IT, Media, Mining, Pharmaceuticals & Biotech, Real Estate, Retailers, Support Services, Tech - Software & Services, Travel & Leisure, and Utilities.

AIM

AIM table with columns for Sector, Price, %Chg, 52 Week High/Low/Yld, P/E, and Vol. Includes sub-sections for Aerospace & Defence, Banks, Basic Resource (Ex Mining), Chemicals, Construction & Materials, Electronic & Electrical Equip, Financial General, Health Care Equip & Services, House, Leisure & Pets Goods, Industrial Engineering, IT, Media, Mining, Pharmaceuticals & Biotech, Retailers, Support Services, Tech - Software & Services, and Travel & Leisure.

Investment Companies

Investment Companies table with columns for Conventional (Ex Private Equity), Price, %Chg, 52 Week High/Low/Yld, NAV, and Div. Includes sub-sections for Conventional (Ex Private Equity), Discretionary Unit Fund Mgrs (1000F), Discretionary - Property ICs, and Direct Property.

Guide to FT Share Service

For queries about the FT Share Service please e-mail t.reader.enquiries@morningstar.com. All data is as of close of the previous business day. Company classifications are based on the ICB system used by FTSE (see www.icbcentral.com). FTSE 100 constituent stocks are shown in bold.

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

Trading volumes are in millions of shares unless otherwise stated. All figures are rounded to the nearest 1,000 shares.

Net asset value per share (NAV) and split analytics are provided only on a guide. Discounts and premiums are calculated using the latest quoted fair net asset value estimate and closing price. Discounts, premiums, gross redemption yield (GRY), and hurdle rate (HR) to share price (SP) and HR to wipe out (WVO) are displayed as a percentage. NAV and terminal asset value per share (TAV) in pence.

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MANAGED FUNDS SERVICES

SUMMARY

FT.COM/FUNDS

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

Advertising Feature



Remember that past performance is not necessarily a guide to future performance

Troy Asset Management details: Firm Name, Fund Name, Morningstar Category, 3Yr Rating, Morningstar Sustainability Rating, Bid Price, Offer Price, etc.

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



Algebris Investments table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Atlantus Sicav, American Dynamic, etc.



Candriam Investors Group table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Candriam Abs Ret Eq Mkt Neutral-Cap, etc.



Dragon Capital table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Vietnam Equity (LCITS) Fund A USD.

Weightings - As of 31/07/2024 table with columns: Sector, Weighting, Cat Avg. Includes Basic Materials, Communication Services, etc.

Risk Measures - As of 31/08/2024 table with columns: Alpha, Beta, Information Ratio, Sharpe Ratio, Std Dev. Includes Alpha -0.50, Beta 0.22, etc.



Guinness Global Investors table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Guinness Global Equity Income Y GBP Dist.

Algebris Investments (IRL) table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Algebris Core Italy I EUR, Algebris Core Italy F EUR, etc.

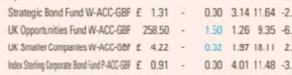


Blue Whale Growth Fund table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Blue Whale Growth USD T.

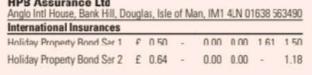
Candriam Investors Group (LUX) table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Candriam Abs Ret Eq Mkt Neutral-Cap, etc.



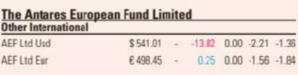
Edentree Investment Management Ltd table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Edentree European Equity Cls A Inc.



EdenTree table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes EdenTree European Equity Cls A Inc.



HPB Assurance Ltd table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Holiday Property Bond Ser 1.

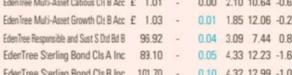


The Antares European Fund Limited table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes AEF Ltd USD, AEF Ltd Eur.



Brooks Macdonald International Fund Managers Limited table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Cautious Balanced Strategy.

Candriam Investors Group table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Candriam 3ds Euro SA Term Cap.



EdenTree table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes EdenTree European Equity Cls A Inc.



Findlay Park Funds Plc table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes American EUR Unhedged Class.



Hermes Property Unit Trust table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Property.



Artemis Fund Managers Ltd table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Artemis Corporate Bond I Acc.

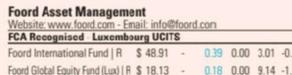


Brown Advisory Funds plc table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Global Leaders Fund USD C.

Cantab Asset Management Ltd table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes VT Cantab Balanced A GBP Acc.



Euronova Asset Management UK LLP table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Smaller Cos Cb One Shares.

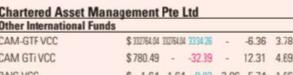


Foord Asset Management table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Foord International Fund I R.



Ashmore Group table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Emerging Markets Active Equity Fund.

CG Asset Management Limited table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Absolute Return Cls M Inc.



Chartered Asset Management Plc table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes CAM-GTF VCC.



FIL Investment Services (UK) Limited table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Allotcor World Fund W-ACC-GBP.



Fundsmith LLP table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Fundsmith Equity T Acc.



Dodge & Cox Worldwide Funds table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes EUR Accumulating Class.



Janus Henderson Investors table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Janus Henderson Absolute Return Fund A Acc.



Fundsmith LLP table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Fundsmith Equity T Acc.



LGT Wealth Management (CI) Limited table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Bridge Fund.



GAM table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes LAPS GBL TOP 50 DIV YLD-NA-E.



M & G Securities (200F) table with columns: Fund Name, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes M & G Global Equity Fund.

MANAGED FUNDS SERVICE

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Charifund Acc	3385.98	-	-19.73	5.06	12.08	5.17
M&G Charities Featres Fund (Dubai) Inc	£ 1.11	-	0.00	4.18	9.17	-1.13
M&G Charities Featres Fund (Dubai) Inc	£ 42.51	-	0.02	3.81	9.17	-1.13
M&G Charities Multi Asset Fund Inc	£ 0.95	-	0.01	4.22	12.60	5.83
M&G Charities Multi Asset Fund Acc	£ 171.68	-	0.71	3.57	12.61	5.83



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	-20.75	-	-2.98	13.94
Diversified Absolute Retn Fd USD CI AF2	£ 1698.02	-	45.53	-	-1.51	1.32
Diversified Absolute Return Stly Call 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

Marwyn Asset Management Limited (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Marwyn Value Investors	£ 329.72	-	-6.14	0.00	-	-7.17



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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Balanced Fund Personal Class Units	£142.10	-	-1.10	1.40	4.77	3.97
Income Fund Personal Class Units	3005.10	-	-3.90	2.40	7.74	3.92
Emerging Markets Fund Personal Class Units	2092.00	-	-1.20	1.48	-3.89	-1.13
Smaller Companies Fund Personal Class Units	£249.20	-	14.90	1.30	4.77	-4.46



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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Milltrust Global Emerging Markets Fund - Class A	£ 86.13	-	0.53	0.00	-6.88	-11.84

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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Milltrust Alaska Brazil Fund SP A	£ 83.84	-	2.63	0.00	16.95	2.74
Milltrust Laurium Africa Fund SP A	£ 108.80	-	0.95	0.00	17.89	1.12
Milltrust Marcellus India Fund SP	£ 165.92	-	0.82	0.00	23.10	3.50
Milltrust Singular ASEAN Fund SP	£ 150.86	-	1.39	0.00	19.35	-1.12
Milltrust SPARK Korea Equity Fund SP A	£ 126.21	-	0.00	0.00	5.95	8.22
Milltrust Xingtai China Fund SP A	£ 72.33	-	0.65	0.00	-22.65	-22.11
The Climate Impact Asia Fund SP A	£ 65.79	-	0.21	0.00	13.16	14.76

Ministry of Justice Common Investment Funds (UK) Property & Other UK Unit Trusts
The Equity Idx Tracker Fd Inc

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
The Equity Idx Tracker Fd Inc	2111.00	-	3.00	2.27	12.11	5.14

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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Dasis Crescent Global Equity Fund USD A (Dist)	\$ 39.33	-	0.33	0.76	12.28	0.75
Dasis Crescent Global Income Fund USD A (Dist)	£ 10.28	-	0.02	3.72	7.53	0.59
Dasis Crescent Global Low Equity Fund USD A (Dist)	£ 13.47	-	0.08	1.47	12.09	0.79
Dasis Crescent Global Medium Equity Fund USD A (Dist)	£ 15.06	-	0.09	1.04	11.86	0.86
Dasis Crescent Global Property Equity Fund USD A (Dist)	£ 10.01	-	0.09	-	32.38	1.72
Dasis Crescent Global Short Term Income Fund USD A (Dist)	£ 0.96	-	0.01	3.63	5.17	1.01
Dasis Crescent Variable Fund GBP A (Dist)	£ 10.35	-	0.05	0.70	9.60	0.55

Omnia Fund Ltd Other International Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Estimated NAV	\$ 1073.28	-	0.00	0.00	15.51	17.24



Platinum Capital Management Ltd Other International Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Platinum All Star Fund - A	\$ 165.21	-	-	-	9.41	2.27
Platinum Global Growth UCITS Fund	\$ 10.16	-	0.10	0.00	18.97	-11.00
Nation Essential Resources UCITS Inst SICAV USD (Dist)	£ 9.42	-	-0.70	0.00	-19.83	13.24
Platinum Global Dividend UCITS Fund	£ 48.79	-	0.30	0.00	6.81	-6.22

Private Fund Mgrs (Guernsey) Ltd (GSY) Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Monument Growth 10/09/2024	£ 572.62	578.36	-1.58	-	8.43	1.00

Prusik Investment Management LLP (IRL) Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Prusik Asian Equity Income B Dist	£ 175.27	-	0.35	5.49	6.06	4.06

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

Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Global Total Fd PCG A	517.70	-	-0.39	0.27	20.56	8.32
Global Total Fd PCG B	510.12	-	-0.39	0.07	20.66	8.05
Global Total Fd PCG INT	498.88	-	-0.39	0.00	20.35	7.78

Parisisma Investment Fds (CI) Ltd (JER) Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
PCG B	414.31	-	2.62	0.00	27.53	5.96
PCG C	401.52	-	2.53	0.00	27.25	5.74



Ram Active Investments SA (RAM-ai.com) Other International Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
RAM Systematic Emerging Markets Eq	£ 258.04	258.04	2.60	-	13.83	1.17
RAM Systematic European Eq	£ 616.53	616.53	4.82	-	18.69	1.54
RAM Systematic Global Sustainable Income Eq	£ 187.38	187.38	2.38	0.00	23.16	5.80
RAM Systematic Long/Short European Eq	£ 172.85	172.85	-0.18	-	16.34	4.87

Royal London 807 Fincham Street, London EC3M 4BY (UK) Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Royal London Sustainable Diversified A Inc	£ 2.64	-	0.01	1.35	12.54	0.56
Royal London Sustainable World A Inc	407.80	-	0.10	0.68	14.01	1.53
Royal London Corporate Bond Mth Income	78.32	-	-0.31	-	12.57	-1.56
Royal London European Growth Trust	229.00	-	0.40	1.70	10.09	4.25
Royal London Sustainable Leaders A Inc	881.70	-	-0.30	-	13.45	3.58
Royal London UK Growth Trust	693.00	-	-0.30	-	13.13	2.73
Royal London UK Income Wld Growth Trust	223.00	-	-0.10	4.54	14.34	6.06
Royal London US Growth Trust	499.91	-	-0.90	-	18.37	11.58

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

Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
WS Ruffer Diversified Rtm C Acc	102.86	-	0.33	1.13	3.83	0.94
WS Ruffer Diversified Rtm C Inc	99.80	-	0.32	1.14	3.82	0.99
WS Ruffer Equity & General C Acc	635.32	-	-1.57	1.21	11.63	3.40
WS Ruffer Equity & General C Inc	566.27	-	-1.39	1.23	11.63	3.40
WS Ruffer Gold C Acc	317.53	-	-1.66	0.32	39.70	8.54
WS Ruffer Gold C Inc	191.37	-	-1.00	0.31	39.70	8.54
WS Ruffer Total Return C Acc	549.09	-	7.59	1.94	3.97	0.46
WS Ruffer Total Return C Inc	331.22	-	1.56	1.97	3.97	0.47

Rubrics Global UCITS Funds Pco (IRL) Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Rubrics Emerging Markets Fund UCITS Fd	£ 149.80	-	0.62	0.00	4.75	1.10
Rubrics Global Credit UCITS Fund	£ 18.20	-	0.02	0.00	7.77	-0.08
Rubrics Global Fixed Income UCITS Fund	£ 182.11	-	0.27	0.00	7.38	0.28



Stonehage Fleming Investment Management Ltd (IRL) Regulated

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
SF Global Best Ideas Eq B USD ACC	£ 276.84	-	0.61	-	11.82	-1.35
SF Global Best Ideas Eq D USD INC	£ 319.31	-	-1.00	-	6.20	0.36

Superfund Asset Management GmbH (www.superfund.com, +43 112 247 00) Other International Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Superfund Green Gold	\$ 1064.35	-	22.28	0.00	16.99	-11.11
Superfund Green Silver	£ 892.78	-	35.80	0.00	14.35	-14.27
Superfund Green LSS	£ 648.18	-	6.29	0.00	-7.30	-17.76
Superfund Black Blockchain EUR	€ 16.24	-	0.24	0.00	57.36	-
Superfund Gold Silver & Mining EUR	€ 11.79	-	0.48	-	19.45	-

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

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
TM New Court Fund A 2011 Inc	£ 20.97	-	0.04	0.55	8.32	1.28
TM New Court Fund - A 2014 Acc	£ 21.28	-	0.04	0.57	8.35	1.30
TM New Court Equity Growth Fund - Inc	£ 23.28	-	0.05	0.18	9.04	1.11

Toscafund Asset Management LLP (www.toscafund.com) Tosca Mid Cap GBP

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Tosca Mid Cap GBP	£ 117.80	-	-0.64	0.00	-29.93	-21.59
Tosca Opportunity B USD	£ 252.81	-	-15.03	0.00	-29.95	-19.96
Pegasus Fund Ltd A-1 GBP	£ 27.03	-	-0.23	0.00	-32.86	-22.42



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

Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
Trojan Ethical Global Inc O Acc	112.56	-	0.00	2.52	6.80	-
Trojan Ethical Global Inc O Inc	104.86	-	0.00	2.59	6.80	-
Trojan Ethical O Acc	139.31	-	0.10	1.21	8.17	2.81
Trojan Ethical O Inc	137.16	-	0.10	1.41	8.17	2.88
Trojan Ethical Income O Acc	157.55	-	-0.31	-	11.60	3.04
Trojan Ethical Income O Inc	125.07	-	-0.25	2.63	11.60	3.04
Trojan Fund O Acc	411.08	-	-0.08	1.00	6.61	2.19
Trojan Fund O Inc	328.41	-	-0.07	1.01	6.61	2.19
Trojan Global Equity O Acc	601.67	-	-3.11	0.21	13.38	5.16
Trojan Global Equity O Inc	495.30	-	-2.96	0.21	13.37	5.16
Trojan Global Income O Acc	167.98	-	-0.21	3.04	6.18	5.52
Trojan Global Income O Inc	132.87	-	-0.16	3.10	6.18	5.52
Trojan Income O Acc	381.88	-	-0.09	2.81	10.15	2.05



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ARTS

Treasured troupe is reanimated

DANCE

London City Ballet
Sadler's Wells, London
★★★★☆

Louise Levene

For nearly 30 years, London City Ballet has been just a ticket stub in a ballet-goer's scrapbook, but the fondly remembered company has risen again this summer with a flavoursome blend of ballets old and new. The programme has been touring since July – everywhere from Bath to Beijing – and last week it returned to its home city with a four-night run at Sadler's Wells.

The original company was founded in 1978, brainchild of Durban-born dancer Harold King. The troupe's chief aim was to take classical dance to parts that bigger, more unwieldy companies could not reach and it won enthusiastic (and highly photogenic) support from the dance-mad Diana, Princess of Wales. The company bourréed its last in 1996.

King's small but perfectly formed *Swan Lake* (just a dozen swans, if memory serves) became the Flying Dutchman of the touring circuit, but his mixed bills were packed with modern classics and new commissions. This programme, *Resurgence*, selected by LCB's director and reanimator Christopher Marney, is faithful to that tradition.

After a brief slideshow to remind us of the rise and fall of the original company, the quintuple bill kicks off with Ashley Page's 1993 *Larina Walz*, set to the lilting (taped) melody from Tchaikovsky's *Eugene Onegin*. During the 1990s the dread words "new Ashley Page ballet" were usually synonymous with corny, combative pairwork and fussy sets, but this five-couple tights 'n' tutus ballet is a smoothly crafted, unabashedly musical confection. The choreography shows off Marney's dancers and emphasises their classical credentials in a seamless flow of duets packed with pretty promenades and nerveless travelling lifts.

It was followed by a precious rarity: Kenneth MacMillan's *Ballade*, created in



Cascade of combinations: London City Ballet in Arielle Smith's 'Five Dances' — ASH

1972 and – amazingly – never danced since. Set to Fauré's *Ballade for Piano and Orchestra*, this exquisite pas de quatre was a love letter to Deborah (MacMillan's wife-to-be) and shows three young men vying for the attentions of guest

superstar Alina Cojocaru. Among the solos, duos and trios, MacMillan includes a sequence in which she is passed adoringly from man to man, innocently foreshadowing the brothel scene in *Manon* that he created two

years later. Finally, Cojocaru makes her choice (dishy and attentive Alejandro Virelles) and his two rivals spin wingwards with their chairs, leaving a table for two.

The languid but fiendishly difficult pas de deux from MacMillan's 1966 *Concerto* (smoothly danced by Isadora Bless and Joseph Taylor) is the highlight of the second half. Such thoroughbred material can unbalance a programme.

Marney's *Eve*, an attempt to rethink the Garden of Eden from a female perspective, felt flimsy and overwrought in this company, despite a strong performance by Álvaro Madrigal as the slip-sliding Serpent. Arielle Smith's *Five Dances* would have made a far stronger finale.

Smith's six-hander is powered by John Adams's *John's Book of Alleged Dances* and showcases the talents and idiosyncrasies of Marney's dancers. Arthur Wille, whose paper-plane *jetés* caught the eye in Page's piece, unravels ice dance-worthy pirouettes and *chaînés* and the whole ballet is a cascade of combinations that deftly dodge the usual partnering clichés. A very bright beginning.

At the Joyce Theatre, New York, September 17-22, joyce.org

Mia Farrow relishes her return to Broadway

THEATRE

The Roommate
Booth Theatre, New York
★★★★☆

Nicolas Rapold

The Roommate depends utterly on the considerable energies of its stars, Mia Farrow and Patti LuPone, rooted as it is in the slightest of premises and an abundance of culture-clash clichés. The odd-couple pairing of naive Iowan and gruff New Yorker veers into some amusing late-bloomer misadventures, but remains remarkably meagre on character depth for a two-hander engaging two such talents.

The bright kitchen of Sharon (Farrow) is the sole setting in Jack O'Brien's traditional production, with a see-through house frame creating a Midwestern airiness thanks to changing sky backdrops. On a clear day you might see forever, but Sharon, an affable divorcee, keeps her horizons limited, puttering about endlessly and attending the occasional book club. When leather-jacketed Robyn (LuPone) arrives as Sharon's new housemate, this Bronx exile's sarcastic deadpan and impatient step quickly throw into relief the complacency in the air; the long wire to Sharon's wall-mounted phone comes to feel like an adult umbilical cord.

Farrow returns to the stage for her first full-dress stage play since 1979, and some of the getting-to-know-you material in Jen Silverman's 2015 drama could date from then. Sharon oh-mys and overapologises upon learning that Robyn is gay and vegan, and when she smokes pot for the first time with her. But things pick up as Sharon's nosiness awakens her buried urge to try something new – and maybe become something besides

a hovering mother to her son, a designer in New York. Robyn meanwhile might be seeking to hide and lay low in the same way that Sharon has for so many years.

If *The Roommate* is about embracing or creating new roles for oneself later in life, it's appropriate that Farrow bristles with colourful details in tackling Broadway anew. Sharon's golly-gee voice and homebody shuffle become like a musical instrument in her hands, to great comedic effect.

When Robyn reveals her past as a con artist – and inadvertently inspires Sharon – Farrow delivers the line "I don't know" with three or four loopily expressive variations, conveying a mind that's racing with possibilities. You half expect her farmgirl pigtails to fly up with excitement as she presses Robyn to share the tricks of her trade.

LuPone smoothly tracks Robyn's shift from condescension to admiration and even a little worry over Sharon's newfound appetite for crime. But as effortlessly commanding as she can be, she seems at times to cede the stage to Farrow, and it can be hard to feel the full weight of Robyn's chequered past. We get a peek at her desperation over her estranged family – she and Sharon do eventually bond as mothers – but not enough of the fiery independent spirit that must have driven her.

It feels as if Silverman, author of the bold feminist roundelay *Collective Rage*, has here written a play for your parents, and the lengthy blackouts between the play's scenes tend to smooth over any dramatic buildup. *The Roommate* is a perfectly fine play invigorated by two very fine actors, but, like Sharon, you might find yourself yearning for more – and especially more of the unknown.

To December 15, shubert.nyc



Mia Farrow plays a woman living a solitary life in 'The Roommate'
Matthew Murphy

Fresh ideas emerge from familiar music

CLASSICAL

New York Philharmonic
David Geffen Hall, Lincoln Center, New York
★★★★☆

George Grella

With two full seasons to go before Gustavo Dudamel begins his tenure as the next New York Philharmonic music director, the orchestra has an extended run of guest conductors. This promises some inconsistency and some exceptional nights.

Their first concert of the season featured conductor Michael Tilson Thomas and pianist Emanuel Ax. If Mozart's Piano Concerto No 14 and Mahler's Symphony No 5 weren't exceptional, they were still satisfying music-making. It was, however, exceptional to see Tilson Thomas. He is not only one of the great classical musicians of the past 50 years, but his every appearance is special. (He is suffering from glioblastoma multiforme, an aggressive and incurable malignant brain cancer.)

He last led the Philharmonic in March 2023, with a gorgeous and affecting Schubert Symphony No 9. This evening he was as sharp and in command as ever with the baton. He and Ax are in a late performing style. The pianist has always been a sober interpreter with excellent technique and tasteful phrasing; the technique remains, but the concerto showed new ways of thinking.

Ax's thought processes seemed lighter, more agile. Each musical idea had a simplicity, and a sense of curiosity,

that came through the piano. Mozart expresses multiple simultaneous possibilities, even ones that conflict – that's the nature of music – and what makes a performance memorable is the sense that the musicians can hear and articulate this presence.

That was Ax. Slight changes in accents in the minor-key development of the first movement deepened the feeling of constant dramatic transformation. The second movement was less *cantabile* but more romantic and it broadened the richness of the piece. The finale had the kind of aplomb and assurance that veteran musicians bring.

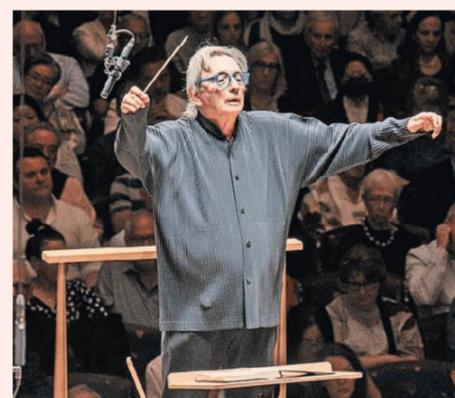
The orchestra was crisp, though it took a few bars for the spirit of the music to kick in. This spirit was in them from the opening trumpet solo in Mahler's Symphony No 5. Like Ax, this showed Tilson Thomas still finding new things

in familiar works. He kept a fine pace – the Adagietto was 10 minutes and that felt ideal – and sought expressive power less in tempos and dynamics than in dazzling changes in tone and timbres. One has rarely heard such sensual colours in this piece.

He had a superb handle on the form. The quasi-climax in the second movement of part one was strong but not too much, because the finale needs the biggest one. The balance between the three large sections depends on the middle Scherzo, and this was indeed exceptional, with conductor and orchestra traversing an enormous range of moods and vast distances between light and dark. This was lean Mahler, the emotional drama narrated in the third person, invigorating in the mind.

lincolncenter.org

Michael Tilson Thomas conducts the New York Philharmonic
Chris Lee



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FT BIG READ. ENTERTAINMENT

The company has staged a remarkable recovery since the 'great correction' of 2022 and has the edge over its embattled Hollywood rivals. But new challenges from free streamers are looming.

By Christopher Grimes

Netflix's leadership team looked shaken. The blistering 10-year growth streak that had made it a Wall Street darling came to an abrupt end in the spring of 2022 with the revelation that it was losing hundreds of thousands of subscribers.

The streaming wars were at fever pitch, with Disney+ and other services launched by the established Hollywood studios all gunning for Netflix. Speaking to stunned investors on a video call on April 19 2022, Netflix co-founder Reed Hastings began rattling off initiatives to reverse the slide.

Netflix would start cracking down on customers who shared their passwords with friends or relatives, an idea he had opposed in the past. Another proposal that Hastings had long dismissed — advertising — was now on the cards.

To some viewers, it seemed like Hastings was throwing spaghetti at the wall in the hope that some of it stuck. The stock plummeted, marking the start of what became known as "the Great Netflix Correction".

But instead of being the comeuppance that many in Hollywood's old guard had been praying for, it marked the beginning of a strategic shift that has expanded Netflix's lead over the traditional entertainment companies, which are still struggling to make money in the business after pouring billions into their own streaming services.

Since launching its password crackdown in May 2023, Netflix has added 45mn paying subscribers. Its share price has risen more than 300 per cent from its post-correction low, recently setting new all-time highs.

Such a rebound was hardly assured in 2022. But since then, Netflix has launched an ads business from scratch, invested in its nascent video games division and expanded its live "experiences" around popular shows such as *Bridgerton*, *Squid Game* and *Stranger Things*. It has even started dipping into live sport. "It's just been incredible execution," says Jessica Reif Ehrlich, a veteran media analyst at Bank of America.

She notes that the new initiatives were all started while Netflix was navigating a major management change. Hastings retired as chief executive in 2023 and was replaced by a protégé, Greg Peters, who shares the role with Ted Sarandos. "This must be the smoothest transition of any management team ever," Ehrlich adds. "There hasn't been even a blip."

While Netflix regained much of its swagger, the traditional Hollywood groups have been mired in a funk. The Netflix correction marked the end of investor patience for streaming losses, and Disney is the only one of the legacy entertainment groups currently making any money in that business after turning profitable this summer.

The movie industry is weathering another difficult year, prompting concerns about whether the box office will ever sell as many tickets as it did before the pandemic. Cable television — once a prodigious cash flow generator — is in a deep decline, and many doubt that streaming will ever replace its money-making power.

Taken together, these pressures contributed to Shari Redstone's decision this summer to sell Paramount, a company her family controlled for decades. Around the same time, BofA's Ehrlich took the unusual step of publicly imploring Warner Bros Discovery's management to explore strategic options, declaring that its "current composition as a public company is not working".

These problems have washed over Hollywood's creative community in the form of job cuts and reduced production budgets, while the rebound that many had hoped for after last year's strikes by actors and screenwriters has not materialised.

A longtime TV writer and producer confirms the grim mood. "There is not a writer in this town who thinks their career is going well," he says. "Everybody is up against it right now because the jobs are just not there."

Meanwhile, Netflix's soft power is rising in Hollywood. Sarandos is chair of the Academy Museum of Motion Pictures, and oversaw Netflix's recent \$70mn renovation of the historic Grauman's Egyptian Theatre on Hollywood Boulevard. His wife, Nicole Avant, is a long-standing friend of Democratic presidential nominee Kamala Harris. In an old-school flex, Netflix even purchased all the billboards along the famous Strip on Sunset Boulevard.

But some in Hollywood are angry at the company for radically changing the economics of the entertainment business. Some voting members of the Academy remain aggrieved that Netflix does not give its Oscar-contending films a wide release, preferring limited screenings in select theatres for only the minimum time required to qualify for an award.



How Netflix won the streaming wars

The disdain for Netflix is beyond anything I've ever seen... They dominate and control everything'

"The disdain for Netflix is beyond anything I've ever seen," says a Hollywood veteran who has held top positions at major entertainment companies. "They have eliminated the back-end financial [profit] participation of every artist in the world. They dominate and control everything, and no one's even close."

He adds: "The city is bleeding right now. Bleeding."

Hastings may have sounded like he was riffing when he made his announcements about password sharing and selling advertising.

But in reality he and other senior managers had been discussing the ideas for years, current and former employees say. To get them up and running, Hastings turned to Peters, then the chief operating officer.

Like Hastings, Peters came from a tech background. His mother was a computer programmer at IBM who made sure he learnt to code at the same time he learnt to read and write. Before joining Netflix in 2008, he had worked for Tivo and Red Hat Network.

There was scepticism about the password crackdown as Peters began launching controlled tests in markets such as Chile, Costa Rica and Peru in early 2023. Some analysts thought the initiative would end up losing customers for Netflix.

Instead, it proved to be a boon that

turbocharged Netflix's growth for more than a year, with total subscribers reaching 238mn in the most recent quarter, up 16 per cent from a year ago.

Nearly five years after the launch of Disney+ ignited the streaming wars, Netflix remains on top in terms of both subscribers and time spent on the service. In July, it captured about 8.5 per cent of US screen time while its nearest Hollywood rival, Disney, had 4.8 per cent between Disney+ and Hulu.

Streamers run by the other Hollywood studios — Warner Bros Discovery's Max, Comcast's Peacock and Paramount+ — all had less than 2 per cent of total viewing hours.

Yet with the surge from the password-sharing crackdown starting to taper off, analysts are raising questions about the next leg of growth for Netflix. Its other big initiative — advertising — will take more time before it is a meaningful contributor to the bottom line.

Netflix partnered with Microsoft to use its "stack" — a system for delivering digital advertisements — and launched its ad-supported service in 12 countries by the autumn of 2022.

But Amazon, which competes with Netflix with its Prime Video service, also entered the streaming advertising business, and in typically aggressive fashion began offering rates much lower than those Netflix was seeking.

In a move that shocked the industry, the executive running the advertising business, Peter Naylor, left the company during this year's annual "upfront" presentations. Soon after, Peters ended the partnership with Microsoft, deciding to build an in-house advertising platform instead. He now acknowledges that advertising will not be a "primary driver" of revenue growth until 2026.

Despite the setbacks, Ehrlich says she believes Netflix will be successful in the ad business once it is running at scale. One reason is the loyalty of Netflix's audience. "They are like the old pay TV bundle, [where people watch] two hours a day, 60 hours a month," she says. "So they can guarantee that they can reach consumers. The dollars follow the eyeballs."

In Hollywood and on Wall Street, there is an expectation that weaker

streamers will either combine or shut down within the next 18 to 24 months. Yet even if there is a shakeout, there will still be an intense fight for eyeballs in the broader streaming audience.

YouTube is mostly known for its user-generated content but is also pushing paid subscriptions for offerings such as NFL Sunday Ticket, which can cost about \$480 per year.

TikTok is allowing its users to experiment with long-form video of up to an hour. And free streaming video sites such as Tubi, a service owned by Fox, are growing quickly on the back of older TV titles.

"Competition remains fierce not just within the category of subscription streaming, but also against the broader category as a whole," analysts at Moffett-Nathanson, a research firm, wrote recently. "YouTube already accounts for over 20 per cent more TV usage than Netflix and is growing at a faster rate. Short form video is also here to stay."

Before the Netflix correction, the company was known in Hollywood for paying well-known directors or showrunners huge sums to make movies or series.

This helped it win audiences early on with edgy programmes such as *Orange Is the New Black* and *House of Cards*. Its content budget soared, bankrolled by investor enthusiasm for buying new shares in the then-lossmaking company.

To the fury of the Hollywood establishment, Netflix rejected the studios' system of profit participation, known as backend, whereby directors and actors take a smaller amount of money upfront in exchange for a cut of the gross revenues in the event that a movie is a box office success.

But it handsomely rewarded directors such as Martin Scorsese for his mafia epic *The Irishman*, or showrunners such as Shonda Rhimes for bodice-ripping drama *Bridgerton* and Ryan Murphy for serial killer anthology *Dahmer*.

The lavish spending appears to have topped out, at least for now. "Now that they're the dominant player, they don't have to pay people extra to be in business with them, right?" says the

Reed Hastings, co-founder of Netflix, has seen his group deftly navigate a management change and regain much of its swagger. Meanwhile, the traditional Hollywood groups have been mired in a funk

FT montage/Rivonberg/Unsplash

longtime producer and writer. "Now they can take advantage of their market share."

After the subscriber declines in 2022, Netflix capped its content budget at \$17bn, though spending fell to \$13bn during the Hollywood strikes last year. The company also discovered that its subscriptions kept growing during the strikes, even without much fresh programming. "They still had incredibly strong subscriber growth and they were not suffering when it came to their engagement numbers — they were still doing fine while the traditional TV businesses were really struggling," says Jamie Lumley, an analyst at Third Point, a research firm.

The pressures of the strike also prompted legacy media groups to resume licensing their shows to Netflix, which they had stopped doing after they launched their own streaming services. Old shows were revived by the "Netflix effect" — most notably *Suits*, starring Meghan Markle, which became the most streamed programme of 2023.

The lesson Netflix took away from the strike experience, Lumley adds, is that it did not have to produce as much new programming as it had been. "That gives them flexibility to take some bigger swings on different kinds of content," he says. Company officials say they will increase content spending in the future, but haven't given a timeframe.

It has become known for popular lower-cost fare like its "unscripted" programming, mainly reality shows such as *Love Is Blind*, *Selling Sunset* and *Is It Cake?*, and experiments with live streaming, which debuted with a glitchy standup routine by comedian Chris Rock in March. Analysts see live streaming as a gateway to real-time professional sporting events and other programming that could increase audience engagement.

Netflix's live capability will face its biggest test yet on Christmas Day, when it will stream an NFL game. The move has prompted speculation that it may seek to join Amazon and Apple in the race for sports rights, though Sarandos insists he is not interested in paying for full-season rights in which much of the financial benefit goes to the other partner.

Perhaps the most interesting move by Sarandos since the Netflix correction has been a \$5bn, 10-year deal with World Wrestling Entertainment's weekly *Raw* programme in the US. It is the group's biggest foray into streaming live events.

"Wrestling historically has a very engaged fan base, and this is weekly content," Lumley says. This kind of recurring programming means Netflix does not have as much pressure to "keep their foot on the gas in the traditional production engine", he adds.

But for some, the wrestling deal indicates a shift from the higher-brow offerings of the early days. "If someone is defining quality as being sophisticated, literary scripted programming, then Netflix is not specialising in that the way they were a few years ago," says Robert Thompson, professor at the Newhouse School at Syracuse University.

"What wrestling does, what live stand-up comedy does, has value in itself. It's just different from a sophisticated, scripted show."

For all the gripes about programming quality, Netflix still came out of last weekend's Emmy awards with 24 winners, though it was beaten into second place overall by Disney's production unit FX, creator of hit series such as *Shogun* and *The Bear*.

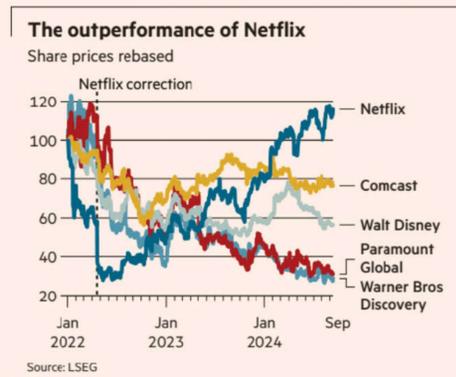
The ultimate prize in Hollywood, the Academy Award for Best Picture, has eluded Netflix despite multimillion-dollar marketing campaigns for its eight nominated films since 2019, which include *Roma*, *The Power of the Dog* and *All Quiet on the Western Front*.

Whether it will continue aggressively pursuing prestige films became a live topic in Hollywood this year after the departure of Scott Stuber, who led the company's film division and actively recruited top filmmakers to make Oscar-worthy movies during his seven-year tenure.

Addressing speculation that his successor, Danny Lin, might veer from Stuber's strategy, Sarandos said there was "an unlimited appetite to make better films, always". The company points to Emilia Pérez, this year's winner at Cannes, and an adaptation of August Wilson's *The Piano Lesson* as proof of its commitment to sophisticated films.

Best Picture award or no, and despite the threat from free streaming, Netflix has for now cemented its position at the top of a wounded Hollywood.

"Every decade has a dominant media company," says a senior executive at a Hollywood rival. "And Netflix is it for this decade."



'They had incredibly strong subscriber growth — they were doing fine while the traditional television businesses were really struggling'

The FT View



FINANCIAL TIMES

"Without fear and without favour"

[ft.com/opinion](https://www.ft.com/opinion)

Europe needs to unleash its banking union

Mergers and harmonisation would help lenders reap the benefits of scale

Unicredit's announcement last week that it had built up a 9 per cent stake in Commerzbank sparked a rare giddiness among European bank watchers. In the continent's highly fragmented banking system, mergers are often confined to entities from the same country and lending activity is largely home-biased. Onlookers hoped the Italian bank's move could pave the way for a deeper tie-up between Italy and Germany's second-largest listed lenders, and kick-start consolidation across the bloc. Whatever happens, Brussels knows that to compete for green and high-tech industrial supremacy, the EU needs to leverage the combined financing power of its banking system.

Former Italian prime minister Mario Draghi's report into Europe's economy

estimated last week that the bloc needed to raise capital expenditure by €800bn a year to stay competitive. But a significant impediment to boosting investment is the lack of scale among the EU's private lenders. For measure, JPMorgan Chase, the largest US bank, has a market capitalisation greater than the 10 largest EU banks taken together. In the banking industry, size matters. Larger banks can spread risk and benefit from cost efficiencies, which helps to generate higher profits and, in turn, more financing opportunities.

In the EU's single market of 23mn businesses and 450mn people, European banks have the scope to raise finance at scale. But they have been limited in their ability to take advantage through consolidation or by expanding regional lending.

Cross-border M&A activity in the European banking sector has been particularly weak since the global financial crisis. The value of transactions in the euro area, measured by the total assets

of M&A targets, fell by about two-thirds between the pre-crisis decade and the period after 2008 until the Covid pandemic, ECB research shows. There are multiple reasons why. European governments that had to bail out international lenders during the crisis have been more cautious about cross-border mergers. There is often also a desire to support domestic champions and to protect provincial banking networks.

Banks attempting to expand beyond their national borders also have to navigate reams of red tape, including differences in tax, accounting and insolvency regimes, labour laws, and securities markets. This helps to explain why both cross-border lending and mergers are subdued. European banking authorities have a reputation for being more restrictive than their international peers, too.

The forthcoming drop in interest rates – likely to crimp margins – raises the onus on European banks to innovate or find efficiency gains to boost profit-

Brussels knows that to compete for green and high-tech industrial supremacy, the EU has to leverage its combined financing power

ability. This may encourage greater interest in M&A, but Brussels also needs to do more to ensure that there are fewer barriers to commercially viable cross-border M&A and lending opportunities.

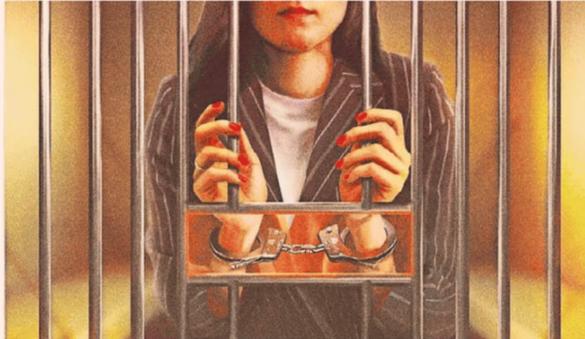
That means overcoming domestic political resistance to its banking union. A common deposit scheme, for instance, could help reduce concerns around international capital and liquidity movements, and the harmonisation and streamlining of national regulations would make cross-border financing far easier. A better integrated capital market would help, too. The persistent gap in returns on equity between EU and US lenders is partly driven by the advantage American banks have in generating income from their vast investment banking and trading activities. Multiple strong revenue streams support banks' ability to scale.

Europe needs to unify its banking system sooner or later. Otherwise it will find that the economic gap with America and China will only grow larger.

Opinion Society

Want to fix UK prisons? Let the women out

Ewan White



Stephen Bush

The United Kingdom's prison crisis is the product of a compromise gone wrong. For much of the past 14 years, the Conservative government has had a chancellor of the exchequer who wanted to reduce government spending, a home secretary who wanted tougher and longer prison sentences, and a justice secretary who wanted to reform prisons and incarcerate fewer people. The compromise was to increase the number of prison sentences but fail to build enough prisons to meet demand.

As a result, prisons in England and Wales face two major problems, one contentious, the other uncontentious.

The first, which everyone agrees on, is a problem of stock: there simply aren't enough places to house the existing prison population. This adds serious limitations to the ability of the

Indeed, women in prison are considerably more likely to be the victims of a violent crime than the perpetrator, with around 60 per cent of them having experienced domestic abuse.

In addition, 60 per cent of women in the prison system have children, compared with just 45 per cent of men, and they are much more likely to be the primary caregiver. Every year in the UK, around 17,000 children are affected by maternal imprisonment, many of whom will end up in the country's underfunded care system. Imprisoning women is, for the most part, a lose-lose as far as the British taxpayer is concerned: it is pretty expensive, in general these individuals have not committed violent offences, and the impact on their families creates additional costs and risks for the state later down the line.

Sadly, early releases for much of the female prison population is not a particularly useful solution as a practical way to ease pressure on the system. Women make up only around 4 per cent of the incarcerated population, and UK human rights law makes it very difficult for a British government to favour one sex over another in who it releases early. It is, however, a good way to understand who else might be released from prison and what legal changes could help the government reduce future flows into jail.

For instance: 48 per cent of women prisoners report committing an offence to support someone else's drug addiction, and as many as a quarter of them arrive at prison with some form of addiction, whether to legal or illegal drugs. Given that a prison cell is at least 20 times more expensive than a hospital bed, it is, I would say, not obvious that either the taxpayer or the war on drugs is best served by criminal sanctions for drug users of either sex.

One of the simplest ways to spend less money, both on prisons and in general, is to treat drug addiction as a medical problem, rather than a criminal one. This approach is impossible to reconcile, however, with Labour's commitment to not only continue a prohibitionist approach to many drugs but actively expanding the number of prohibited substances, thanks to their proposed plans to gradually outlaw cigarettes over time.

The case of women prisoners should, above all, make us ask "what are we trying to accomplish through incarceration?" It is not obvious that prison is ever going to be a good solution to drug addiction or for women who have been abused by their partners and coerced into crime. While freeing most of the UK's incarcerated women wouldn't in and of itself fix the prison crisis, changing the laws and sentencing guidelines that send most of them to prison certainly would.

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Letters

Investment is wasted without public sector productivity reform

Some esteemed economists argue that a "step change" increase in public investment is necessary to increase Britain's economic growth (Letters, September 16).

This macro assumption rests on the implicit assumption that higher investment spending will result in higher productivity which, in turn, will generate higher growth. However, at the micro level, that assumption is

questionable unless vested interests and outdated practices can be overcome, especially in the public sector.

Healthcare is a prime example. It accounts for around 40 per cent of total public service expenditure and employs over 2mn people. According to Lord Ara Darzi's Review of the NHS, published last week, "despite the massive gap in capital investment, the

NHS has more resources than ever before, even if there is an urgent need to boost productivity". Whether additional spending is for investment or on the salaries of doctors and nurses, it will not generate higher economic growth – or even better outcomes for patients – unless it is accompanied by structural reform and the use of technology to simplify processes and replace expensive

labour. The same issue faces public transport investment, unless it overcomes train unions' resistance to modernising practices.

The question is not whether the chancellor should provide more investment spending, but whether the new government will grasp the nettle of public sector productivity reform.

Dame DeAnne Julius
London KT22, UK

The importance and, yes, the beauty of mathematics

As someone who studied the subject at A-level and finally returned to it, as an undergraduate, in my seventh decade, I fully endorse Bobby Seagull's views on the importance – and, yes, the beauty of mathematics – and I am ready to accept that "maths education is failing UK students" (Opinion, August 26).

The question is what is to be done about it.

I fully agree that young people need to be taught "financial and data numeracy" but if these occupy a larger place in the GCSE, is there not a danger that these will crowd out important "abstract algebraic notions" (in Seagull's phrase) which may not be useful for most people but are vital for those who go on to study maths or any scientific discipline at an advanced level? Trigonometry for example will impinge on few people's lives after they leave school but sine and cosine functions occur in many branches of physics and prime numbers are not just "alluring" but are at the heart of modern encryption technology.

Seagull is definitely correct when he asserts that "the UK has to tackle a broader cultural issue where it is deemed acceptable to say you can't do



maths". This point was famously articulated by CP Snow in his 1959 lecture "The Two Cultures and The Scientific Revolution". Sixty-five years after Snow's lecture the UK found itself with an apparently well (and expensively) educated leader who had trouble with the concept of percentages – Boris Johnson.
Jonathan Allum
Amersham, Buckinghamshire, UK

R&D – and that S-shaped innovation curve

Gillian Tett writes that growth in productivity is declining despite increased expenditures on research and development and posits a number of reasons for this trend, primarily involving the balance of research between small and large companies (Opinion, September 13).

She neglects more plausible reasons directly connected to the nature of R&D. First, innovation curves are generally S-shaped – see the work of Clayton Christensen – and many current industries are relatively mature, leading to more incremental improvements and declining productivity of R&D research. Low-hanging fruit is gone.

Second, substantial current R&D is being invested in artificial intelligence applications, which are not yet mature and are thus not affecting productivity (though this may be affecting productivity after statistics cited in the article).

Third, much R&D is being invested into areas like green energy that will provide environmental benefits, but will not improve productivity.
Daniel Mytelka
Bellevue, WA, US

Swiss have long adopted many of AfD's key policies

As concern rises at Germany's surge to the right in recent elections in Thuringia (FT View, September 3), in Switzerland it's noted how many of the policies of the Alternative for Germany party are already in force in the Alpine state. For example, the AfD would like to see more direct democracy in the form of referendums, as the Swiss have. While not specifically in its manifesto, the AfD has made it clear it does not support the further provision of arms to Ukraine, echoing Switzerland's stance as a neutral.

And while national service in Germany was discontinued in 2011, the AfD would like to see it reintroduced, while in Switzerland it has been an unbroken tradition since 1848.

With regard to Islam, the AfD is proposing a ban on all new foreign-funded mosques as well as prohibiting the veil, echoing Switzerland's 2021 referendum when Swiss voted to forbid the construction of further minarets and outlaw face-covering.

Robert Hopkins
Former tutor to Germany's last hereditary Grand Duchess, Princess Elisabeth of Saxe-Weimar-Eisenach, Landgravine of Thuringia, Müstair, Switzerland

One way to spend less is to treat drug addiction as a medical problem, rather than a criminal one

criminal justice system to operate effectively. As a result, the new Labour government has embarked on a programme of early release to relieve pressure on the system.

The second, which is fiercely controversial, is a problem of flows: Sir Keir Starmer believes that we send too many people into prison, as does Ed Davey, leader of the centrist Liberal Democrats. Although there are some in the Conservative party who agree with them, whoever emerges as that party's new leader will almost certainly be of the view that the UK needs longer and harsher sentences.

The risk for Labour – and for prison reformers more broadly – is that the necessary expedient of early release ends up defining their broader mission of reducing the flow into prisons. Although some steps have been taken to minimise the risk that those who are released early will go on to offend again, it remains a real and serious one. Easing the pressure on prisons comes with dangers of its own.

There is, however, one group of prisoners who it would be much less risky to release: women. Women in prison have tended to commit less serious crimes, which is why 63 per cent of women starting their sentence in 2021 had sentences of under 12 months, compared with 48 per cent of men.

OUTLOOK AMERICA

Why childcare in the US is a problem for all of us



by Patti Waldmeir

Childcare in the US is "a textbook example of a broken market", according to Treasury secretary Janet Yellen. "It does not work for the caregivers. It does not work for the parents. It does not work for the kids... [therefore] it does not work for the country," she said in 2021.

Sachin Shivaram could not agree more. He is the chief executive of Wisconsin Aluminum Foundry, one of the biggest businesses in a small town in the rural US Midwest. He tried to fix that broken market for his own employees – but failed. His is a sobering tale for other US employers facing increasing pressure to help solve America's childcare crisis – *pace* JD Vance, the Republican vice-president contender, who recently suggested it could be solved by getting grandma to do more babysitting.

For Shivaram, it all started with a pink car seat: he got chatting to a worker arriving for the 2pm to 10pm shift one day, saw the car seat and asked how the single father handled childcare: he dropped his four-year-old at a friend's house one night, at grandma's the next. "I just couldn't imagine her with her little backpack, packing her toothbrush for a different place every night... then I asked other [employees], everybody had a patchwork [solution] for their kids," he told me. Shivaram decided to set up his own childcare centre.

He needed 125 children to make it economically viable, but had only 25 from his company, so he tried to

recruit from nearby businesses. "Literally no one said yes": childcare wasn't "that big of a deal" for their workers, he was told. Faced with annual costs above \$40,000 per child – in an area with a median household income of \$60,040 – Shivaram gave up, settling on a \$400-a-month employee childcare subsidy instead.

Worker Greg Place tells me he is thrilled: Shivaram's involvement got his daughter into local day care, and the subsidy pays half the cost.

Childcare has been a problem since my single working grandmother raised three children in the 1930s. But the cost has skyrocketed, while availability has plummeted. Half of Americans live in "childcare deserts" with only one day care spot per three kids, according to the Treasury. And families are spending nearly a quarter of household income on it, with over a third dipping into savings to do so.

Nearly half pay more than \$1,500 a month on childcare, much more than the \$11,260 annual average in-state tuition and fees at a public university. "Parents worry a lot about the affordability of college but childcare comes much sooner and parents are much less prepared for it, they are earlier in their careers, they've had less time to save, and you can't borrow to pay for it," Elizabeth Davis, of the department of applied economics at the University of Minnesota, told me.

But the answer isn't to pay childcare workers less. In this highly labour-intensive industry they are already among the lowest paid in America.

Despite Shivaram's setbacks, policy experts say employers are under growing pressure to be part of the solution. A "paradigm shift" is taking place among business leaders, Aaron Merchen, senior director of education policy and programmes at the US Chamber of Commerce Foundation, told me. There is a new understanding "that this is not a niche issue" for people to work out themselves. Some employers are getting involved due to childcare-related absenteeism and staff turnover, some offer childcare to remain competitive, while others want to do the "right thing", he says.

Employers in Vermont recently backed a new 0.44 per cent payroll tax to fund childcare; employers pay the tax but can withhold up to 25 per cent of it from staff wages. After some employers tried to solve childcare themselves – like Shivaram – "they realised they'd pay less if there was a long-term sustainable public funding stream", says Aly Richards, CEO of the Let's Grow Kids campaign, who lobbied for the tax.

Shivaram is disappointed he couldn't do more. He wants childcare to be treated more like a public good – like the roads that bring people to work. The market may "figure out a fix" in 10 or 20 years' time, he says, but the cost of waiting that long is that so many kids will have poor childcare. And like Janet Yellen, he thinks that will have costs for us all.

The writer is a contributing columnist, based in Chicago

Opinion

Reeves must show that she is serious about boosting growth

Jeremy Hunt

When I was chancellor, one of the biggest frustrations was the public debate ahead of Budgets. All the media really wanted to talk about was tax and spend, when for me the most important thing was always growth. I had 110 growth measures in my 2022 Autumn Statement, but apart from full expensing, does anyone remember what they are? Growth measures tend to be frustratingly long-term, but the impact of measures on tax and spend is instant.

I fear the same thing is happening again. Labour has a political objective, which is to frame any unpopular tax rises as the fault of their predecessors. But having promised not to put up taxes beyond those specified in their manifesto over 50 times, big tax rises would be seen as a betrayal.

That will no doubt dominate the political debate. But much more critical for the economy is whether the government is willing to take the difficult decisions on growth it has repeatedly promised. Labour inherited the fastest growing economy in the G7 from the last Conservative government. If that is to continue, it will need to take those difficult decisions in three areas in particular. So here are the three growth tests for the Budget.

The first is the employment test. The previous Conservative government created 800 jobs a day and halved unemployment. Yet many employers worry that Angela Rayner's new workers' rights package will deter them from offering more jobs. Labour has also cancelled the plans the previous government had to bring down economic inactivity to pre-pandemic levels. That would have been an important source of employees for businesses wanting to expand. It also happens to be the quickest way to reduce the pressure on public finances because the working age benefit bill is set to increase by £90bn by the end of the decade. So will

the Budget commit to measures that reduce the number of people claiming sickness benefit by a published number? Conservative plans would have seen 424,000 fewer people claiming some levels of benefits. Will Labour commit to something similar?

The second growth test is around productivity. Economists agree that the only way to raise living standards

So far we've seen a lot of politics – but what matters to families is good jobs and higher living standards

sustainably is to increase productivity. Even with its current economic challenges, Germany has 15 per cent higher productivity than the UK. Yet in its first few months in power, the government has announced several measures that, far from increasing productivity, will actually reduce it. Public sector pay rises of over £9.4bn with no strings attached were double or triple inflation.

That is despite public sector productivity being 5.9 per cent below pre-pandemic levels. This will now increase – a big mistake because public sector productivity is the one part of our national output over which the government has direct control. Other measures in the government's "New Deal" for workers are also likely to harm private sector productivity. For many businesses, these plans will either increase labour costs or reduce the output from the workforce they already have.

In the spring Budget, I announced a plan to see around two per cent productivity growth in the NHS as part of a broader plan for the entire public sector. So will Labour's first Budget commit to a productivity plan with published targets for the public sector? And will the government promise to "do no harm" when it comes to private sector productivity?

The final growth test concerns measures to boost investment, again central to our ability to raise living standards. Given how much investment we are attracting in artificial intelligence, it was surely a mistake to cancel the super-

computer at the University of Edinburgh. Nor is it sending the right signal to try to renege on a deal with AstraZeneca to develop the vaccines manufacturing plant at Speke. But the biggest worry for many businesses is the possibility of rises in capital gains tax and other less visible business taxes. Investment is linked to competitive tax levels, which is why last year the Conservative government introduced some of the most generous capital allowances in the OECD. Will this government therefore commit to avoiding tax rises that damage growth and investment next month?

So far we have seen a lot of politics from Rachel Reeves. But what matters to ordinary families is good jobs and rising living standards – in other words, economic growth. If we see nettles being grasped in welfare reform, productivity and investment then our economy has a chance to continue to grow. But if a summer of politics from the government has simply been laying the ground for a traditional Labour tax and spend budget, no one will be fooled.

The writer is a former UK chancellor

How Europe and America can regain space power

Sinead O'Sullivan

Space agencies are having a bad month.

First came a damning report from the US National Academies of Sciences, Engineering and Medicine, which sounded alarm bells for the future of Nasa. Then former European Central Bank chief Mario Draghi published his report on European competitiveness, which expressed deep concern for the European Space Agency.

At least the US is still the world's leader in space. Europe, on the other hand, is classified as a "spacefaring nation", but not a global "space power", according to a 2019 report by the European Space Policy Institute. It has a high level of capacity but low ability to execute.

The two agencies suffer from a similar problem: as large, public-sector institutions they have difficulty moving fast enough to adapt to modern economic and political realities. These include threats in the form of heightened military competition in space from China and Russia, which are both global space powers, and economic and innovation competition from Japan and India, which are rising space nations. There is also competition from commercial rivals.

Neither Nasa nor the ESA has found the right solution to deal with these changes.

Nasa has opted to use more private-sector contracts. Former Lockheed Martin chief executive Norman Augustine, the lead author on the Nasa report, describes how the agency has been

Agency leaders have a rare chance to create a strategy that takes advantage of their legacies

hollowed out by the private sector, forced to compete for talented engineers and scientists and encouraged to focus on short-term goals.

One might start to wonder if Nasa has been reduced to little more than a very expensive and bloated back-office of Elon Musk's SpaceX.

The ESA faces the opposite problem. If Nasa is crouching in the shadow of the private sector, the ESA is wilting without sufficient support. Compare launch vehicles. While Nasa has thrown its weight behind reusable rockets, the ESA has supported the update of its existing, single-use vehicle class. Its new Ariane 6 rocket may give it much-desired "launch sovereignty" but at a price so high the system is largely unusable.

Meanwhile, China and India are ushering in the next wave of pioneering launch capabilities thanks to government-led investment and private sector support.

It is, of course, easier for space agencies that do not have legacy technologies and organisational infrastructures in place to test out new ideas. What made Nasa and the ESA so great – their long history of technological invention – is now holding them back. The world has changed dramatically since their inception, from international competition through to euphoric globalisation to today's private-sector enabled economy.

But herein also lies an opportunity. Agency leaders find themselves with a rare chance to create a strategy that takes advantage of their legacies.

Nasa should focus on long-term goals that the private sector lacks the incentive to pursue. Goals that can benefit humanity in the future.

The ESA needs to prioritise private sector support, offering incentives to start-ups in key areas.

This could result in both agencies creating long-term strategies predicated on the reality of the contemporary political economy; one that is aligned with how geopolitics, innovation and capital markets actually function. It is no small task, but one with potentially enormous returns.

The recent reports are correct. Without new plans that serve the needs of stakeholders – including private companies, start-ups and even investors – these once-competitive agencies will see their position among the global space players continue to slide.

The writer is a former senior researcher at Harvard Business School's Institute for Strategy and Competitiveness

US rivalry with China has risks for everyone

GLOBAL AFFAIRS

Gideon Rachman



American and Chinese foreign policy sometimes feel like mirror images. The Americans are obsessed by containing Chinese power. The Chinese are obsessed by containing American power.

But the mirroring stops when it comes to how these policies are executed. Washington and Beijing bring different strengths to their battle for power and influence. As a result, they are pursuing different strategies.

America's singular strength is its military might and its willingness to offer security guarantees to its allies. The US has collective defence agreements with 56 countries around the world – in Europe, Asia and the Americas. It also provides crucial military aid to other countries, such as Israel and Ukraine, that are not formal treaty allies.

China, by contrast, has a mutual defence treaty with just one country – North Korea. Unlike the US, it also has territorial disputes with many of its neighbours, which tends to push them in the direction of America.

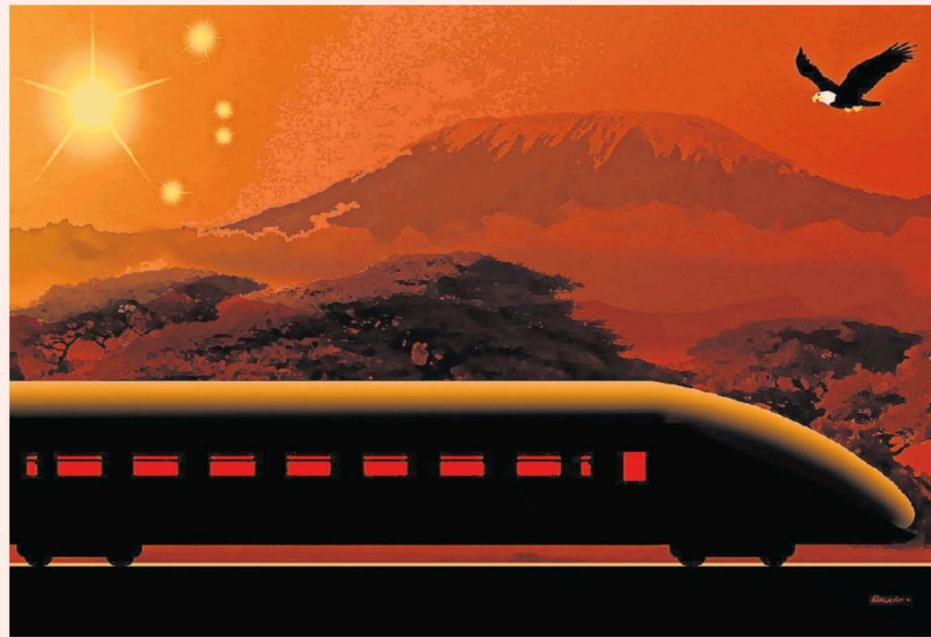
But when it comes to economic relations, China has the advantage. Australia's Lowy Institute calculates

that 128 countries now trade more with China than with the US. Over the last decade, China has spent more than a trillion dollars in over 140 countries on infrastructure investment, becoming the world's largest creditor and the world's largest trading power in the process. The results are on display all over the world, whether it is high-speed rail in Indonesia, ports and bridges in Africa or an intercontinental highway crossing central Asia.

Western countries can and do point to the flaws in China's Belt and Road Initiative, notably the huge debts owed to Chinese lenders that weigh on countries such as Pakistan, Sri Lanka and Zambia. But for developing countries that are seeking to make rapid economic progress, the Chinese offer remains attractive. As Daniel Runde, a former USAID official, told Congress this year: "From project identification to signing, commencing and completing – China is much faster and cheaper than the United States at virtually every stage."

The US is trying to push back. Last year, America's Eximbank signed a deal to finance more than a billion dollars' worth of transport and power projects in Angola. But with a yawning US budget deficit and new trade deals off the table in Congress, it will be all but impossible for America to rival China's offer.

Instead, the Americans are doubling down on what they do best. As the Biden administration seeks to contain Chinese power in the Indo-Pacific, the US has bolstered its regional security ties and "put a lot of points on the board", in the



words of a senior official. During the Biden years, the US can point to a tightening of the US-Japan security treaty, the launch of the Aukus security pact with Australia and Britain, the strengthening of security ties with the Philippines and India, and a rapprochement between two key US allies – South Korea and Japan.

However, America's security-based strategy for building its influence may be reaching its limits. China is flexing its muscles in the South China Sea. Violent clashes between Chinese and Filipino vessels threaten to test the depth of Washington's security commitments.

In an effort to contain growing Chinese influence in the Middle East and secure a regional peace deal, the Biden administration is also seriously consid-

A new arms race is a waste of resources and increases the chance of a catastrophic war

ering a security guarantee to Saudi Arabia. But the autocratic nature of the Saudi regime would make that a highly controversial move in Washington. It would also heap further burdens on the US armed forces, which are already stretched thin by their commitments in Europe and the Indo-Pacific.

But as the US reaches the limits of its security-based diplomacy, China's trade and investment-based strategy is also running into trouble. Xi's efforts to revive China's domestic economy through a renewed export drive is unsettling many developing countries, which fear their domestic industries are being undermined. Indonesia, Mexico, Brazil, India and Chile have all recently raised tariffs on Chinese goods, highlighting what the author James Crabtree calls "a major strategic dilemma for China, as policies designed to restore its domestic economy threaten to undermine its ties with the global south".

It is true that American support for Israel has damaged the US in the global south, particularly in Muslim countries. But China has paid a heavy reputational

cost in Europe because of its support for Russia.

The competition between the US and China is not all bad, as far as many third countries are concerned. Nations such as Saudi Arabia, South Africa, the Philippines and Brazil feel they have more freedom to defy either Washington or Beijing in a bipolar system.

But even for the non-aligned, there are considerable downsides to the growing rivalry between the US and China.

Protectionism and the bifurcation of the global economy will ultimately damage economic growth for everyone. A new arms race is a waste of resources and increases the risk of a catastrophic war. And the rivalry between China and the US also makes it much less likely that the two countries will work together on the global challenges that threaten everybody – such as unregulated artificial intelligence and uncontrolled global warming.

The joys of a new cold war can be greatly exaggerated.

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Techno-energy is reshaping the world

Azeem Azhar

Now, however, barrels of oil and sacks of coal can be left on the loading yard, replaced by solar panels, wind turbines and batteries.

As markets expand, prices are coming down. This is not just the case for solar photovoltaic panels. Between 1990 and 2023, the price of wind turbines dropped 61 per cent and batteries 97 per cent. In Germany, solar panels are now cheaper than wooden fences. Homeowners can protect their privacy while powering their kitchen appliances.

By contrast, benchmark costs for crude oil, coal and natural gas have increased in real terms over the past century. Consumers have been subjected to the churning volatility of petrochemical politics too. And lowering prices by improving the machines that turn those resources into energy – power plants and engines – is difficult and expensive.

New energy production will therefore follow the path of other technology sectors, with innovation spurring new businesses. Virtual power plants can already string together solar panels from small and large companies,

household batteries and sometimes even a slice of an electric vehicle's battery. The US Department of Energy reckons as much as 8 per cent of peak electricity demand is already met by such collaborative endeavours.

For energy stalwarts, a radically different mindset is required to deal with what is fast becoming a very different

Traditional power brokers endowed with reserves of fossil fuels will see their leverage wane

world. As the techno-energy system increases efficiency, electricity will become the common currency. Analysts will care less about dollars per barrel of oil and more about cents per kilowatt-hour generated.

Traditional energy power brokers – those endowed with reserves of fossil fuels – will see their global leverage wane. Imbalances will be redistributed. Renewable resources are more equitably

and generously distributed. According to Rocky Mountain Institute, every country in the world barring Japan and a handful of nations in eastern and central Europe, have renewable resources capable of meeting their current energy demands 10 times over. The global south is the richest region of them all.

Today's energy markets do not yet reflect the structure of a technology-driven sector. For one thing, the cost of producing and distributing energy varies by geography. Prices should too. Regional pricing, such as that already found in Texas, is essential to eliminate distortions and encourage investment that drives prices down and capacity up.

Energy technologies have far lower lifetime costs than their fossil counterparts too. After all, once you have bought a solar panel or battery, it does its job without needing to be refuelled with expensive oil and gas. However, upfront prices can be higher than equivalent non-renewable systems, even in the face of staggering declines in cost. Adapting to this system, which is more costly to buy and much cheaper

to run, can be aided by the finance industry.

Policymakers also need to make it easier for households and businesses to participate in a properly distributed electricity system. US regulators, who often hail from the fossil fuel industry, have not made it easy for smaller players to compete with incumbents. Adjusting electricity prices based on real-time supply and demand could also help to match energy use with renewable energy production.

Industry must fashion its own response. This means investments in new processes for making steel, cement, glass and the materials upon which the modern world is built.

Scientists from the University of Exeter recently concluded that we have passed a "global irreversible . . . tipping point . . . where solar energy gradually comes to dominate global electricity markets". Our current political economy has been built around natural resources. This transition will have a profound impact on that structure.

The writer is author of 'Exponential'



John Plender
The lucrative pension fund transfer trend needs urgent scrutiny
INSIDE BUSINESS

Oil's fall leaves majors in need of a new pitch to investors

Oil may float on water, but its days of floating above slowing global demand growth look numbered.

Having briefly dipped below \$70 a barrel, it could well sink further. That is bad news for oil and gas companies, of course. But it leaves European majors, whose equity appeal has largely focused on buybacks and dividends, in need of a new sales pitch.

Oil's main problem is that consumption in China has actually started to fall, with the impact of a weak economy exacerbated by the increasing penetration of electric vehicles and high-speed rail. That will translate into a global growth rate for this year and next that is below 1mn barrels a day, or less than 1 per cent of global consumption, according to the International Energy Agency.

Such slivers of demand growth are easily filled by new oil coming on stream in Brazil and Guyana and other non-Opec producers.

That leaves the cartel in an uncomfortable position: maintain its cuts and cede market share, or risk flooding the market. It is unlikely to choose production over price because supply growth comes from cheap, long-cycle projects which could withstand the pain. But even assuming its members do not break ranks, the threat of ample spare capacity that can quickly be brought back on stream will keep a lid on the oil price.

That leaves oil majors looking at prices which might average \$10-\$15 per barrel less than they did in 2023.



Oil majors face a price up to \$15 less per barrel than in 2023 — Igor Alekseyev/Alamy

Slowing global growth drives down oil price

Brent crude (\$ per barrel)



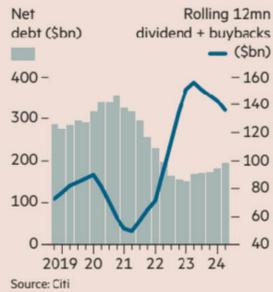
Source: LSEG

A rule of thumb might see cash flow declines of \$0.50 per barrel for every dollar lost on the oil price, thinks Christopher Wheaton at Stifel, meaning some \$30bn annually across the big five's upstream production portfolios. The impact of weak refining margins and, potentially, lower trading gains from less volatile flows comes on top of that.

Lower cash flows will blow a hole in the majors' distribution policies. Most were paying over half their cash flows out to investors in dividends and buybacks, according to Citigroup analysis. They will have a lot less to play with going forwards.

True, the group as a whole exits this

Global oil groups are re-leveraging to try to hold distributions



Source: Citi

oil bonanza with strong balance sheets. But leveraging up to fund buybacks would be a hard sell.

This leaves oil majors in need of a new story to tell investors. The problem is less acute for those companies — mainly in the US — which have sizeable opportunities left in their core business. Being able to point to shale consolidation benefits for Exxon or growth from new resources is helpful.

But in Europe, where more capital is being poured into low-carbon, energy-transition businesses, the challenge to persuade investors that these have a profitable future just got more pressing still.

Springer Nature's IPO shows academic publishing's resilience

Not for the first time, Springer Nature is testing choppy waters. The private-equity-backed publisher of journals such as Nature and Scientific American called off flotations in 2018 and 2020. But the Berlin-based group is confident enough to plan Europe's first big IPO of the second half. It should fare better.

Volatility was not the only reason previous attempts stalled. In 2018, the only time it got as far as publishing a prospectus, investors balked at the high debt and price expectations amid concerns about the sustainability of the model. The 2018 prospectus suggested that Springer Nature's market capitalisation would be about €3.6bn.

This time round, the owners — BC Partners with a 47 per cent stake and Holtzbrinck Publishing Group, a privately owned company that has the remainder — may value the equity at least a quarter more highly. The group could fetch an enterprise value of about €6.5bn-€7.5bn. That estimate assumes a 10-20 per cent IPO discount to an EV/ebitda multiple of 11 times, based on analysts' assessment of peers such as Relx's Elsevier and Informa's Taylor & Francis.

Springer Nature is a more attractive proposition than in 2018. Then, its post-transaction leverage was 3.5 times 2017 adjusted ebitda. This time, its debt-to-ebitda ratio would be about 2.4 times if the expected €200mn gross proceeds from the Frankfurt listing is put towards debt reduction.

It has also increasingly switched from a pay-to-read to a pay-to-publish model. This year, the number of "open access" articles is expected to rise from 44 per cent last year to half. The shift has not harmed profitability. In the four years to 2023, the adjusted operating profit margin grew an average of 0.9 per cent a year.

Its margins of 28 per cent are only three-quarters those of Relx's Elsevier, the market leader (which also has data analytics). Even so, they are a source of resentment for cash-strapped universities and funders. Some of the latter are stopping paying publication fees amid calls for a reform of grant criteria to reward publication in less expensive journals. But predicting the

Springer Nature is increasingly profitable



* As of June
Source: Springer Nature

demise of academic publishers' high profit margins is a tradition nearly as old as the internet. So far, it has been greatly exaggerated.

The prestige of Springer Nature's top journals gives it leverage. As one of the largest academic publishers, it has the advantage of scale when it comes to spreading tech and marketing costs. With the research publishing market expanding at just over 3 per cent a year, Springer Nature should be capable of steady, if not spectacular, growth.

Boeing cruising towards a mega equity raising to shore up liquidity

A company whose credit rating falls from investment grade to junk status is known as a "fallen angel". Boeing's descent into this netherworld draws ever closer. Stalled jet deliveries along with a recent work stoppage will send cash flow even deeper into the red.

Yet, despite its parade of troubles, Boeing still boasts a backlog of 5,400 planes worth \$437bn. And that should be enough for equity investors to bite on an increasingly anticipated share offering of perhaps \$10bn.

Boeing management is trying to convince Wall Street it is just a matter of time until its cash machine is turned on again. The company's flagship 737 programme — paralysed by safety investigations — was just starting to ramp up again prior to the strike.

Separate problems with the 777 and 787 have arisen. Adding to the nightmare, Boeing's aerospace defence business is also flailing (its problems include two astronauts stuck in space).

But the planes waiting to be assembled and delivered are spoken for. The question it faces is for working capital needs, until deliveries can be made and paid for. Boeing says it likes to have around \$10bn in cash on hand. As of the last quarter, after a \$10bn bond issuance, cash was up to \$13bn, against \$58bn of total debt.

Boeing says it will defend its investment grade status — after Moody's last week put it on watch for a downgrade. Analysts at CreditSights research firm calculate an incremental \$400mn of interest expense from certain Boeing bonds that reset their coupon on a downgrade. In the secondary market, many mutual funds that hold high grade debt would be forced to sell Boeing securities if they no longer were appropriately rated.

The implication is that Boeing will choose to sell equity as the way to shore up liquidity to avoid credit market chaos. That choice, however, would be a painful one. Shares are 65 per cent off their 2019 peak. A \$10bn offering — which Boeing's cash burn rate and balance sheet preferences suggest — would imply selling a little more than a tenth of the company, an absolute and relative size not often seen in capital markets.

The case against Boeing is that its problems will persist despite its insistence that better days are just around the corner. Still, the order book is full, suggesting a staying power that should prove tempting to bet on.

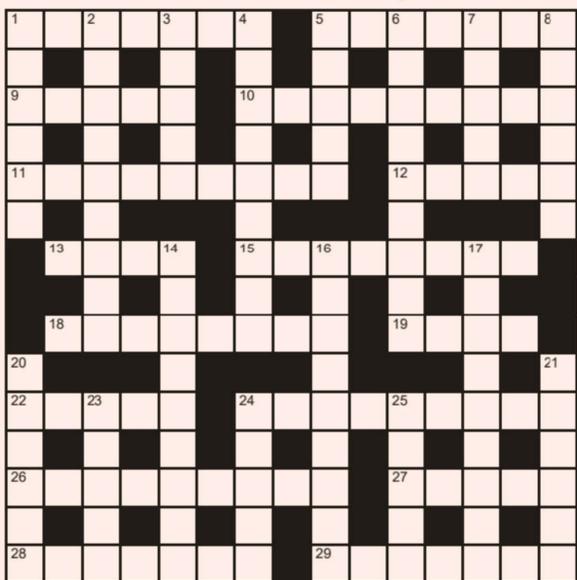
Slowed plane deliveries have hit Boeing shares



Source: LSEG

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ACROSS

- Magnificent items referring to type of melon (7)
- Skilled worker in braggart is a narcissist (7)
- Move round across a step (5)
- Party where nice toper gets sozzled (9)
- A walkover for Oscar nominees? (3,6)
- Eight ncs. cut, lest odds cut (5)
- One swimmer from Dover? (4)
- Apathetic when register lost? (8)
- Disgusted by seed in cherry (8)
- Exercise on theological teachings is ready (4)
- Flowing locks are down idle teenager's back, initially (5)
- Vital thing in contract handed over (9)
- Dying of cold? (9)
- Masquerade chaps discussed? (5)
- Substitute hit tennis ball again? (7)
- Brown kissing bloke — that's just touching (7)

DOWN

- Blackpool, say, put in order again? (6)
- Noble ignored, as vulgar (9)
- Grub with last of pepper in very hot stuff (5)
- Athenian building a farm store up having gathered in harvest (9)
- Meeting place in coast's 1 down? (5)
- Very high price to model in standard measure (3,6)
- Cracking author (5)
- Scratching head, one tiny bewildered figure (6)
- Ultimately all square ie, producing — this? (9)
- Vicious, say, figure punched by left getting shiner (9)
- Watch over vipers, use snakes (9)
- State of shock seeing leader of union in terrible strop (6)
- Plug over hole is coming (6)
- Board game is 7 down (5)
- Spin right amid plummet (5)
- One certainly won't have animals for example transported in commercial vehicle (5)*

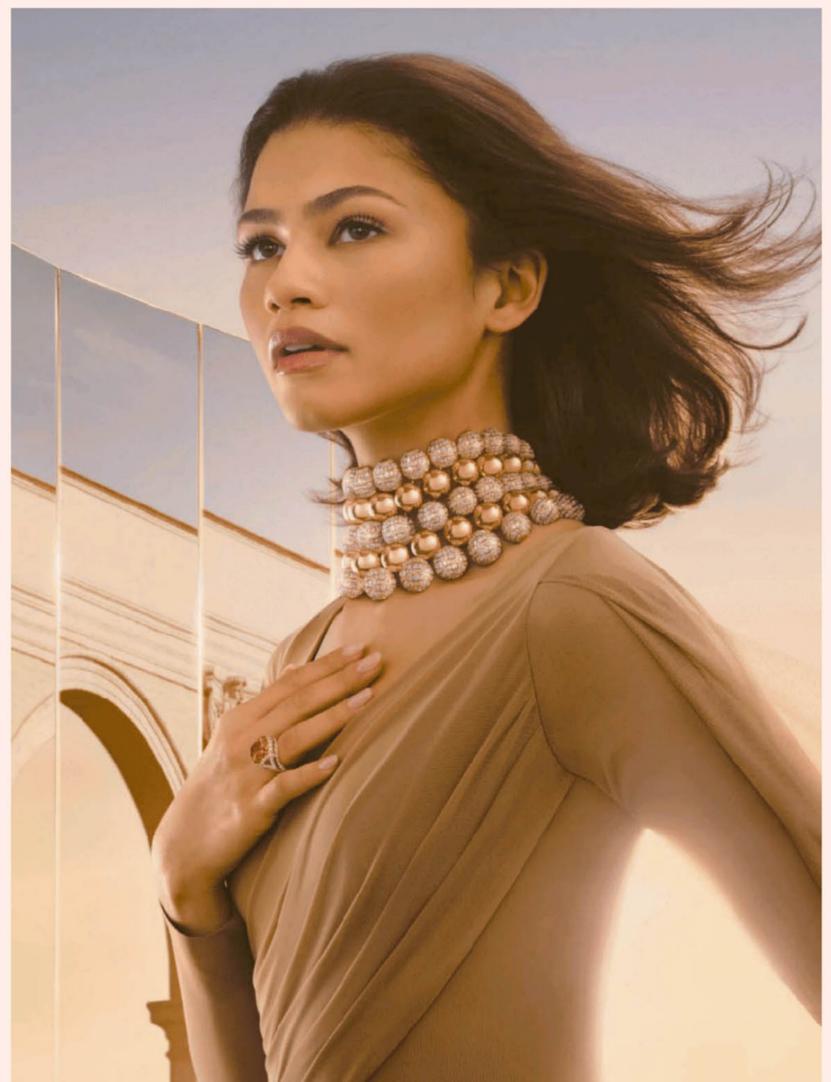
Solution 17,843



JOTTER PAD



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