FINANCIAL TIMES

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USA $3.00



Right to die: a logistical and ethical quandary

BIG READ, PAGE 17

Putin's mistrust of the west won't be shaken

ALEXANDER GABUEV, PAGE 19

Climate goals
Thin roll call for COP29

Organisers help to prepare for the opening ceremony of the UN's annual climate summit in Baku, Azerbaijan, yesterday.

Countries will meet at the 29th COP gathering, which starts today, to discuss setting a new climate finance goal, helping developing countries create green energy systems and adapting to a warming world.

Leaders including German Chancellor Olaf Scholz and UK Prime Minister Sir Keir Starmer are expected to attend, but others including EU President Ursula von der Leyen and French President Emmanuel Macron will not be present.

The chiefs of Bank of America, BlackRock, Standard Chartered and Deutsche Bank will also be absent, as well as financial sector climate alliance leader Mark Carney, who has been a UN climate envoy since 2020.

US oil celebrates Trump page 6



Sean Gallup/Getty Images

Bitcoin hits $80,000 record as traders bet on support of Trump White House

Republicans close to full control • Looser regulations expected • Rival cryptocurrencies benefit

SUZI RING AND PHILIP STAFFORD
LONDON
JOSHUA FRANKLIN — NEW YORK

Bitcoin hit $80,000 for the first time yesterday as president-elect Donald Trump recorded US election victories in Nevada and Arizona, marking a clean sweep of the seven swing states and paving the way for a more pro-crypto administration.

The cryptocurrency rose as much as 4.5 per cent, according to data from LSEG, extending a rally that began after Trump's decisive win in the presidential election last week.

Its move boosted other cryptocurrencies. Ethereum, the world's second-largest token after bitcoin, rose 8.9 per cent to hit $3,200 for the first time since August, and Solana rose 4.5 per cent.

While the final result for the House of Representatives is not yet confirmed, Republicans are edging towards taking control. By yesterday evening the Democrats had won 202 seats while the Republicans had taken 213, with 415 out of 435 races counted.

A Republican House "would allow the new administration to push through supportive policies for digital assets soon after taking office", according to a note from Standard Chartered.

> 'Bitcoin, among the riskiest of risky assets, is having its moment in the sun'
>
> Eswar Prasad, Cornell University

"We would look for several positives for the asset class early in the administration: regulatory changes . . . and changes at the Securities and Exchange Commission that would lead to a softer regulatory stance on digital assets," Geoff Kendrick, the bank's head of digital assets research, said.

"Bitcoin, among the riskiest of risky assets, is having its moment in the sun," said Eswar Prasad, economics professor at Cornell University. "The regulatory clouds are lifting. Financial conditions are becoming looser, and US macroeconomic prospects continue looking bright."

The crypto industry sees Trump's election as a win for digital currencies as executives anticipate a shift in policy and the attitudes of US regulators. Investors hope the Trump White House will set an agenda that ignites a wave of interest from large US institutions that have so far been sitting on the sidelines of the market.

Trump highlighted the merits of bitcoin in his campaign, even promoting a new venture set up by some of his longtime business partners and backed by his sons. That came despite calling it a "scam" against the US dollar during his previous presidency.

Richard Teng, chief executive of crypto exchange Binance, which was hit with a $4.3bn fine for money laundering and sanctions violations last year, has hailed Trump's win as the start of a "golden era".

Brian Armstrong, chief executive of crypto exchange Coinbase, said: "America is going to follow a path towards economic freedom."

"The oppressive headwinds that impeded industry progress and fattened legal bills over the past four years have abated," Alex Thorn, head of research at crypto financial services provider Galaxy Digital, said in a note. "Trump's inner circle is extremely supportive of digital assets."

But David Yermack, finance professor at New York University's Stern School of Business, sought to temper the industry's optimism. "Trump has made some wild promises on the campaign trail. But when you listen to him actually talk about digital currency, he has no idea what it is," he said.

News & analysis pages 2, 3 & 6

Opinion pages 18 & 19

Briefing

▸ Trump win threatens to scupper global tax deal
A deal to tax corporate profits at 15 per cent or more has been thrown into doubt by Donald Trump's US election victory as experts say nations fear he will retaliate with tariffs.— REPORTS, PAGES 2, 3 & 6; OPINION, PAGES 18 & 19

▸ Tech to toughen AI tests
As OpenAI, Microsoft, Meta and Anthropic have announced plans to build AI agents that can execute tasks autonomously, tech groups have found that their testing benchmarks are no longer adequate.— PAGE 6; FT VIEW, PAGE 18

▸ Qatar halts mediator role
Qatar has suspended its efforts to mediate a ceasefire and hostage deal between Israel and Hamas in a sign of the Gulf state's mounting frustration with the warring parties' failure to compromise to end the war in Gaza.— PAGE 4

▸ CVC seeks pharma buyer
The private equity group has said it is on the hunt for a buyer for its stake in Italian pharmaceutical outsourcer Genetic Group, in a deal it hopes will value the business at €700mn.— PAGE 6

▸ Verizon offer rebuffed
Frontier investors have told its board that Verizon must offer at least 30 per cent more than its $20bn bid for the fibre network group in light of BCE's acquisition of similar telco Ziply.— PAGE 10

▸ Iran enforces blackouts
The Islamic republic has been forced to implement rolling power cuts after a shortage of fuel caused by lack of investment in its oil and gas networks begins to bite this winter.— PAGE 4

▸ Tepid listing for Swiggy
The response to the Indian food delivery app's initial public offering was muted on Friday as institutional investors shored up the $1.3bn listing before public trading this week.— PAGE 10

▸ Crossword and Lex
The Lex column, Business Life and the FT crossword can be found inside today.— PAGE 13



Buffett's rising cash pile sparks market conjecture

In 2016, Warren Buffett's Berkshire Hathaway bought 10mn Apple shares for $1.1bn. Over the past year he has sold down his stake, crystallising gains of $97bn and increasing Berkshire's cash chest to $325bn, the highest since at least 1990. Market watchers are searching for motives. Does the 94-year-old Oracle of Ohama see this as an opportune time to clear the decks for his successor? Or could it be that he senses a crisis on the horizon?

Intrigue over motive ▸ PAGE 8

Philippines seeks US missile launchers in move likely to amplify China tension

KATHRIN HILLE — MANILA

The Philippines intends to buy intermediate-range missile launchers from the US in a move that is likely to trigger more Chinese protests over Manila's efforts to boost its defences.

Defence secretary Gilberto Teodoro said in an interview with the Financial Times that his country was looking at getting mid-range capability launchers, which the US sent to the Philippines in April for two bilateral military exercises.

"We do intend to acquire capabilities of such sort," Teodoro said. "We will not compromise with our right to acquire any such kind of capabilities in the future within our territory."

The April deployment of the launcher, also known as Typhon, was the first by the US of an intermediate-range missile system since the collapse of the Intermediate-Range Nuclear Forces Treaty in 2019. The treaty barred the US and Russia from developing or deploying any nuclear or conventional missile systems with ranges between 500km and 5,500km.

The launcher has remained in the Philippines since the exercises. Beijing has denounced both the initial deployment and its extension as "provocative" and "destabilising".

Colonel Francel Margareth Padilla, spokesperson for the Armed Forces of the Philippines, said the military continued to train with the launcher because Manila is "looking at trying to procure" the system.

The Philippines, the oldest US military ally in Asia, has reinvigorated defence co-operation with Washington since President Ferdinand Marcos Jr took office in 2022.

The country of more than 7,000 islands is at a strategic intersection of shipping lanes that connect east Asia with Australia, south-east Asia and India.

"The points for forward-operating bases would generally be where our archipelagic baselines are," Teodoro said, referring to the outer lines of the country's territorial sea. "We need to put in a lot of infrastructure in the eastern seaboard [for] air and naval basing."

Such moves have exposed Manila to Beijing's wrath. Last week China summoned the Philippines' ambassador to protest after Marcos signed two domestic laws to define Manila's sovereign rights in maritime zones and sea lanes.

Beijing objected to what it called the "illegal" inclusion of reefs, islands and waters that it claims, the Chinese foreign ministry said.



World Markets

STOCK MARKETS

	Nov 8	Prev	%chg
S&P 500	5995.93	5973.10	0.38
Nasdaq Composite	19272.60	19269.46	0.02
Dow Jones Ind	43978.34	43729.34	0.57
FTSEurofirst 300	2007.67	2022.22	-0.72
Euro Stoxx 50	4799.55	4851.96	-1.08
FTSE 100	8072.39	8140.74	-0.84
FTSE All-Share	4417.83	4453.48	-0.80
CAC 40	7338.67	7425.60	-1.17
Xetra Dax	19215.48	19362.52	-0.76
Nikkei	39500.37	39381.41	0.30
Hang Seng	20728.19	20953.34	-1.07
MSCI World $	3787.27	3752.15	0.94
MSCI EM $	1140.54	1131.87	0.77
MSCI ACWI $	862.59	854.74	0.92
FT Wilshire 2500	7716.32	7662.79	0.70
FT Wilshire 5000	60057.50	59652.50	0.68

CURRENCIES

	Nov 8	Nov 1		Nov 8	Nov 1
$/€	1.075	1.085	€/$	0.930	0.922
$/£	1.294	1.296	£/$	0.773	0.772
£/€	0.831	0.837	€/£	1.204	1.194
¥/$	152.425	152.965	¥/€	163.842	165.952
¥/£	197.237	198.221	£ index	84.999	84.879
SFr/€	0.939	0.944	SFr/£	1.130	1.128

CRYPTO

	Nov 8	Prev	%chg
Bitcoin ($)	76301.56	75837.00	0.61
Ethereum	2925.30	2902.50	0.79

COMMODITIES

	Nov 8	Nov 1	%Week
Oil WTI $	70.17	69.82	0.50
Oil Brent $	73.64	73.39	0.34
Gold $	2692.00	2734.15	-1.54

GOVERNMENT BONDS

Yield (%)	Nov 8	Nov 1	Chg
US 2 yr	4.23	4.22	0.01
US 10 yr	4.31	4.36	-0.05
US 30 yr	4.49	4.56	-0.07
UK 2 yr	4.42	4.45	-0.03
UK 10 yr	4.50	4.57	-0.07
UK 30 yr	4.90	4.97	-0.07
JPN 2 yr	0.50	0.49	0.01
JPN 10 yr	1.00	1.00	0.00
JPN 30 yr	2.24	2.25	-0.01
GER 2 yr	2.18	2.21	-0.03
GER 10 yr	2.37	2.44	-0.08
GER 30 yr	2.60	2.70	-0.10

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INTERNATIONAL

Corporate profits

Trump win leaves global tax deal 'in peril'

OECD rule now unlikely to be applied for fear of US retaliation, say experts

EMMA AGYEMANG — COPENHAGEN
PAOLA TAMMA — BRUSSELS

Attempts to stop some of the world's biggest companies shifting profits across borders to avoid paying tax are "in peril" following Donald Trump's definitive win in the US presidential election, experts said.

A global deal inked at the Paris-based OECD in 2021 and partly introduced by several countries — including EU member states, the UK, Norway, Australia, South Korea, Japan and Canada — this year was expected to raise the tax take from the world's biggest multinationals by up to $192bn a year.

But experts say a crucial pillar that prevented large companies paying less than a minimum effective tax rate of 15 per cent on their corporate profits worldwide would be undermined by Trump's second term.

"Pillar two is in peril," said Wei Cui, a tax law professor at the University of British Columbia. The structure of the OECD deal means it could affect US multinationals even though Washington has not signed it into law, despite being party to the agreement.

Under pillar two, if corporate profits were taxed below 15 per cent in the country where a multinational was based, signatories could charge a top-up levy, known as the undertaxed profits rule (UTPR). But experts believe countries will now be unlikely to apply the rule to US companies for fear a Trump administration would retaliate — including via steep tariffs on their US exports.

Rasmus Corlin Christensen, an international tax researcher at Copenhagen Business School, said he thought "punitive tariffs" seemed the most likely option, "given the preferred policies of the incoming administration".

> 'Punitive tariffs' seem the most likely option, 'given the preferred policies of the [next] administration'

On the campaign trail, Trump said he would impose 60 per cent tariffs on all Chinese goods and across-the-board levies of 10-20 per cent on the rest of the world. Many of his advisers say he wants to use these tariff threats to carve out better deals for US companies globally.

"There would be criticism and potential retaliation against jurisdictions enforcing UTPRs [from the new US administration]," said Daniel Bunn, chief executive of the Tax Foundation, a US think-tank. "People are going to be more hesitant to apply the UTPR because Trump is in power," said Cui.

The OECD said it would "continue working with all countries to ensure a fair, rules-based international tax system".

The US championed the OECD plan under the Biden administration but failed to pass it in Congress, partly because of Republican resistance.

Last year, Republican Congressman Jason Smith drafted a bill to increase the tax rate on profits of companies based in jurisdictions with "extraterritorial and discriminatory taxes" against US multinationals. However, the bill was never legislated.

Bunn said tariffs and the draft Republican bill would probably be "part of the discussion" when it came to potential retaliatory measures by the US. Both Bunn and Cui said Canada was likely to be a target. It has implemented a digital services tax, which levies 3 per cent on revenue exceeding C$20mn ($14.4mn) and will hit several US tech companies.

US oil celebrates see Companies
Martin Wolf, Rana Foroohar see Opinion

US central bank. Interest rates

Fed on alert for White House interference

President-elect's remarks during campaign raise fears he will seek to meddle in policy

COLBY SMITH — WASHINGTON

Current and former policymakers are warning that any attempt by Donald Trump to undermine the independence of the Federal Reserve in his second term as US president would destabilise the world's largest economy and global financial markets.

In his first presidency, Trump turned on Jay Powell, who he nominated in 2017 to lead the central bank, branding the chair "clueless" and an "enemy" for resisting his calls for lower interest rates. He toyed with firing or demoting Powell but faced resistance from his advisers, given the legal limits on such a move.

Those threats resurfaced on the campaign trail as Trump mused that he wanted a more direct say in monetary policy decisions.

"I do not think I should be allowed to order it, but I think I have the right to put in comments as to whether or not the interest rates should go up or down," the former president said at The Economic Club of Chicago last month.

Pierre-Olivier Gourinchas, the top economist at the IMF, told the Financial Times that "central bank independence is one of the great accomplishments that we have had over the last 50 years".

"Anything that would go in the direction of reducing the inflation-fighting credibility of a central bank is potentially a problem."

Trump will take up residence in the White House at a time when the Fed is debating how quickly to lower interest rates to a level that no longer crimps growth but also keeps price pressures in check.

That will require a careful balancing act, which Powell alluded to on Thursday after the Federal Open Market Committee voted to cut interest rates by a quarter-point. There is the opportunity for tension if the Fed does not lower rates as fast as Trump would like.

Powell did not rule out having to raise rates again if economic conditions worsened — a warning shot to the president-elect, given fears that his plans to enact sweeping tariffs, deport immigrants en masse and lower taxes could reignite price pressures. Political interference in an environment of resurgent inflation would be a "disaster scenario", said Şebnem Kalemli-Özcan, an economist at Brown University.



Tension: Donald Trump, left, nominated Jay Powell to lead the Fed during his first term but later turned on him, branding him 'clueless'
Drew Angerer/Getty Images

Beyond verbal attacks, which Powell has rebuffed in the past, Trump will also have some leeway to reshape the top ranks of the board of governors. His reach may be limited, though, given most of the sitting officials' terms do not expire until long after Trump's second presidency ends.

Powell's term as chair ends in May 2026. On Thursday, he answered a blunt "No" when asked if he would resign from his post early if the president-elect asked him to. His governorship will not expire until January 2028, giving him scope to stay on for longer if desired. The only other vacancy that will come up is one filled by Adriana Kugler, whose term ends in January 2026. Whoever Trump selects for those positions will need congressional approval. This was one of the safeguards enshrined in law that had allowed the institution to remain "very durable", said James Bullard, who left his post as president of the St Louis Fed in summer last year to become dean of Purdue University's business school.

But given the expansive majority of Republicans in the Senate, whose banking committee spearheads the vetting process, more unconventional picks could face less pushback than in the past. That committee was crucial in halting some of Trump's Fed picks in his first term, such as Judy Shelton.

"The Fed has managed to keep that creeping partisanship outside the building. But Trump can be a force of nature," said Sarah Binder, political science professor at George Washington University.

> 'The Fed has managed to keep [politics] outside the building. But Trump can be a force of nature'

"The danger is that those attitudes towards the Fed spread."

Unorthodox proposals have already been floated by Trump's advisers, including establishing a "shadow" chair, who is widely recognised as Powell's successor long before he is due to step down. If this person were to sit outside the Fed or occupy Kugler's seat once she departs and signal potentially divergent guidance on monetary policy, that could lead to muddied communications.

"The Fed puts a premium on communications because in order to attain its goals, the committee wants to align financial conditions with what is going to get those goals achieved," said Jonathan Pingle, chief US economist at UBS. "If communications prevent the markets from correctly aligning with the committee's determination of what financial conditions are needed, then you are going to have suboptimal monetary policy."

The most extreme threat is that Trump will seek to fire Powell, something the chair said on Thursday was "not permitted under the law".

The Federal Reserve Act stipulates that members of the board of governors can be removed only "for cause", which is interpreted as serious misconduct and other violations.

But the statute does not specify whether that protection extends to the chair, which Binder said could potentially be exploited in a legal challenge. In any case, Powell could stay on as governor and would probably still lead the rate-setting FOMC, whose chair is selected by its members.

Trump has hinted that he intends to keep Powell in his role, but as recently as this summer added this would depend on the chair "doing the right thing".

Any indication that Trump had changed his mind on that front would probably be met with swift financial fallout, warned Mark Spindel, an investment manager who co-wrote a history of Fed independence with Binder.

"There is another governor in the room, which is the market," he said.

If Trump sticks to his approach as a "freewheeling spender and borrower", Spindel said "the market dynamics are really crucial". Raghuram Rajan, a former governor of the Reserve Bank of India, added: "You meddle with the Fed chair at your peril."

Market questions see Companies

Incoming administration

Pompeo and Haley lose out to loyalists for jobs in next US cabinet

JAMES POLITI — WASHINGTON

Donald Trump has ruled out naming Mike Pompeo, the former secretary of state, to his second administration as he moves to build out his cabinet after winning the US presidential election against Kamala Harris last week.

Trump announced in a post on Truth Social on Saturday that he would not be including Pompeo in the government. He also said that Nikki Haley, the former US ambassador to the UN who challenged him for the White House, would not be joining.

Both Pompeo and Haley have been critical of Trump before backing him for president in the general election, and his announcement highlights how he is planning to staff his administration with loyalists who have not crossed him recently.

"I will not be inviting former Ambassador Nikki Haley, or former Secretary of State Mike Pompeo, to join the Trump Administration, which is currently in formation," Trump said in the post.

"I very much enjoyed and appreciated working with them previously, and would like to thank them for their service to our Country."

Pompeo was seen as a top contender for defence secretary in Trump's second administration, having already served as CIA director as well as secretary of state in his first.

Trump's statement striking him from contention means Mike Waltz, the Florida congressman, is the most likely candidate to run the Pentagon. Tom Cotton, the Arkansas senator and another top contender for defence secretary, has already ruled himself out.

Pompeo has been a staunch advocate for US aid to Ukraine as it battles the Russian invasion, putting him at odds with Trump and his allies, who have been sceptical of helping Kyiv.

He has criticised Trump in the past for his profligate spending policies and his mishandling of classified documents. Pompeo warned that Republicans needed to be aware of "those with fragile egos who refuse to acknowledge reality", which was widely viewed as a swipe at Trump. But this year, Pompeo said he would be open to serving in the administration if asked.

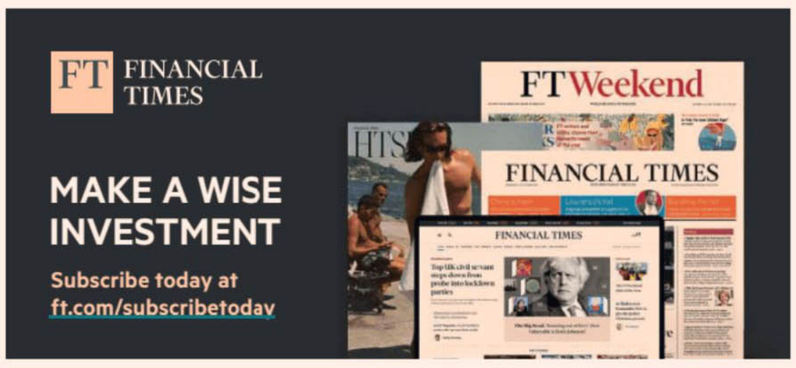
Haley was much less likely to join Trump for his second term after heavily attacking him during the Republican primary, and criticising his campaign in the final weeks of the race.

Trump's post about Haley and Pompeo followed his first big appointment on Friday, choosing Susie Wiles, his top political adviser and strategist, to be White House chief of staff.

Robert Lighthizer, who was US trade representative when Trump launched his trade war with China, has been asked to take the job again.

Several people familiar with the discussions inside Trump's transition team said Lighthizer had been asked to return to the role even though he was lobbying for a different position, including commerce secretary.

Lighthizer had also expressed interest in serving as Treasury secretary, but that position will most likely be offered to a financier, with contenders including hedge fund managers Scott Bessent and John Paulson.



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North America

Mexico braced for challenges in ties with biggest trade partner

CHRISTINE MURRAY — MEXICO CITY
MICHAEL STOTT — LONDON

During his first presidential campaign in 2015, Donald Trump blamed Mexico for taking US jobs and exporting drug traffickers and rapists.

But five years later, he had updated the treaty binding their economies and called his Mexican counterpart Andrés Manuel López Obrador a "great guy".

Mexico's business leaders felt they weathered the first Trump storm relatively well. Some believe President Claudia Sheinbaum can follow the playbook that worked for López Obrador: do not criticise Trump and give him what he wants on migration.

But a second Trump administration poses far more serious challenges for Mexico, the biggest trading partner of the US. Business leaders and experts on the bilateral relationship fear that the fledgling Sheinbaum government is not well placed to navigate them.

Trump will be a more powerful president this time, with probable majorities in both houses of Congress. He will be determined to press a harder bargain with his weaker southern neighbour, which is suffering from drug-related violence and sluggish growth.

Trump's campaign threats — blanket tariffs, inducements to US companies to bring production back home, the mass deportation of about 11mn illegal migrants and the designation of drug cartels as terrorist groups — would hit Mexico disproportionately hard.

About half the migrants living without papers in the US are Mexican, Mexico is home to two of the world's biggest and most feared drug cartels and the country depends on the US market for 83 per cent of its exports.

Mexico's first female president has said little so far about how she plans to deal with Trump, other than that there was "not a single reason to worry" about the countries' "good relationship".

López Obrador, her predecessor and mentor, built an unexpectedly strong personal rapport with Trump. Despite the two men's ideological differences, they shared a preference for an authoritarian populist, nationalist style of government and transactional diplomacy.

Private sector and currency investors remain hopeful for a repeat of the Trump-López Obrador love-in, with this week's fall in the peso not as steep as when Trump was first elected. One senior banking executive said most of his big Mexican clients wanted Trump to win, hoping a potential trade war with China would push more US companies to invest south of the border.

But patience with Mexico has run thin in the US capital in recent years, with cooperation on fighting drug cartels at a recent low, US companies complaining of a deteriorating business climate and Mexico ignoring US concerns about a wide-ranging overhaul of its judiciary.

Observers in Washington point out that the country lacks powerful friends on Capitol Hill who would help it fend off hostile legislative moves. Sheinbaum has yet to name an ambassador to the US.



Claudia Sheinbaum: 'not a single reason to worry' about US relations

The new president's hard-left credentials are also unlikely to endear her to Trump. Sheinbaum did not deny claims from Colombian President Gustavo Petro last month that she was a former member of his now-defunct M-19 guerrilla movement during the 1980s and recently sent an aid shipment of oil to Cuba's communist government.

Hanging over the bilateral relationship is an impending review of the US-Mexico-Canada free trade agreement negotiated during Trump's first term.

"Trump has already linked trade and migration during his campaign, threatening to use economic leverage to restrict migrant flows through Mexico," said Eric Farnsworth, vice-president of the Council of the Americas business lobby in Washington. "Sheinbaum will have to decide whether to resist this approach or . . . to accommodate US priorities. With a mandated review of [the trade deal] in 2026, the stakes are monumentally high."

Democrats dealt crushing blow in Bronx stronghold

Groups such as Muslims and Latinos desert party in New York borough

JOE MILLER — NEW YORK

Yahay Obeid, who arrived in the US from Yemen aged 8, trained as a pilot, and now controls air traffic at New York's JFK airport, is more than just a model American immigrant.

At the height of the first administration of president-elect Donald Trump, he was held up in a speech by his Democratic representative, the Bronx's Alexandria Ocasio-Cortez, as a victim of the "Muslim ban", the government shutdown, and the "anti-immigration sentiment" flowing from the White House.

But last week, Obeid and probably thousands of fellow members of the Muslim community in the Bronx — the New York borough that contains one of the poorest and most Democratic congressional districts in the US — voted for Trump, as did many of the area's Hispanic and Latino inhabitants.

"What we have done right now is hold the Democrats accountable," said Obeid of the borough's 65,000 new Trump voters, who the Republican candidate targeted with a pledge to fight inflation and illegal immigration. "They have taken our vote for granted."

In a swing that shook the Democratic establishment in New York, the party's presidential candidate Kamala Harris won just 73 per cent of the vote in the Bronx — 10 percentage points lower than President Joe Biden achieved in 2020. Voting patterns across the borough, where more than 70 per cent of

> 'What we have done is hold the Democrats accountable. They have taken our vote for granted'

registered voters are Democrats, suggest the party shed support among communities that once formed its core base.

For many in the Bronx, which has the worst public health record in the state, the calculation was, "how much worse can it get?", said former firefighter Mike Rendino, chair of the Bronx Republican party. "At some point, they realised Democratic policies no longer worked."

Rubén Díaz Sr, a former state senator and registered Democrat who introduced Trump at a rally in the borough's Crotona Park in May and spent the past few weeks driving around the Bronx in a truck campaigning for the Republicans, said the backlash against his own party was long coming. "We Hispanics, we are not liberal, we are conservatives," the ordained minister said. Even among a community of first and second generation immigrants, illegal migration "was one of the main issues".

Díaz said there was anger at measures such as the debit cards handed out by the city administration to migrant families to purchase food.

While the Bronx, which has been governed by Democrats for decades, suffers from high rates of homicide and violent crime, Republican Staten Island "has the better security, the better street cleaning, the better services", Diaz said.

Although the Republican party itself did not spend money campaigning in the Bronx, Trump sought to capitalise on his growing support in the borough, visiting once for his rally and once to film a *Fox & Friends* segment in a local barbershop, during which he told patrons: "You guys are the same as me."

Conversely, Harris and the Democrats forgot that people in the Bronx were "like any other any regular American", according to Sammy Ravelo, who came to the US from the Dominican Republic in his teens and went on to serve in the army and as a New York police officer. "They know their pocketbook, how much they are paying for eggs."

A local Democratic politician's exhortation that Trump would imperil social security payments was taken as an insult by some, Ravelo said, for the implication that their community was reliant on government handouts.

Far from being put off by Trump's pledge to implement mass deportations of illegal immigrants, a small but growing number of Dominicans welcomed the tough stance, Ravelo claimed. "You know who wants mass deportation most?" Ravelo, who was one of the first responders during the September 11 attacks, asked. "Legal migrants."

A shopkeeper in the Morris Park neighbourhood of the Bronx, who asked not to be named, said she had agreed with Republicans on cultural issues such as their opposition to "Proposition 1", a proposed amendment to New York's constitution that conservatives claimed would allow transgender children to play on girls' sports teams, which was passed on Tuesday night.

Trump's courting of the Bronx vote had its hiccups. At a Madison Square Garden rally last month, comedian Tony Hinchcliffe sparked outrage by referring to Puerto Rico as a "floating pile of garbage". "Trump should have fired whoever allowed that person to go on," said the Republican party's Rendino, who thought that he lost significant support in the borough as a result.

In response to Trump's win, Bronx Democratic congressman Ritchie Torres blamed "the far left", adding that the working class was "not buying [their] ivory-towered nonsense".

That was not true for Obeid. Last week, while voting for Trump, he also chose to re-elect Ocasio-Cortez, one of the few senior New York politicians to call for a permanent ceasefire in Gaza.

Oren Cass see FT View page



Ruben Diaz Sr, a former state senator and registered Democrat, at his home in the Bronx says: 'We Hispanics, we are not liberal, we are conservatives' — Karen Dias



University education

'Unprecedented' number of students seek courses abroad

ANDREW JACK — NEW YORK

Donald Trump's election has spurred a surge in US students exploring whether to pursue university education abroad.

Studyportals, a leading provider of information on higher education, said searches by US students for foreign bachelors' and masters' courses jumped more than fivefold after Tuesday's election, from a daily average of about 2,000 to nearly 11,000 on Wednesday when the former president's victory was confirmed.

The greatest interest was for courses in the UK, Canada, Germany and Ireland, offering fresh hopes to universities in those countries that have been seeking more foreign applicants, who typically pay higher fees, to offset rising budget pressures.

The reaction comes amid falling enthusiasm for university studies in the US, where polls have shown declining confidence in higher education since 2015, led by Republican voters.

Trump and other senior Republicans have attacked elite universities over their high and rising tuition costs, concerns over restrictions on freedom of speech, and antisemitic and anti-Muslim protests. College students have traditionally been more liberal than the average US voter, although conservatives have gained some ground on campuses in recent years.

Edwin van Rest, Studyportals chief executive, said: "It is unprecedented to see a rapid shift in interest of this magnitude. We saw similar trends in the last Trump presidency, but not at this scale."

The rising interest may not result in growing numbers ultimately applying abroad, which remain modest. Fewer than 190,000 US undergraduates — less than 6 per cent of the total — spent time in foreign universities in 2022.

One University of Pennsylvania student said she was considering switching her PhD application to a UK university following the election. She cited "the general attitude towards science and evidence" in Trump's statements and concern for her safety "as someone who identifies as female and as a person of colour".

The University of Toronto said it was too early to identify any shifts in application trends, but it experienced a 12-fold increase in searches to their websites from US students shortly after Trump's election in 2016, which also helped it recruit some leading US academics.

Middle East

Qatar suspends Israel-Hamas mediator role

Doha says move made because of refusal by both sides to compromise

ANDREW ENGLAND — LONDON

Qatar has suspended its efforts to mediate a ceasefire and hostage deal between Israel and Hamas in a sign of the Gulf state's mounting frustration with the warring parties' failure to agree to end the war in Gaza.

The move by Doha underscores the struggle mediators, including the US and Egypt, have faced during months of tortuous talks intended to halt the more than year-long conflict. Both Israel and Hamas have refused to make the necessary compromises to reach an agreement.

The Qatari foreign ministry said on Saturday that Doha had informed Israel and Hamas 10 days ago that it would "stall its efforts" if an agreement was not reached during the most recent round of failed talks, which were held last month.

The statement was released a day after a US official said the US had told Qatar that Hamas's presence in Doha was "no longer viable or acceptable".

A diplomat briefed on the talks said Doha had warned Hamas that if the group was not willing to engage seriously in the negotiations, it would not be able to retain its political office in the Gulf state. But they added it was Qatar's decision and not a result of US pressure.

Doha has hosted Hamas's political office since 2012 and the ceasefire talks have primarily been held in the Qatari capital.

"The Qataris took this decision after both sides repeatedly refused to participate in the negotiations except on their basis without showing willingness to engage constructively," the diplomat said. "As a consequence, the Hamas political office no longer serves its purpose."

Qatar, an important US ally in the region, has been one of the lead mediators looking to end the conflict and secure the release of hostages since Hamas's October 7, 2023 attack killed about 1,200 people, according to Israel, and triggered the war in Gaza.

But it has drawn criticism from some US lawmakers for its role in hosting the militant group's political leadership.

In addition, Doha has been angered by attacks on it by Israeli politicians, including Prime Minister Benjamin Netanyahu, and pressure to do more to convince Hamas to accept a deal, as well as the lack of progress with the talks.

In April, the Gulf state said it was re-evaluating its role as a mediator as it complained that its efforts were being undermined by politicians with "narrow interests". That caused some Hamas leaders to move to Turkey. But Doha continued to work with the US and Egypt to secure a deal after requests by Washington and Israel, the diplomat said.

Hamas has been insisting for weeks that it would only accept a version of a multi-phased deal that would lead to a permanent ceasefire and Israel's withdrawal from the Gaza strip in return for the release of hostages, which it endorsed at the beginning of July.

Netanyahu has repeatedly rejected a permanent end to the war and the withdrawal of Israeli troops from the Gaza strip, where Israel's offensive has killed more than 43,000 people, according to Palestinian health officials.

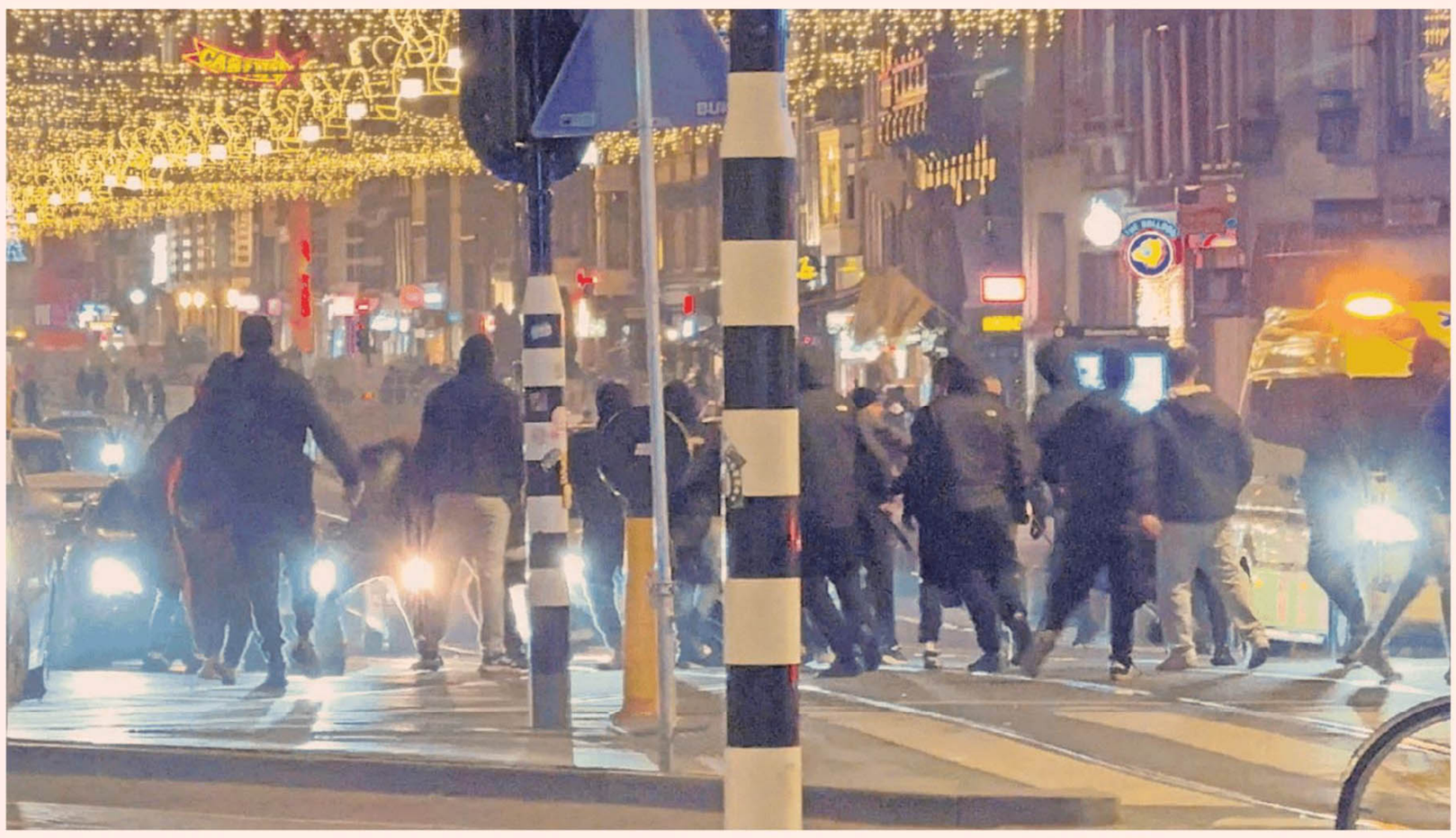
Additional reporting by James Shotter

Gaza conflict. Clashes with Israelis

Amsterdam on edge after football violence

Residents say city now more tense amid Dutch shift to right and pro-Palestinian protests

ALICE HANCOCK — AMSTERDAM
ANDY BOUNDS — BRUSSELS



Dark times: Israeli football supporters and Dutch youths clash near Amsterdam central station
X/JAnnet/Reuters

Amsterdam football club Ajax's 5-0 victory over Israel's Maccabi Tel Aviv team last week should have been a moment of civic pride.

Instead, the city faced international condemnation over what authorities called an outbreak of antisemitic "hit and run" violence against Maccabi fans after the game on Thursday night.

Videos on social media appeared to show Arabic-speaking men chasing and assaulting at least two men, demanding that one say "Free Palestine". Five people were taken to hospital and 62 were detained.

Police said there had also been earlier clashes between Israeli fans and pro-Palestinian protesters and the fans had vandalised a taxi and burnt a Palestinian flag. Other videos showed Maccabi fans chanting anti-Arab slogans as they entered a metro station.

Ajax has long been associated with the city's Jewish community. It is the Netherlands' biggest football club and the club of Amsterdam East, which includes the city's Jewish quarter. In a statement on X it said it was "horrified to learn what happened".

The incident came amid heightened tension in European cities over the war between Israel and Hamas in Gaza, as pro-Palestinian protests have spread.

The full picture of what happened in Amsterdam on Wednesday and Thursday night is still unclear and being investigated by the authorities. The police said the city would remain under heightened security over the weekend.

Some residents and councillors said Amsterdam, renowned for its open culture, had become more tense amid a deep shift to the right in Dutch politics: the growing popularity of firebrand Geert Wilders' Freedom party and its victory in elections last year.

At the same time, pro-Palestinian protests have added to the pressure on Amsterdam's mayor, Femke Halsema, a Green. The opening of a Holocaust museum in March by Israeli president Isaac Herzog was overshadowed by egg-throwing protesters. In May, protesters occupied parts of the campus at the University of Amsterdam before sometimes violent clashes with police.

Wilders' party holds 37 of the 150 seats in the Dutch lower house as part of a shaky four-way coalition and has relentlessly pushed for a ban on asylum seekers.

He has campaigned for the closure of mosques and banning of the Koran and lives in a safe house after numerous Islamist death threats. "Islam is a disgusting, reprehensible, violent and hateful religion," he said just before his party took office in July.

Posting on X after this week's disturbances, Wilders, who is a staunch supporter of Israel and spent time on a Kibbutz in Israel in his youth, blamed "multicultural scum" for the violence and said "criminal Muslims" should be deported.

Last month the government announced plans to curtail residency rights for refugees as part of its "toughest asylum policy ever". Even opposition liberal politicians have started to echo Wilders' hardline stance for fear of losing more voters to the far right.

Rob Jetten, leader of the liberal D66 party, told the Financial Times last month that failed asylum seekers should be sent home. "It's a small group, but they cause a lot of trouble and we know from which countries they mainly come from," he said, citing Morocco and other unnamed African nations.

Sheher Khan, an Amsterdam city councillor for the pro-Muslim Denk party, said the national government's anti-immigrant line was causing a "radicalisation in society".

"A lot of anger is brewing . . . and it came to an explosion [on Thursday]. But this is a direct result of that selective human rights policy [of the government]", he said.

On Friday small rival groups of demonstrators holding Israeli and Palestinian flags stood outside Amsterdam City Hall; passing residents begged them to be peaceful. Jonathan Sterhefeld, a 20-year-old Jewish Ajax fan who was among the protesters, said the city felt less safe. "If you think it's a genocide [in Gaza] it's your opinion, but don't attack me for my passport," he said.

Maccabi fans were taken to Amsterdam's Schiphol airport in buses with a police escort on Friday. Arriving in Tel Aviv, they were filmed shouting anti-Palestinian chants, according to videos posted on X.

Even before Thursday night, some countries had raised security concerns linked to travelling Israeli football fans.

> 'If you think it's a genocide [in Gaza] it's your opinion, but don't attack me for my passport'
> Jewish Ajax fan

Belgium has opted to host its national game against Israel this month in Hungary after officials in Brussels said they feared a "disproportionate risk" to fans' safety, given the strong pro-Palestinian feeling among the Belgian capital's immigrant communities. A Europa League Maccabi Tel Aviv match against Turkey's Besiktas football team will also be played at a neutral venue.

In response to the violence, Israel's foreign minister, Gideon Sa'ar, travelled to Amsterdam to meet Wilders and Dutch justice minister David van Weel.

After visiting the city's Modern Orthodox Synagogue in Amstelveen on Friday evening, Sa'ar told the Financial Times that it had been "a terrible night", adding: "The Jewish community [in Amsterdam] is strong . . . [They] will prevail."

Carla Kabamba, an independent Amsterdam city councillor, said the events of Thursday night showed that the city had "changed a lot".

"Amsterdam is a leftist, progressive city which normally has space for a lot of different people, including the people who are against each other right now," she said. "The radicalisation is there on both sides."

Energy supply

Iran enforces rolling power blackouts amid natural gas shortages

BITA GHAFFARI — TEHRAN

Iran has started implementing rolling power blackouts across the country as the Islamic republic struggles with a shortage of natural gas ahead of winter.

Two-hour daily outages will be enforced in Tehran, the capital city that is home to 9.5mn people, from today and will affect homes and businesses, local media reported. Several provinces were also hit by the power cuts yesterday.

Iran is suffering from an energy supply crunch despite having the world's third-largest oil reserves and second-largest natural gas reserves.

Years of under-investment in electricity generation and poor maintenance of existing infrastructure have resulted in recurrent power blackouts during summer, when hotter temperatures led to a surge in the use of air conditioning.

The power cuts also follow a decision to ban *mazut*, a high-polluting fuel oil, at three power plants in Arak, Isfahan and Karaj. The alternative to natural gas has contributed to high levels of air pollution in Iran.

"By halting the burning of *mazut* at three thermal plants, the government is bound to implement scheduled blackouts across the country," said Shina Ansari, vice-president and head of the environment department. "This is a valuable step towards reducing the health risks associated with air pollution."

As temperatures drop in winter, Iran's supply of natural gas is insufficient to meet surging demand, so its power plants are forced to rely on *mazut* as feedstock.

Experts estimate that the country will face a natural gas shortfall of at least 260mn cubic metres a day this winter. It is in talks to increase imports from neighbouring Turkmenistan.

Iran's energy crisis is exacerbated by sanctions on its nuclear programme. Since taking office in July, President Masoud Pezeshkian has left the door open to talks with the US and other western countries with the hope of securing some sanctions relief.

After Donald Trump won a second term as president last week, Pezeshkian said "it will make no difference" who will lead the US, arguing that Iran "will not apply a limited view to the development of relations with other states".

In his first term Trump withdrew the US from Iran's 2015 nuclear deal with world powers and reinstated sanctions as part of his "maximum pressure" campaign against Tehran.

Sanctions impede Iran from building new power plants or optimising grid operations. Industry experts say some power stations need to be overhauled or replaced.

Ahmad Moradi, a member of the parliament's energy committee, said yesterday that the national grid had a shortfall of 20,000MW of electricity, which he blamed on "insufficient generation capacity, problems at power stations and ageing transmission lines".

The Islamic republic is also seeking to manage high demand for petrol, which is blamed on fuel-inefficient domestic cars, substandard fuel quality and inadequate public transport, amid limited refining capacity for the motor fuel.

Iran has one of the world's cheapest petrol prices at about $0.02 a litre. Pezeshkian has questioned the viability of huge subsidies on petrol, fuelling speculation of a rise in prices next year.

Foreign workers

Tusk's migration clampdown risks damaging Polish economy, warn business leaders

RAPHAEL MINDER — WARSAW

This summer, Polish bakery group Putka started offering English classes to ease communication among its swelling international workforce.

Located on the western outskirts of Warsaw, the company has struggled to attract locals and has turned to workers from countries as diverse as Senegal, India and Colombia, who now account for half its 500-strong production team.

Chief executive Grzegorz Putka, the fourth generation of his family to run the business, said the foreign workers had integrated well but a lot more were needed: "We simply cannot sell as much as we would if we could employ foreigners more easily."

Business leaders and analysts have warned that Prime Minister Donald Tusk's recent pivot on migration risks hitting businesses that need migrant labour to offset Poland's ageing workforce. Poland's labour market is the tightest since 1990, when the country started its transition from communism. Its 2.9 per cent unemployment rate is the second lowest in the EU after the Czech Republic, and Warsaw, according to Eurostat, is the region with the highest employment rate in the bloc.

In response, businesses have increasingly looked abroad to fill the gap. The country now has 1.16mn registered foreign workers — 10 times more than a decade ago, according to Poland's social security office.

But while claiming to keep Poland open to skilled foreign workers, Tusk adopted measures aimed at protecting the country's security and showing he is tough on illegal migration ahead of presidential elections next May.

His government cut the number of all visas issued in the first half of this year by 31 per cent compared with the same period in 2023. Rules for student visas were also tightened to prevent misuse by incomers planning to work rather than study.

The Tusk administration also continued its predecessor's policy of beefing up security along the border with Belarus to stop what Warsaw calls a "hybrid war" waged by Russia when facilitating the journey of Middle Eastern migrants to cross the frontier into Poland. Tusk in October announced Poland would suspend the right to asylum for migrants coming via Belarus — a step broadly backed by western leaders.

"We see the EU, along with Britain, experimenting with what might work," foreign minister Radosław Sikorski said in an interview. "[Controlling] migration is important in Britain, it's important in Germany, it's important in the US, so why shouldn't it be important in Poland?"

Tusk argues that his strategy of allowing only skilled workers into the country can ensure both economic growth and security. "To bring in lots of people who are totally unqualified is not the right way," he said last month.

But the clampdown "could kill one of the most important sectors for Poland", warned Maciej Wroński, president of Transport and Logistics Poland, which represents the country's truck operators — the EU's largest national fleet. "The Tusk government has made everything harder, to get new foreigners but also to renew visas for those who already work for us," he said.

Two-thirds of Poland's foreign workforce stems from Ukraine, but Russia's full-scale invasion in 2022 significantly changed its demographics, as some men returned to their home country to join the war effort, while women and children stayed in Poland. This has created labour shortages particularly in male-dominated sectors, such as transport and construction.



Cherry Anne Cabulisan, a Filipino worker at the Putka bakery, Warsaw

The average age of Polish truckers is 55, and more than half of Poland's 300,000 long-haul drivers are non-EU nationals, according to Wroński. "Young Polish people from Generation Z want to be YouTube influencers not drivers," he added.

The restrictions come "just when we are seeing our depopulation and bad demographics clearly for the first time", said Andrzej Kubisiak, deputy director of the Polish Economic Institute, a state-funded think-tank. Poland recorded its sixth consecutive year of population decline in 2023, with numbers falling by 133,000, according to Eurostat. Based on current demographics, Poland's labour market will lose 2.1mn workers by 2035, according to Kubisiak's institute.

At the Putka factory, the switch to a multinational workforce has also increased staff rotation due to their limited-stay visas. Paying specialist employment agencies to arrange workers' immigration paperwork and housing meant that foreign staff were about 10 per cent more expensive than Polish employees, the company said.

But workers say they are glad to be part of such an international environment. Oleksii Totkal, who fled Ukraine's eastern Donbas region in 2022, said of his four Indian colleagues that he was "learning about their traditions and all sorts of things that I never heard about in Donbas".

Ukrainians' eventual return home would intensify labour shortages and require Poland to admit more workers from across the world, said Danuta Hübner, a former professor at the Warsaw School of Economics and Poland's first EU commissioner.

"Maybe our streets will one day look [as diverse as] the streets of London — which is hard to imagine when you look at our politicians," she said. "But I see no other option."

If the shoe fits Kristina Blahnik explains how she left architecture to lead the family's luxury footwear business ➔ WORK & CAREERS

Companies & Markets

Tech groups scramble to redesign AI model testing

- Current benchmarks outdated
- Reasoning becomes key measure

CRISTINA CRIDDLE — SAN FRANCISCO

Tech groups are rushing to redesign how they test and evaluate their artificial intelligence models, as the fast advancing technology surpasses current benchmarks.

OpenAI, Microsoft, Meta and Anthropic have all recently announced plans to build AI agents that can execute tasks for humans autonomously on their behalf. To do this effectively, the systems must be able to perform increasingly complex actions, using reasoning and planning.

Companies conduct "evaluations" of AI models by teams of staff and outside researchers. These are standardised tests, known as benchmarks, that assess models' abilities and the performance of different groups' systems or older versions.

> 'Many human-written tests are no longer sufficient as a good barometer for models'

However, recent advances in AI technology have meant many of the newest models have been able to get close to or above 90 per cent accuracy on existing tests, highlighting the need for new benchmarks.

Current public benchmarks — Hellaswag and MMLU — use multiple-choice questions to assess common sense and knowledge across various topics. However, researchers argue this method is now becoming redundant and models need more complex problems.

"We are getting to the era where a lot of the human-written tests are no longer sufficient as a good barometer for how capable the models are," said Mark Chen, senior vice-president of research at OpenAI. "That creates a new challenge for us as a research world."

One public benchmark, SWE-bench Verified, was updated in August to better evaluate autonomous systems based on feedback from companies, including OpenAI. It uses real-world software problems sourced from the developer platform GitHub and involves supplying the AI agent with a code repository and an engineering issue, asking them to fix it. The tasks require reasoning to complete.

On this measure OpenAI's latest model, GPT-4o preview, solves 41.4 per cent of issues, while Anthropic's Claude 3.5 Sonnet gets 49 per cent.

"It is a lot more challenging [with agentic systems] because you need to connect those systems to lots of extra tools," said Jared Kaplan, chief science officer at Anthropic.

"You have to basically create a whole sandbox environment for them to play in. It is not as simple as just providing a prompt, seeing what the completion is and then evaluating that."

Another important factor when conducting more advanced tests is to make sure the benchmark questions are kept out of the public domain, in order to ensure the models do not effectively "cheat" by generating the answers from training data, rather than solving the problem.

The need for new benchmarks has also led to efforts by external organisations. In September, the start-up Scale AI announced a project called "Humanity's Last Exam", which crowdsourced complex questions from experts across different disciplines that required abstract reasoning to complete.

Additional reporting by Hannah Murphy

Price pressures Bond traders bet that biggest economy will be served 'reflationary cocktail'



Inflation expectations climb

Two-year US break-even inflation (%)



Source: Bloomberg

IAN SMITH
SENIOR MARKETS CORRESPONDENT

A closely watched bond market indicator is pointing to rising price pressures in the US, in anticipation of policies from president-elect Donald Trump that are seen as likely to fuel inflation.

So-called break-evens on US sovereign debt — a proxy for investors' inflation expectations — have risen steadily in recent weeks, prompted by economic data pointing to stickier than expected price pressures and Trump's rising electoral chances.

The two-year break-even — the gap between yields on Treasury bonds and inflation-linked bonds, showing the average inflation needed for them to provide the same return — has moved up by 1 percentage point since September to 2.6 per cent.

The rate moved up as markets more broadly began to price in a potential Trump presidency, and then jumped following his emphatic win last week.

Traders have been betting that Trump's plans for tariffs and tax cuts will provide what Barclays analysts have called a "reflationary cocktail" for the world's biggest economy.

"We don't just look for a very short-lived overshoot on inflation [due to Trump's policies], this could be more structural and protracted," said Mark Dowding, chief investment officer at RBC BlueBay Asset Management.

Bond group Pimco has also warned about the impact of "reflationary" policies. However, other investors have questioned whether market expectations of inflation have been overdone, if Trump's campaign rhetoric on tariffs and taxes is not matched by his actions in office.

Federal Reserve chair Jay Powell indicated on Thursday that he was not yet concerned about the shift in inflation expectations, saying they were broadly consistent with its 2 per cent inflation target.

Break-evens have also moved higher in the UK, as investors readjust to the likely inflationary effects of the Labour party's first Budget. Two-year break-evens — which are structurally higher than in the US as they reflect an older inflation measure — have ticked higher from 2.9 per cent in mid-September to 3.1 per cent, and slightly more for longer-term inflation expectations.

Investors will now be assessing whether the impact on inflation from US and UK government policies will be enough to change significantly the easing path for central banks.

RBC's Dowding said factors pushing up inflation, including a rise in employment costs from the Budget, could be an "impediment to the Bank of England lowering interest rates much further", after its cut last week.

On Thursday, BoE governor Andrew Bailey said the central bank would take "a gradual approach" to future cuts as it waited to see how price pressures developed.

The minutes of the Monetary Policy Committee highlighted "upside risks to goods and commodity prices from greater trade fragmentation", without mentioning Trump.

CVC aims to sell pharma outsourcer for €700mn

ALEXANDRA HEAL AND OLIVER BARNES
LONDON

Private equity group CVC Capital Partners is on the hunt for a buyer for its majority stake in Italian pharmaceutical outsourcer Genetic Group, in a deal that it hopes will value the business at about €700mn, according to people familiar with the matter.

Luxembourg-based CVC, which has €193bn under management, has hired advisers from Rothschild to help it sell its 60 per cent stake in the Salerno-based contract manufacturer, the people said.

The company produces technology for asthma inhalers, nasal sprays and medical devices used to treat respiratory diseases and eye problems.

Genetic's founder Rocco Pavese and his family, who retained a minority stake in the business after CVC's acquisition in 2020, would like to remain a shareholder following any possible transaction. Advisers are pushing to complete a sale in the first half of next year, although it may not go ahead, the people said.

CVC has doubled Genetic's earnings before interest, taxes, depreciation and amortisation to about €50mn since taking over the business.

Private equity has invested heavily in the pharmaceutical supply chain in recent years as an avenue to benefit from the boom in drug development, without taking on the risk of investing in experimental medicines. CVC, Rothschild and Genetic declined to comment.

The contract manufacturing industry has grown significantly as big drugmakers have shed in-house manufacturing operations to save costs, with the sector projected to be worth more than $220bn by 2030, according to data from consultancy Alvaraz and Marsal.

Genetic, which was established in 2000, owns the intellectual property of about 50 products that it sells in more than 30 countries. It manufactures the products on behalf of pharmaceutical clients. The group is likely to draw interest from other private equity firms.

Private equity groups have bought several smaller specialist contract manufacturers this year, including FairJourney Biologics, Avid Bioservices and Single Use Support. CVC owns the business through its strategic opportunities fund, which usually holds on to businesses for the long term.



Energy. Trump second term

US oil celebrates but output likely to change little

Despite expected overhaul of rules, investors want priority given to returns over growth

MYLES MCCORMICK — HOUSTON
JAMIE SMYTH — NEW YORK

US oil executives are eagerly awaiting Donald Trump's expected rollback of environmental regulations, but despite the president-elect's pledge to "drill, baby, drill", production is unlikely to increase significantly during his second term in office.

Trump made energy policy a pillar of his campaign, vowing to slash red tape and unshackle US oil producers to drive up production and bring down prices for consumers. His re-election is a boon for the industry, which had a tumultuous relationship with Joe Biden's administration. It is also a big pay-off for the corporate leaders who poured money into his campaign war chest.

"I couldn't be more thrilled by president-elect Donald Trump's victory," said Continental Resources founder Harold Hamm, a Trump donor. "This is a monumental win for American energy and the future of our nation's security."

Jeff Miller, chief executive of Halliburton, one of the country's biggest oilfield service companies, echoed those sentiments. "It could only be positive. In fact, I'm quite optimistic," he said.

On taking office next January, the industry expects Trump to slash many of the environmental rules imposed by Biden. Mike Sommers, head of the American Petroleum Institute, said there had been a "regulatory onslaught" during the past four years that would now be reversed. "Just the signal from the administration that they want a robust oil and gas industry in the US is going to be a major component to getting this industry the investment that it needs to continue to grow," he said.

Among the changes the industry expects are the abolition of rules on tailpipe emissions designed to push motorists towards electric vehicles, as well as expanded access to hydrocarbons through increased leasing in the Gulf of Mexico and on public lands, and the dilution of protections for endangered species. Trump is also predicted to end a pause on new licences for liquefied natural gas terminals.

Trump has vowed to slash corporate tax and unpick Biden's signature climate legislation, the Inflation Reduction Act. But many in the industry benefit from the IRA and are lobbying against its wholesale removal.

Trump has already begun to shape the team that will be responsible for making these changes. North Dakota governor Doug Burgum is in contention for a new "energy tsar" role that will coordinate the deregulatory drive across a patchwork of government agencies.

But despite the anticipated regulatory overhaul, analysts warned that a rapid increase in output during Trump's second term was unlikely. Production has hit record levels during Biden's term in office, reaching a fresh high of 13.4mn barrels a day in August despite the regulations. But investors — burnt after years of debt-fuelled drilling binges — are keen for companies to prioritise returns over growth. The model of capital discipline they have imposed on the sector is unlikely to change.

Production is set to average about 13.2mn barrels a day this year, according to S&P, rising to 13.6mn b/d in 2025 before probably slipping the following year, driven by lower prices. Trump's re-election does not change its near-term outlook.

Macroeconomic factors, however, may help Trump keep his promise to bring down prices at the pump: sluggish Chinese demand coupled with Opec+ plans to increase supplies are likely to depress prices in the months ahead. But that would have a negative impact on oil producers.

"The market is oversupplied because the Chinese economy is not delivering the kind of demand that it has in the past," said Daniel Yergin, a Pulitzer Prize-winning energy historian and author of *The New Map*. "That is the biggest overhang for the global and US oil industry."

Bob McNally, president of consultancy Rapidan Energy and a former energy adviser to the George W Bush administration, said that while "any president has very limited tools to impact the price of oil in the short term", if strong global supply growth outpaced demand in the coming years, Trump "may get lucky and witness a sharp decline in oil prices".



Boost: Trump has vowed to slash red tape and unshackle US oil producers

"However, he would relearn a lesson from 2020, which is that low oil prices may please consumers, but they also hurt the US shale oil sector," he said.

Trump showed during his first term he was willing to play an active role in shaping the oil price. In 2018 he browbeat Opec into increasing production to bring down prices at the pump, before convincing them to slash it in 2020 to save the US shale patch from bankruptcy as prices plunged in the wake of the coronavirus pandemic.

Trump has also vowed to exert maximum pressure on Iran, intensifying sanctions on its oil exports, which could push up the global oil price.

One of the most fundamental changes sought by the industry is for Trump, aided by Republican control of the Senate and potentially the House of Representatives, to push through far-reaching permitting reform legislation after years of failed attempts.

Alan Armstrong, head of pipeline group Williams, said he was "very hopeful with more Republican control that the permitting issue finally gets dealt with in a durable and meaningful way".

Despite Trump's plans to tear up environmental rules, analysts expect large public oil companies to remain motivated to curb emissions

"I think the expectation that they will be reducing emissions and investing in clean energy does not go away because Donald Trump was elected," said Paul Bledsoe, a former climate adviser to the Bill Clinton administration.

"I think that's a public expectation. That's an investor expectation."

Rana Foroohar see Opinion

COMPANIES & MARKETS

Buffett's share sales stir intrigue over motive

Decision to slash holding in Apple has analysts wondering if he sees crisis ahead or is clearing decks for successor

ERIC PLATT — NEW YORK

Warren Buffett is unwinding his most profitable trade in history, filling Berkshire Hathaway's coffers with cash. But it is unclear if the Oracle of Omaha is ready to go elephant-hunting with his recent bounty.

Buffett recently revealed that he had continued to slash his position in iPhone maker Apple and other stocks in the third quarter, generating $97bn in gains for Berkshire Hathaway, the sprawling industrial-to-insurance conglomerate he has controlled since 1965.

By crystallising a gain, Buffett has raised Berkshire's cash levels to unprecedented heights. At $325bn, cash now accounts for 28 per cent of Berkshire's asset value — the highest level since at least 1990. And it has left his followers attempting to pinpoint the motivation for the sale.

Some investors and analysts believe Buffett, who trained under legendary value investor Benjamin Graham — first at Columbia University and then at Graham's investment firm — is sticking to his principles. They point to Apple's relatively high price-to-earnings ratio compared with its potential earnings growth.

Apple warned investors this week that its future products might never be as profitable as the iPhone, as it ploughs capital into artificial intelligence to try to catch up with rivals including Google owner Alphabet.

Others believe something else is afoot, given Buffett's praise for Apple over the years and a dearth of other investment opportunities, which the 94-year-old has repeatedly lamented. They have been left asking if Buffett is creating a runway for his successor, or if he sees a crisis on the horizon, giving him reason to raise cash.

"It is such a strange thing to see . . . [and it] begs the question, 'Why is so much cash being built up?'" asked Morningstar analyst Greggory Warren.

Warren said he did not believe Buffett was poised to clinch one of the mega acquisitions that came to epitomise his investment playbook, given his trouble competing with other buyers. Nor is Berkshire stepping in to provide capital to giant US businesses such as Intel that have sought out tens of billions of dollars of capital to fund their operations.

Buffett has also limited his buying of other stocks this year, purchasing equities worth just $5.8bn through the end of September. That sum is dwarfed by the $133.2bn of stock sales Berkshire has executed. The sales have reduced the equity risk Berkshire is taking and give it ample liquidity to invest, which it has put to work in past times of stress. But some investors sense other reasons for the shift.

Jeff Muscatello, a research analyst at Berkshire investor Douglass Winthrop, said that valuation was unlikely to be "the entire reason" Buffett had been cashing out. "The nearing inevitable management transition makes it an opportune time to clear the decks for the next generation," he said.

Warren of Morningstar agreed, saying it was cash that Greg Abel, Buffett's heir apparent, would be likely to put to work. "[Buffett] has been a bit more cognisant about how he talks about Berkshire and the future," Warren said. "He knows he won't be there that much longer. He doesn't necessarily want to saddle the guys with situations they have to deal with. He wants Greg to have as large a cash pile to work with [as possible]."

> 'Selling down Apple and having this much cash in a richly valued market is classic Buffett'

Berkshire has always run a large cash position, in part to satisfy regulations that it has enough liquidity in its investment portfolio to pay out future claims from its mammoth insurance operation. The investment in Apple dates back to 2016 when the company bought just under 10mn shares worth $1.1bn. The purchases were a shock, given Berkshire had long avoided fast-growing technology companies. As recently as 2012, Buffett had told shareholders that even with its growing profitability, he "wouldn't want to buy" Apple.

The initial investment was made by Buffett's deputy, Ted Weschler, according to a person with knowledge of the matter. In the months that followed, Buffett himself came to appreciate the company's business model, won over by the amount of time customers spent using their iPhones and that few were willing to switch to a competitor once they had bought one.

Buffett soon followed Weschler with his own buying spree and, alongside a small fund run by a subsidiary, Berkshire amassed a 5.9 per cent stake in Apple. At its peak last year, the position was worth nearly $178bn. Quarterly disclosures analysed by the Financial Times suggest that Berkshire spent about $39bn.

Acolytes of the investor say there are good reasons to take Buffett at his word: that he finds the return on short-term Treasury bills more attractive than the "alternative of what's available in the equity markets", as he said in May.

"Stocks, including Apple and Bank of America, haven't become cheaper since then," said Bill Stone, chief investment officer of Glenview Trust. "It seems like it might be just that simple."

The iPhone maker's shares trade at more than 30 times its projected earnings over the next year, according to FactSet. Darren Pollock, a fund manager at investment group Cheviot and a Berkshire shareholder, said that when Buffett was buying, that multiple was closer to 12 or 13 times and that "Apple was growing at a significantly faster rate".

"When stocks are overvalued, Berkshire's cash piles up because Buffett is finding less and less to buy," Pollock added.

"He's not a market timer. Selling down Apple and having this much cash in a richly valued market is classic Buffett."

Investors will have to wait another three months before they know for sure. The company told the Financial Times that Buffett was waiting to share any thoughts on the matter for his annual letter, due in February.



Bargain buy: after spurning Apple in 2012, Berkshire spent $39bn, building a position worth nearly $178bn at its peak last year — Faris Hadziq/Sopa Images/LightRocket/Getty Images

Buffett has slashed his stake in Apple as he hoards cash

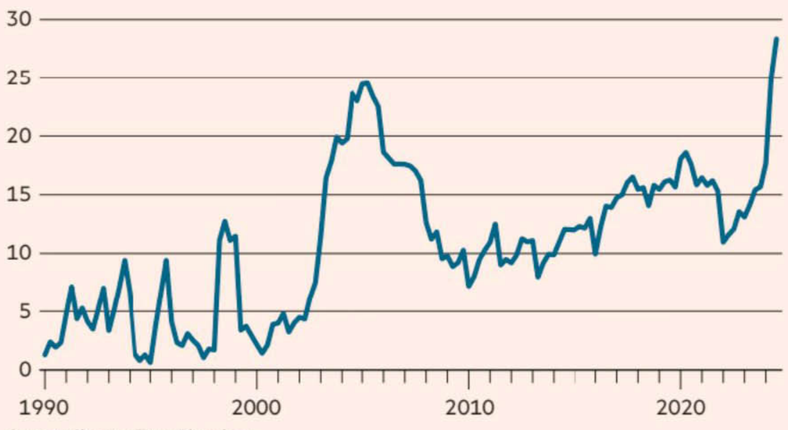
% of Berkshire's portfolio allotted to Apple, and the value of Berkshire Apple holdings stacked against the rest of its stock portfolio



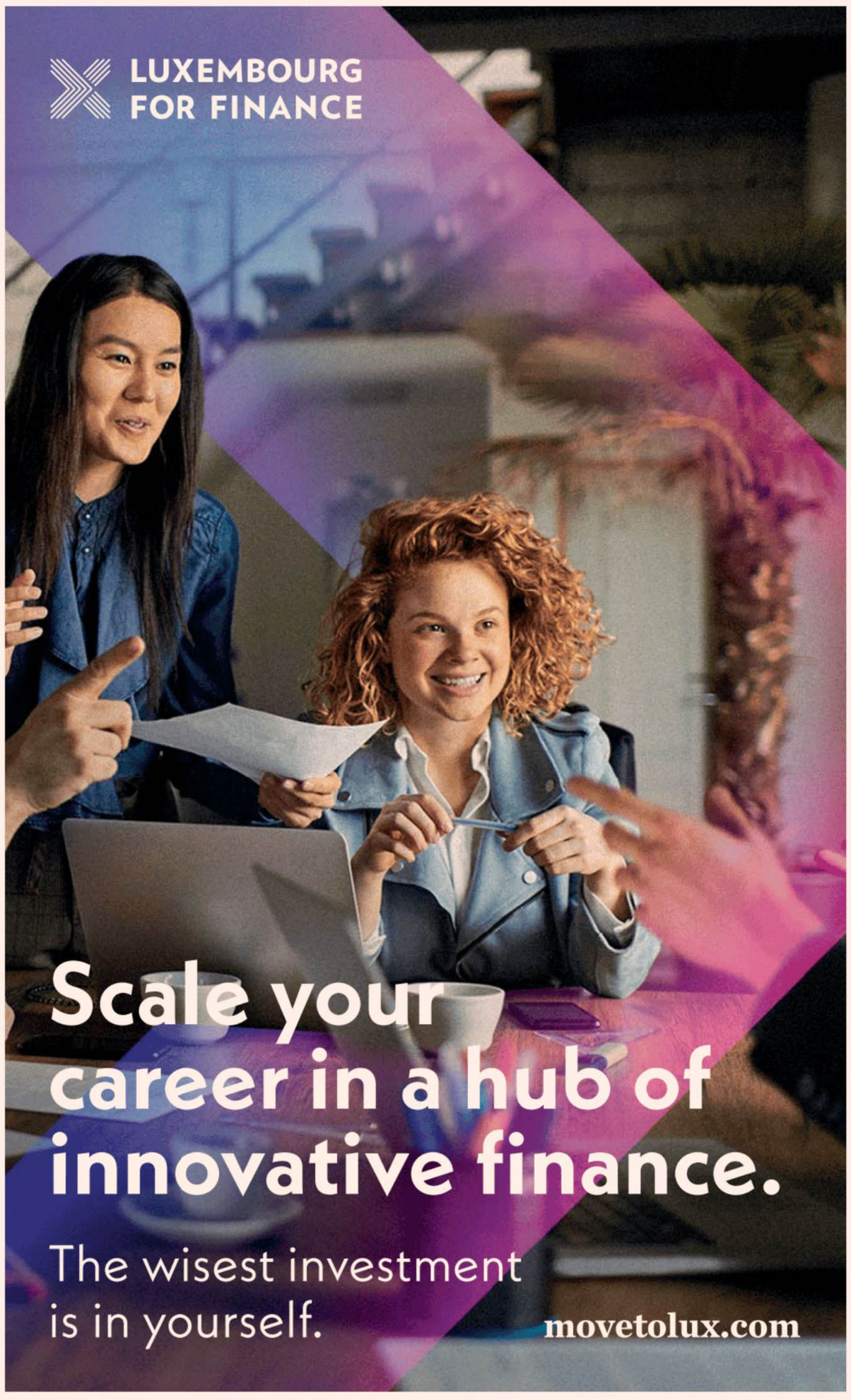
Sources: company filings; FT research • Figures do not include equity holdings in Kraft Heinz. Berkshire's Apple holdings include shares held by New England Asset Management, a Berkshire unit

Berkshire's cash position surges to new heights

Cash and cash equivalents as a percentage of Berkshire's assets (%)



Sources: Glenview Trust; Bloomberg



Equities

Icahn's eclectic empire shows signs of strain

ANTOINE GARA — NEW YORK

Carl Icahn's efforts to stabilise his corporate empire rest in part on a small Midwest refinery and a scrapyard on the outskirts of Nashville, Tennessee.

The billionaire activist investor slashed the dividend of his publicly listed holding company in half on Friday, sending its stock tumbling and adding to a litany of financial troubles for the 88-year-old financier.

Icahn Enterprises, his listed conglomerate, has seen its shares plunge this year because of losses in its investment portfolio and operational problems across its businesses spanning car repair dealerships, sausage-packaging operations and oil refineries, which have eaten into its cash flows.

It has been an ignominious stretch for the legendary corporate raider, who made his name in the 1980s with huge stakes in oil majors, airlines and consumer products companies.

Last month its largest investment, a controlling interest in refinery CVR Energy, was pummelled after the group eliminated its dividend to conserve cash amid power outages and heavy spending needs. That cut off a vital source of funds for Icahn Enterprises.

On Friday, Icahn Enterprises followed suit, halving its quarterly payout from $1 a share to 50 cents, in a move designed to save cash and double down on its refining operations.

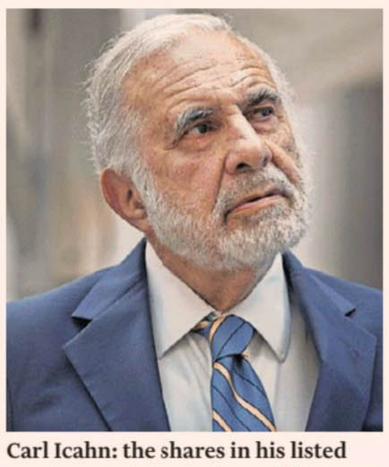
But it scared shareholders, many of whom were attracted to the conglomerate for its high yields. Icahn Enterprises' stock fell 6 per cent, putting year-to-date losses at about 38 per cent.

In addition to cash flow shortfalls that drove the dividend cut, Icahn Enterprises has seen the value of its assets quickly erode. Its net asset value per share has slid 35 per cent this year.

Those losses are putting financial strain on Icahn, who borrowed billions in personal loans against his shares in Icahn Enterprises.

Icahn's heavy borrowing came during a decade-long stretch of losses in his investment portfolio due to large bets he held against booming financial markets. The feared activist has pledged substantial assets as collateral against the loans and now must repay the debts in coming years after some of their values have fallen. Now Icahn is betting that he can pull off a revival by selling a metals scrapyard he acquired more than a decade ago.

In 2007, Icahn acquired a scrap metals company called PSC Metals with a large junkyard in Nashville. When Icahn sold the company in 2021, he held on to PSC's 45-acre scrapyard in the city's industrial "East Bank" neighbourhood, betting he could eventually flip the property when the area was gentrified. On Friday, executives at Icahn Enterprises told shareholders they have put the property up for sale and hope to make a 10-fold gain on its $25mn carrying value.



Carl Icahn: the shares in his listed conglomerate have plunged this year

The National Football League's Tennessee Titans are building a stadium adjacent to the scrapyard and the area is part of a big urban renewal plan in one of America's fastest-growing cities. It has turned the industrial wasteland into a coveted property, according to local real estate executives.

Icahn also told shareholders on Friday he decided to cut his conglomerate's dividend because he wanted to buy additional shares in CVR Energy, boosting Icahn Enterprises ownership from 66 per cent to 81 per cent.

Icahn Enterprises characterised the manoeuvre as opportunistic after an about 20 per cent tumble in CVR's shares last month, giving it greater ownership in a refining operation that has paid out more than $3bn in dividends to the conglomerate since 2012.

The trade could benefit from a new administration in the US. CVR carries $374mn of liabilities due to a federal mandate to mix biofuels into petrol supplies or buy credits to make up the shortfall.

But the refinery has sued the federal government over the mandate and recently blasted the Biden administration's "egregious conduct" in keeping refineries that had won some legal challenges to the payments hanging.

However, the new administration could offer the relief CVR is seeking, removing a big financial burden.

"Rarely have I seen a stock market with such extreme valuations — with some companies trading at unjustifiable premiums and others being massively undervalued," Icahn said on Friday.

Telecoms

Frontier investors demand higher offer

Shareholders say $20bn proposal by Verizon is low in light of BCE's Ziply bid

AMELIA POLLARD AND SUJEET INDAP
NEW YORK

Verizon's $20bn acquisition of Frontier Communications faces a nail-biting showdown at an investor meeting this week after some of the biggest shareholders in the fibre network company demanded at least a 30 per cent price increase.

Canada-based BCE's proposed $3.6bn acquisition of Ziply last week — a telco with a fibre network similar to that of Frontier — has become a flashpoint.

The Frontier investors have told Verizon and the Frontier board that the valuation metrics in the Ziply deal imply a far higher purchase price for Frontier, citing the long-term growth prospects for fibre broadband services.

According to an analysis prepared by Frontier's shareholders, the company's projected growth makes its shares worth more than $50 a share, far higher than the deal price of $38.50.

Glendon Capital Management and Cerberus Capital Management, which combined own about 17 per cent of Frontier shares, are among the investors angling for a higher deal price, said multiple people familiar with the matter.

Ares Management, the company's single largest shareholder with about a 15 per cent stake, has not indicated which way it plans to vote, said people familiar with the matter. It has hired boutique bank Houlihan Lokey to evaluate its options.

Verizon's offer in early September represented a 44 per cent premium over Frontier's trading range at the time.

The company has said its offer is fair and it does not plan to raise the price. But the acquisition is also central to the company's strategy of expanding its fibre internet capabilities, which shareholders view as a sign it will not let the buyout collapse.

Frontier has said that if shareholders reject the deal terms, the company will return to its strategy as a standalone business. The company's share price was about $34 on Friday. Some analysts are sceptical of the shareholders' lofty Frontier valuation.

"Frontier's shareholders' choice is really between $38.50 per share in cash or a go-it-alone future with the risks and opportunities that journey presents," Nick Del Deo, a managing director at MoffettNathanson, wrote in a note on Wednesday. Verizon and Frontier declined to comment.

The proposed deal has suffered additional blows in recent days, after the closely watched proxy advisers Institutional Shareholder Services (ISS) and Glass Lewis directed investors to abstain from voting this week, which in effect counts as rejecting the $38.50 price.

"Given the possibility of substantially more value down the line, and the lack of urgency to approve a transaction that is not projected to close for more than a year, it seems reasonable for shareholders to exercise the optionality of abstaining for the time being," ISS said in its report on November 1.

Frontier filed for bankruptcy protection in 2020 after the acquisition of a regional telecoms business resulted in an unsustainable debt load.

It emerged from bankruptcy in 2021, in which it transferred equity control to its bondholders, allowing it to shed billions of dollars of liabilities. Shortly after, it relisted on the stock market.

Additional reporting by James Fontanella-Khan and Eric Platt in New York

Food & beverage

Swiggy $1.3bn IPO receives lukewarm reception

CHRIS KAY — MUMBAI

Trading in Indian food delivery app Swiggy begins on Wednesday in a $1.3bn initial public offering that investors have already given a lukewarm reception, as it tries to grow in a fiercely competitive sector.

On Friday, institutional investors shored up Swiggy's listing on its final subscription day as the Bengaluru-based company chased a valuation of about $11.2bn. Swiggy's listing — India's second-largest this year — received bids of more than three times the shares on offer, with the retail portion just covered.

It is one of a glut of Indian companies that rushed to list and capitalise on elevated valuations this year as the country's stock market soared.

But Swiggy's IPO, with early backers including Tencent and venture capital fund Accel cashing out, has landed against a backdrop of dismal earnings across corporate India. The benchmark Nifty 50 index has fallen 3.5 per cent over the past month, with foreign investors dumping a record $11.2bn of Indian equities in October.

The stock launch comes just weeks after Hyundai's tepid $3.3bn float of its Indian business, which was Asia's largest IPO this year. While Swiggy slightly outperformed Hyundai's ratios, it was underwhelming compared with earlier Indian sales that drew in fevered buying from local investors.

'It's still some time away before Swiggy reports a strong performance'
Karan Taurani, Elara Capital

Operating in more than 600 cities in India, Swiggy's losses widened 8 per cent to Rs6.1bn ($72mn) in the three months through June from a year earlier, as it faced strong competition from the industry's profitable and dominant market leader Zomato, as well as newer challengers such as Zepto.

"It's still some time away before Swiggy reports a strong performance," said Karan Taurani, a Mumbai-based analyst at Elara Capital. He added that the company's "fair" valuation at a roughly 60 per cent discount to Zomato leaves little "upside" ahead of its Wednesday debut.

Decade-old Swiggy pioneered ultra-fast delivery services in India, serving groceries within 20 minutes in the country's crowded cities. That business accounts for 40 per cent of the app's food delivery sales and Swiggy has developed more than 500 local warehouses known as dark stores to enable a fast churn of small-volume orders in a tight radius.

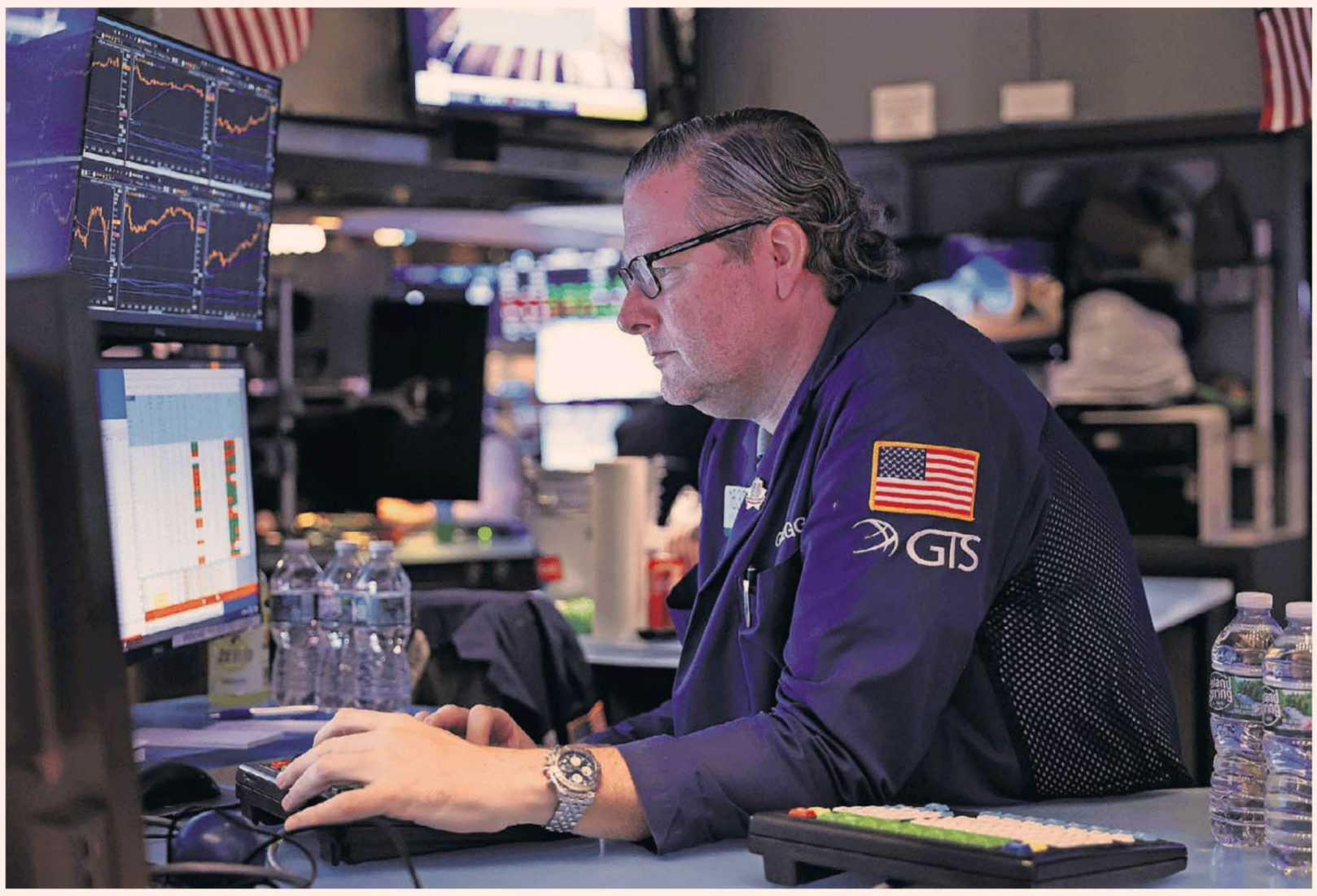
Some analysts and local fund managers had warned that despite a surge in domestic investment among households, the IPO boom in which India became the world's largest listing market outside the US would struggle to be sustained by local bidders.

"There is concern about the IPO market", said Nirgunan Tiruchelvam, the Singapore-based head of consumer and internet at Aletheia Capital, an advisory group focused on Asia.

India's delivery sector has had several big casualties in recent years, including Uber Eats and local courier app Dunzo. The latter collapsed this year despite backing from Reliance Industries, the Indian conglomerate owned by Mukesh Ambani, Asia's richest man.

Market questions. Week ahead

Slower GDP growth to help BoE's inflation fight



Looking for clues: a trader at the New York Stock Exchange last week. Investors will be checking US inflation data to gauge the future path of monetary policy
Michael M Santiago/ Getty Images

Is UK GDP growth still slowing?

UK economic growth is expected to have slowed significantly in the third quarter of the year, a blow to the new Labour government's pro-growth agenda but probably helping the Bank of England's fight against inflation.

Economists surveyed by LSEG predict GDP data on Friday will show a quarter-on-quarter growth rate of 0.2 per cent for the three months to September. That is below the 0.5 per cent in the previous quarter, and the 0.7 per cent in the first quarter when the UK economy was recovering from last year's technical recession.

"This is hardly a stellar pace, at a time when household incomes will have benefited from above-inflation wage growth," said Sandra Horsfield, an economist at Investec, who shares the consensus forecast.

However, by falling somewhat short of potential, this pace of expansion is letting a little steam out of underlying price pressures, making it more likely that inflation — currently below target — can be sustained at target in the medium term, she said.

"As such, it gives more room for the [BoE's] monetary policy committee to continue cutting rates, without suggesting there is much urgency to do so," said Horsfield.

The BoE cut interest rates for the second time this year to 4.75 per cent last week. It expects economic growth to fall back to 0.2 per cent in the third quarter and 0.3 per cent in the final three months of the year.

Governor Andrew Bailey said he expected rates to "continue to fall gradually from here", with many economists expecting US president-elect Donald Trump's plans for trade tariffs to stoke inflation.

The BoE also estimated that the measures announced in the Budget last month will boost GDP by around 0.75 per cent in a year's time, relative to its August projections. It also expects inflation to be about 0.5 of a percentage point higher at its peak at the end of next year at 2.7 per cent. *Valentina Romei*

Is US inflation on the rise?

Hot on the heels of Donald Trump's decisive US presidential election victory and a Federal Reserve interest rate decision, inflation data on Wednesday may provide clues for investors about the future path of monetary policy.

Economists polled by Reuters are expecting October's consumer price index growth to come in at 2.6 per cent year on year, slightly higher than the 2.4 per cent recorded a month ago. The reading for September had marked an easing of the pace of inflation, but still came in above consensus forecasts.

Stripping out volatile items such as food and energy, core inflation is expected to have held steady at 3.3 per cent last month.

Following a flurry of broadly strong economic data, the Fed last week cut US interest rates by a widely anticipated 0.25 percentage points to a target range of 4.5-4.75 per cent, having implemented a jumbo-sized half-point cut in September.

With traders betting that Trump's campaign policies of trade tariffs and tax reductions will be inflationary, markets are now pricing in less than one percentage point of cuts by the end of next year.

Neil Sun, BlueBay portfolio manager at RBC Global Asset Management, said his team expected another quarter-point rate cut in December, "while the outlook for 2025 remains uncertain as investors await clarity on policy impact under 'Trump 2.0'."

"We believe that an inflationary trade war would limit the Fed's ability to cut rates in 2025," he added. *Harriet Clarfelt*

'We believe that an inflationary trade war would limit the Fed's ability to cut rates in 2025'

Is the euro headed for parity with the dollar?

The prospect of tariffs and tax cuts under US president-elect Trump has sent the euro lower with some analysts even expecting the currency to fall to parity with the dollar.

ING expects the currency to trade between $1.00 and $1.05 over the coming quarters, with "peak pressure" towards the end of next year when tight fiscal conditions will pair with Trump's team seeking trade concessions with Europe.

"We think it will probably be knocking on parity's door by late 2025," said Chris Turner, global head of markets at the Dutch bank.

The euro experienced the largest decline of any G10 currency against the dollar in the wake of the US presidential election, falling 1.9 per cent on Wednesday. On Friday it was trading at around $1.072.

Trump's victory comes as investors expect the European Central Bank to cut interest rates much faster than the Fed. While strong economic data has reduced bets on US rate cuts, data in the Eurozone has been weaker.

Eurozone inflation rose to 2 per cent in October, meeting the ECB's target, and helping spur swap markets to price in an 86 per cent probability of a 0.25 percentage point rate cut next month, according to LSEG data.

Jussi Hiljanen, chief strategist at SEB, said that a "post-election honeymoon" would help boost the dollar.

"It is difficult to find any substantial European factors that could weigh against [the currency's strength] in the short run," he said, adding that the political backdrop in Europe "remains bleak". *Rafe Uddin*

Obituary

Taipan who took Jardine Matheson back to China

Henry Keswick
1938-2024

When senior Chinese leader Wang Qishan met Sir Henry Keswick in 2012, he acknowledged the British businessman's enthusiasm for investing in China with a memorable turn of phrase.

"Mr Keswick, you were bitten by the snake. You waited, you watched, but you came back!" said Wang of the then-boss, or *taipan*, of Jardine Matheson.

Keswick, who has died aged 86, steered his storied Asia-focused conglomerate through a tumultuous but ultimately profitable chapter in its long relationship with China, where it was founded by Scottish opium-selling traders in 1832. One of the most successful British businessmen of recent decades, Keswick was a scion of the family that has controlled Jardines for generations. He became managing director of the group in 1970 and chair in 1972.

Jardines was then a sprawling group with interests in property, hotels, aviation, shipping and engineering but its assets were worth just $70mn. When Keswick retired from a second period as chair in 2018, Jardines' assets had swelled to around $27bn, the company said on Wednesday.

Keswick was born in Shanghai in 1938, the son of William "Tony" Keswick, who was mayor of the city's foreign concessions. In 1942, the family left Shanghai to escape Japanese occupation. After the 1949 communist victory in China's civil war, Jardines, like many foreign businesses, largely retreated to Hong Kong, where it embedded itself into the fabric of the British colony.

Educated at Eton College and Cambridge university, Keswick worked at Jardines as an executive in Singapore and Malaysia before moving to Hong Kong in 1965. His rapid rise in the company was no surprise: the Keswicks have controlled it since Thomas Keswick married the niece of Scottish founder William Jardine.

In 1975, Keswick left Asia to head the group's UK-based management office and pursue politics in an ultimately unsuccessful attempt to become a Conservative member of parliament. The same year, he bought the Spectator for £75,000, becoming the first owner not to serve as its editor. He sold the conservative magazine in 1981.

Keswick broached the idea of Jardines rebuilding its business in mainland China during his honeymoon in Beijing in 1985, according to a memoir written by his wife Tessa Keswick, but was warned off the idea by the British ambassador. China would never forgive Jardines for its role in the 19th century Opium Wars, the ambassador said.

In the end, Beijing proved willing to put historical grievances aside. But Jardines' return to the mainland market was hardly smooth.

In 1989, shortly before China's brutal crackdown on student protesters in Tiananmen Square, Keswick called the country's leaders a "Marxist-Leninist, thuggish, oppressive regime". In the run-up to Hong Kong's 1997 handover to China, he moved Jardines' listing from Hong Kong to Singapore and London and backed democratic reforms in the city. Beijing responded by issuing a countrywide ban on domestic companies doing new business with Jardines.

But Keswick, described by the FT in 2018 as "a tall, round-faced Old Etonian with a courtly air and a mischievous sense of humour", repaired relations. Jardines tested the mainland waters with a series of property investments and in 1997, Keswick was summoned to a meeting with Zhu Rongji, then vice premier, who told him his money was now welcome.

The 2012 meeting with Wang, described in his wife's memoir, was one of his many encounters with powerful Asian figures. Today, as well as being the pre-eminent landlord in Hong Kong's business district and one of the city's biggest employers, Jardines has interests spanning hotels, property, engineering, automobiles and retail across mainland China. But it was Keswick's diversification into other markets, notably Indonesia and south-east Asia, that marks Jardines apart from other Hong Kong conglomerates.



'I am a humble Scottish merchant trading in the China Seas. My family has followed this profession for almost 200 years'

In his latter years he lived with Tessa, who died in 2022, in Wiltshire, England. He had no children. Keswick, who also owned a shooting estate in Scotland, was proud of his family's Scottish roots. In 2014 he wrote to the FT to voice his opposition to Scotland becoming independent from the UK. "I am a humble Scottish merchant trading in the China Seas. My family has followed this profession for almost 200 years," he wrote.

"When we are bearing the sticky heat of China's Pearl River Delta or the tropical rainforests of equatorial Borneo, we dream about the cool, soft mist of the green Galloway hills where we were bred."

William Langley in Guangzhou

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.39%	0.11%	0.64%	-0.84%	-0.72%	0.30%	-1.07%	-0.07%	-0.555%	-0.462%	-0.353%	-0.120%	-1.64%	1.20%

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

AMERICAS

Oct 09 - -

S&P 500 — New York



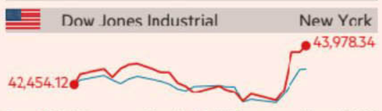
Day 0.39% Month 4.68% Year NaN%

Nasdaq Composite — New York



Day 0.11% Month 5.74% Year NaN%

Dow Jones Industrial — New York



Day 0.64% Month 4.65% Year NaN%

Oct 09 - Nov 08

S&P/TSX COMP — Toronto



Day -0.61% Month 2.59% Year 26.45%

IPC — Mexico City



Day -1.19% Month -0.15% Year 1.31%

Bovespa — São Paulo



Day -2.02% Month -3.38% Year 6.62%

Country	Index	Latest	Previous
Australia	All Ordinaries	8552.60	8461.60
	S&P/ASX 200	8295.10	8226.30
	S&P/ASX 200 Res	5553.50	5520.60
Austria	ATX	3550.16	3560.23
Belgium	BEL 20	4265.64	4271.67
	BEL Mid	10066.81	9966.08
Brazil	IBovespa	127063.18	120661.70
Canada	S&P/TSX 60	1478.19	1466.18
	S&P/TSX Comp	24695.26	24845.93
	S&P/TSX Div Net & Min	2223.73	2149.29
Chile	S&P/CLX IGPA Gen	32729.42	32943.77
China	FTSE A200	10722.00	10862.55
	FTSE B35	9000.71	8968.96
	Shanghai A	3618.70	3638.04
	Shanghai B	283.68	286.15
	Shanghai Comp	3452.30	3470.66
	Shenzhen A	2191.12	2197.39
	Shenzhen B	1270.85	1264.11
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1665.10	1672.73
Denmark	OMXC Copenahgen 20	2366.33	2335.94
Egypt	EGX 30	31267.47	31045.26
Estonia	OMX Tallinn	1752.26	1750.42
Finland	OMX Helsinki General	9747.82	9823.38
France	CAC 40	7338.67	7425.60
	SBF 120	5570.40	5631.18
Germany	M-DAX	26590.85	26529.40
	TecDAX	3381.29	3384.38
	XETRA Dax	19215.48	19352.52
Greece	Athens Gen	1413.13	1408.50
	FTSE/ASE 20	3438.43	3412.70
Hong Kong	Hang Seng	20728.19	20953.34
	HS China Enterprise	7461.44	7546.95
	HSCC Red Chip	3819.64	3894.80
Hungary	Bux	76250.51	76478.67
India	BSE Sensex	79486.32	79541.79
	Nifty 500	22645.65	22806.25
Indonesia	Jakarta Comp	7287.19	7243.86
Ireland	ISEQ Overall	9800.54	9879.00
Israel	Tel Aviv 125	2231.66	2229.49

EUROPE

Oct 09 - Nov 08

FTSE 100 — London



Day -0.84% Month -1.55% Year 8.94%

FTSE Eurofirst 300 — Europe



Day -0.72% Month -1.92% Year 14.13%

CAC 40 — Paris



Day -1.17% Month -3.13% Year 5.04%

Country	Index	Latest	Previous
Italy	FTSE Italia All-Share	35970.37	36135.77
	FTSE Italia Mid Cap	46838.54	46390.19
	FTSE MIB	33816.58	33981.23
Japan	2nd Section	7226.27	7239.06
	Nikkei 225	39500.37	39381.41
	S&P Topix 150	2421.35	2422.64
	Topix	2742.15	2743.08
Jordan	Amman SE	2408.60	2307.75
Kenya	NSE 20	1910.49	1907.66
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	875.54	874.32
Lithuania	OMX Vilnius	1049.21	1049.58
Luxembourg	LuxX	1382.81	1384.50
Malaysia	FTSE Bursa KLCI	1621.24	1623.28
Mexico	IPC	51688.41	52311.08
Morocco	MASI	14863.22	14887.67
Netherlands	AEX	874.18	878.54
	AEX All Share	1140.95	1146.77
New Zealand	NZX 50	12770.33	12581.38
Nigeria	SE All Share	97343.42	98255.72
Norway	Oslo All Share	1618.93	1623.76
Pakistan	KSE 100	93291.68	92520.49

Oct 09 - Nov 08

Xetra Dax — Frankfurt



Day -0.76% Month 0.72% Year NaN%

Ibex 35 — Madrid



Day -0.16% Month -1.42% Year 25.07%

FTSE MIB — Milan



Day -0.48% Month 0.01% Year 19.09%

Country	Index	Latest	Previous
Philippines	Manila Comp	6977.18	7014.44
Poland	Wig	82250.20	82510.86
Portugal	PSI 20	6387.74	6348.78
	PSI General	4249.32	4214.29
Romania	BET Index	17374.51	17347.27
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi Arabia	TADAWUL All Share Index	12130.33	12093.35
Singapore	FTSE Straits Times	3724.37	3673.49
Slovakia	SAX	301.34	301.84
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	85124.52	85998.22
	FTSE/JSE Res 20	57811.24	59494.62
	FTSE/JSE Top 40	76969.30	77880.84
South Korea	Kospi	2561.15	2564.63
	Kospi 200	339.71	340.87
Spain	IBEX 35	11551.30	11570.10
Sri Lanka	CSE All Share	12800.46	12727.79
Sweden	OMX Stockholm 30	2558.74	2584.72
	OMX Stockholm AS	982.16	988.48
Switzerland	SMI Index	11797.72	11917.00

ASIA

Oct 09 - Nov 08

Nikkei 225 — Tokyo



Day 0.30% Month 0.36% Year 22.32%

Hang Seng — Hong Kong



Day -1.07% Month -9.95% Year 17.72%

Shanghai Composite — Shanghai



Day -0.53% Month 3.47% Year 12.92%

Country	Index	Latest	Previous
Thailand	Bangkok SET	1464.69	1469.72
Turkey	BIST 100	9184.82	9184.82
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2861.90	2839.40
	FTSE 100	8072.39	8140.74
	FTSE 4Good UK	7311.25	7365.05
	FTSE All Share	4417.83	4453.48
	FTSE techMARK 100	6461.50	6529.50
USA	DJ Composite	14054.96	13936.28
	DJ Industrial	44008.10	43729.34
	DJ Transport	17357.03	17210.46
	DJ Utilities	1032.07	1011.90
	Nasdaq 100	21121.93	21101.57
	Nasdaq Cmp	19290.49	19269.46
	NYSE Comp	19912.15	19876.10
	S&P 500	5996.62	5973.10
	Wilshire 5000	42053.18	41446.59
Venezuela	IBC	99108.84	99171.00
Vietnam	VNI	1252.56	1259.75

Oct 09 - Nov 08

Kospi — Seoul



Day -0.14% Month -1.89% Year 4.80%

FTSE Straits Times — Singapore



Day 1.39% Month 3.51% Year 17.38%

BSE Sensex — Mumbai



Day -0.07% Month -2.12% Year 22.16%

Country	Index	Latest	Previous
Cross-Border	DJ Global Titans ($)	711.72	711.22
	Euro Stoxx 50 (Eur)	4802.76	4851.96
	Euronext 100 ID	1443.89	1452.79
	FTSE 4Good Global ($)	14043.21	14071.19
	FTSE All World ($)	569.99	567.41
	FTSE E300	2007.67	2022.22
	FTSE Eurotop 100	3953.55	3984.50
	FTSE Global 100 ($)	4023.44	4035.04
	FTSE Gold Min ($)	2366.01	2325.41
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	4013.59	3959.29
	FTSE World ($)	1041.52	1041.61
	FTSEurofirst 100 (Eur)	5404.67	5458.48
	FTSEurofirst 80 (Eur)	6437.29	6499.80
	MSCI ACWI Fr ($)	862.59	854.74
	MSCI All World ($)	3787.27	3752.15
	MSCI Europe (Eur)	2025.83	2015.61
	MSCI Pacific ($)	3159.37	3101.49
	S&P Euro (Eur)	2102.84	2118.97
	S&P Europe 350 (Eur)	2056.34	2070.12
	S&P Global 1200 ($)	4161.96	4161.31
	Stoxx 50 (Eur)	4287.00	4319.22

(c) Closed. (u) Unavailable. † Correction. ♥ Subject to offical recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	319.2	317.99	21.08
Nvidia	143.8	147.56	-1.22
Apple	27.9	227.27	-0.22
Amazon.com	26.0	209.16	-0.89
Palantir	25.7	57.18	1.30
Meta Platforms	24.4	585.82	-5.88
Microsoft	23.3	423.82	-1.61
Eli Lilly & Co	20.7	829.83	32.38
Advanced Micro Devices	19.3	149.06	-0.76
Airbnb	15.5	134.26	-13.11

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Axon Enterprise	563.58	94.83	20.23
Insulet	274.47	29.49	12.04
Fortinet	89.97	6.29	7.51
Tesla	317.99	21.08	7.10
Motorola Solutions	501.49	31.54	6.71
Downs			
Akamai	91.01	-13.39	-12.83
Airbnb	134.26	-13.11	-8.90
Enphase Energy	86.59	-5.30	-6.98
Mettler-toledo Int	1316.03	-95.49	-6.77
Arista Networks	403.92	-27.10	-6.29

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Astrazeneca	401.7	9903.00	178.00
Int Consolidated Airlines S.a.	182.3	234.50	15.70
Rio Tinto	166.6	4946.00	-255.00
Glencore	160.6	394.80	-20.60
Hsbc Holdings	153.7	690.00	-25.60
Shell	151.0	2564.50	-35.00
Unilever	140.6	4537.00	-12.00
Gsk	138.2	1381.00	1.00
Bp	135.0	373.30	-8.20
Lloyds Banking	98.6	53.08	-1.46

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Wood (john)	57.85	8.01	16.07
Wizz Air Holdings	1517.00	141.00	10.25
Amigo Holdings	0.55	0.05	10.00
Int Consolidated Airlines S.a.	234.50	15.70	7.18
Endeavour Mining	1669.00	68.00	4.25
Downs			
Vistry	738.00	-135.50	-15.51
Mitie	107.20	-12.00	-10.07
Serco	160.00	-17.40	-9.81
Mitchells & Butlers	233.00	-19.50	-7.72
Burberry	804.80	-65.80	-7.56

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Inditex	449.8	52.00	0.32
Unicredit	416.6	39.99	-0.02
Asml Holding	395.7	621.50	-3.20
Lvmh	386.3	598.40	-20.60
Intesa Sanpaolo	358.5	3.84	-0.02
Novartis N	355.0	98.89	-0.15
Nestle N	328.5	84.11	-0.51
Novo Nordisk B A/s	285.6	100.01	2.11
Bnp Paribas Act.a	282.7	59.76	0.71
Roche Gs	281.0	280.20	-2.88

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Novo Nordisk B A/s	100.01	2.11	2.15
Umg	23.71	0.46	1.98
Bnp Paribas Act.a	59.76	0.71	1.20
Wolters Kluwer	161.85	1.40	0.87
Dt.telekom Ag Na	28.52	0.24	0.85
Downs			
Kering	221.00	-19.10	-7.96
Richemont N	127.05	-9.00	-6.61
Basf Se Na O.n.	43.38	-2.38	-5.19
Adyen	1272.60	-63.20	-4.73
Hermes Intl	2063.00	-80.00	-4.13

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Kawasaki Heavy Industries,	2718.2	7028.00	403.00
Mitsubishi Heavy Industries,	2248.5	2329.00	73.00
Disco	2187.1	44300.00	-450.00
Fujikura	2039.4	5552.00	-256.00
Advantest	1632.0	9638.00	-129.00
Ihi	1509.3	9167.00	-118.00
Lasertec	1417.0	20050.00	150.00
Softbank	997.4	9368.00	146.00
Toyota Motor	882.3	2662.50	-99.50
Tokyo Electron	740.1	23250.00	195.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Furukawa Electric Co.,	4731.00	700.00	17.37
Thb Japan Steel Works,	6102.00	501.00	8.94
Ajinomoto Co.	6316.00	425.00	7.21
Kawasaki Heavy Industries,	7028.00	403.00	6.08
Zozo,	5180.00	291.00	5.95
Downs			
Taiyu Yuden Co.,	2336.50	-444.00	-15.97
Kanadevia	985.00	-113.00	-10.29
Ube Industries,	2359.00	-204.50	-7.98
Denki Kagaku Kogyo Kabushiki Kaisha	2028.00	-161.50	-7.38
Shiseido ,	2950.00	-223.00	-7.01

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Nov 08 price(p)	%Chg week	%Chg ytd
Winners			
Int Consolidated Airlines S.a.	234.50	10.0	51.3
Bae Systems	1377.50	8.6	23.2
Intercontinental Hotels	9258.00	7.8	30.6
Ashtead	6286.00	7.6	15.1
3i	3387.00	5.8	40.0
Sage	1041.50	5.7	-11.2
Smith (ds)	565.50	4.9	84.0
Barclays	251.50	4.5	63.5
Imi	1746.00	4.4	3.7
F&c Investment Trust	1096.00	4.4	13.9
Pearson	1204.00	4.0	24.9
Easyjet	541.40	3.9	6.5
Losers			
Vistry	738.00	-17.5	-19.6
Schroders	302.40	-15.7	-29.7
Astrazeneca	9903.00	-10.2	-6.6
Persimmon	1314.00	-10.0	-5.4
Auto Trader	777.60	-7.9	7.8
Taylor Wimpey	137.55	-6.7	-6.5
Airtel Africa	96.10	-6.3	-26.2
Sainsbury (j)	249.20	-5.9	-17.6
Barratt Redrow	422.80	-5.6	-24.8
Hiscox Ltd	1038.00	-5.1	-1.5
Smith & Nephew	917.60	-5.1	-14.9
Fresnillo	700.00	-4.8	17.8

FTSE 250	Nov 08 price(p)	%Chg week	%Chg ytd
Winners			
Tp Icap	251.00	11.6	28.5
Wizz Air Holdings	1517.00	10.1	-31.4
Amigo Holdings	0.55	10.0	168.3
Carnival	1880.00	9.6	28.0
Harbourvest Global Private Equity	2430.00	9.5	1.7
Tbc Bank	3060.00	9.1	8.1
4imprint	5550.00	8.0	21.3
Lancashire Holdings	682.00	7.6	9.3
Rs	750.50	7.4	-8.4
Jpmorgan American Investment Trust	1100.00	7.4	28.1
Polar Capital Technology Trust	333.50	7.4	28.5
Bank Of Georgia	4575.00	7.4	15.1
Losers			
Wood (john)	57.85	-54.4	-66.4
Ashmore	178.50	-16.6	-19.9
Itv	63.00	-15.1	-0.4
Ceres Power Holdings	172.30	-14.3	-5.7
Genus	1860.00	-11.4	-14.3
Close Brothers	705.60	-11.4	-74.1
Serco	160.00	-9.0	-0.9
Mitie	107.20	-8.8	8.0
Genuit	432.50	-8.0	7.2
Mitchells & Butlers	233.00	-7.7	-9.6
Harbour Energy	255.20	-7.5	-17.3
Bakkavor	138.00	-6.4	70.4

FTSE SmallCap	Nov 08 price(p)	%Chg week	%Chg ytd
Winners			
Carr's	128.00	19.6	27.2
Ferrexpo	76.30	16.3	-15.5
Mobico	78.75	15.0	-6.6
Manchester & London Investment Trust	756.00	10.2	38.0
Brown Advisory Us Smaller Companies	1497.50	10.1	15.3
Jpmorgan Global Core Real Assets	72.00	9.4	-2.7
Jpmorgan Us Smaller Co. Inv Tst	450.00	8.4	11.4
Smiths News	61.60	8.1	15.4
Metro Bank Holdings	82.40	7.7	122.7
Headlam	137.00	6.2	-36.6
Aberforth Geared Value & Income Trust	89.00	6.0	-
Mears	374.00	5.8	20.6
Losers			
Cab Payments Holdings	74.40	-30.7	-10.1
Halfords	144.20	-13.7	-27.6
Secure Trust Bank	417.00	-12.0	-39.4
Treatt	452.00	-10.7	-10.1
Vanquis Banking	39.40	-10.5	-69.5
Speedy Hire	30.00	-9.4	-8.8
Mj Gleeson	540.00	-9.1	11.3
Gore Street Energy Storage Fund	52.70	-9.0	-40.4
Sig	21.35	-8.2	-36.1
Liontrust Asset Management	433.00	-8.2	-31.3
Capita	17.42	-7.8	-20.8
Tullow Oil	21.74	-7.6	-44.1

Industry Sectors	Nov 08 price(p)	%Chg week	%Chg ytd
Winners			
Industrial Transportation	4514.99	6.3	13.2
Travel & Leisure	8555.56	4.7	13.5
Aerospace & Defense	12144.41	3.3	41.1
Electronic & Electrical Equip	9217.92	2.3	-2.3
General Retailers	4580.38	2.1	21.2
Equity Investment Instruments	12037.07	1.3	4.4
Media	12977.22	1.3	16.4
Automobiles & Parts	971.56	1.3	-38.9
Industrial Engineering	11815.49	1.1	-17.2
Tobacco	32018.38	0.3	22.3
General Industrials	7564.13	0.3	11.2
Support Services	11209.58	0.4	5.9
Losers			
Pharmaceuticals & Biotech.	19418.41	-7.5	-4.3
Household Goods	11743.70	-7.4	-10.4
Food & Drug Retailers	4382.58	-4.1	9.2
Mining	11623.03	-3.4	17.3
Chemicals	7358.45	-3.1	-23.4
Electricity	10566.25	-2.7	-4.2
Construction & Materials	12287.65	-2.7	32.0
Beverages	19410.21	-2.7	-13.8
Industrial Metals	6183.04	-2.3	-9.8
Nonlife Insurance	3552.57	-1.3	5.4
Real Estate & Investment Servic	2322.87	-1.7	0.4
Health Care Equip.& Services	10216.91	-1.5	-4.9

Based on last week's performance. †Price at suspension.

CURRENCIES

Nov 08	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	993.7500	-0.5184	1068.1809	-6.8202	1285.9085	-6.4906
Australia	Australian Dollar	1.5150	0.0194	1.6285	0.0114	1.9605	0.0163
Bahrain	Bahrainin Dinar	0.3770	-	0.4052	-0.0024	0.4878	-0.0022
Brazil	Brazilian Real	5.7839	0.1067	6.2171	0.0789	7.4843	0.1048
Canada	Canadian Dollar	1.3898	0.0032	1.4938	-0.0053	1.7983	-0.0040
Chile	Chilean Peso	968.8000	22.8000	1041.3622	18.5488	1253.6233	23.9658
China	Chinese Yuan	7.1655	0.0055	7.7021	-0.0392	9.2721	-0.0348
Colombia	Colombian Peso	4351.5450	20.4950	4677.4719	-5.2524	5630.8843	1.1697
Costa Rica	Costa Rican Colon	511.2300	0.2850	549.5206	-2.9121	661.5295	-2.6219
Czech Republic	Czech Koruna	23.4771	0.1313	25.2355	-0.0060	30.3793	0.0332
Denmark	Danish Krone	6.9369	0.0381	7.4565	-0.0024	8.9763	0.0090
Egypt	Egyptian Pound	49.3031	0.0332	52.9959	-0.2747	63.7980	-0.2454
Hong Kong	Hong Kong Dollar	7.7748	0.0036	8.3571	-0.0451	10.0606	-0.0408
Hungary	Hungarian Forint	378.1282	4.4461	406.4496	2.4253	489.2963	3.5660
India	Indian Rupee	84.3763	0.0012	90.6959	-0.5301	109.1825	-0.4923
Indonesia	Indonesian Rupiah	15670.0000	-65.0000	16843.6939	-168.9823	20276.9425	-176.2177
Israel	Israeli Shekel	3.7500	0.0300	4.0308	0.0088	4.8524	0.0170
Japan	Japanese Yen	152.4250	-0.5400	163.8415	-1.5440	197.2373	-1.5941
Kenya	Kenyan Shilling	129.0000	-	138.6620	-0.8126	166.9255	-0.7551
Kuwait	Kuwaiti Dinar	0.3067	0.0001	0.3297	-0.0018	0.3969	-0.0017
Malaysia	Malaysian Ringgit	4.3825	-0.0210	4.7107	-0.0503	5.6709	-0.0529
Mexico	Mexican Peso	20.1230	0.3190	21.6302	0.2181	26.0391	0.2969
New Zealand	New Zealand Dollar	1.6721	0.0147	1.7973	0.0054	2.1637	0.0093
Nigeria	Nigerian Naira	1675.0000	-15.0000	1800.4558	-26.7687	2167.4432	-29.3021
Norway	Norwegian Krone	10.9961	0.1739	11.8197	0.1188	14.2289	0.1617
Pakistan	Pakistani Rupee	277.8250	-0.1000	298.6338	-1.8581	359.5044	-1.7562
Peru	Peruvian Nuevo Sol	3.7725	0.0175	4.0550	-0.0048	4.8815	0.0007
Philippines	Philippine Peso	58.2700	-0.4675	62.6344	-0.8725	75.4011	-0.9488
Poland	Polish Zloty	4.0257	0.0380	4.3272	0.0157	5.2092	0.0258
Romania	Romanian Leu	4.6286	0.0261	4.9753	-0.0009	5.9894	0.0068
Russia	Russian Ruble	97.4500	-0.1500	104.7489	-0.7760	126.0999	-0.7654
Saudi Arabia	Saudi Riyal	3.7558	-0.0005	4.0371	-0.0243	4.8599	-0.0227
South Africa	South African Rand	17.5650	0.2525	18.8806	0.1624	22.7290	0.2254
South Korea	South Korean Won	1366.6000	-9.7000	1490.4549	-19.2220	1794.2549	-20.7246
Sweden	Swedish Krona	10.8166	0.1376	11.6267	0.0807	13.9966	0.1156
Switzerland	Swiss Franc	0.8736	0.0018	0.9390	-0.0036	1.1304	-0.0028
Taiwan	New Taiwan Dollar	32.1130	-0.1720	34.5182	-0.3882	41.5541	-0.4115
Thailand	Thai Baht	34.0225	-0.2775	36.5707	-0.5143	44.0250	-0.5599
Turkey	Turkish Lira	34.3763	0.1243	36.9510	-0.0822	44.4827	-0.0397
UAE	UAE Dirham	3.6730	0.0000	3.9481	-0.0232	4.7528	-0.0216
UK	Pound Sterling	0.7728	0.0035	0.8307	-0.0011	-	-
...One Month		0.7728	0.0035	0.8306	-0.0011	-	-
...Three Month		0.7728	0.0035	0.8303	-0.0011	-	-
...One Year		0.7726	0.0035	0.8289	-0.0012	-	-
United States	United States Dollar	-	-	1.0749	-0.0063	1.2940	-0.0059
Vietnam	Vietnamese Dong	25275.0000	-90.0000	27168.0808	-256.5290	32705.8177	-264.9471
European Union	Euro	0.9303	0.0054	-	-	1.2038	0.0016
...One Month		0.9302	0.0054	-	-	1.2037	0.0016
...Three Month		0.9299	0.0054	-	-	1.2035	0.0016
...One Year		0.9282	0.0054	-	-	1.2021	0.0016

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The exchange rates printed in this table are also available at www.FT.com/marketsdata

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	£ Strlg Nov 08	Day's chge%	Euro Index	£ Strlg Nov 07	£ Strlg Nov 06	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	8072.39	-0.84	7579.52	8140.74	8166.68	7401.72	3.72	1.96	13.74	269.20	8921.31
FTSE 250 (250)	20517.52	-0.57	19265.16	20635.37	20446.70	17846.26	3.36	1.96	15.18	575.44	18189.50
FTSE 250 ex Inv Co (166)	21427.25	-0.83	20118.97	21506.68	21424.87	18367.40	3.49	1.60	17.88	629.10	19429.41
FTSE 350 (350)	4459.45	-0.80	4187.17	4495.56	4502.41	4058.85	3.67	1.96	13.92	145.37	9765.76
FTSE 350 ex Investment Trusts (263)	4398.37	-0.84	4129.82	4435.76	4445.91	4010.95	3.73	1.88	14.32	146.07	4983.72
FTSE 350 Higher Yield (125)	3740.97	-1.53	3512.56	3799.19	3803.64	3465.31	5.22	1.91	10.01	174.81	9523.20
FTSE 350 Lower Yield (225)	4749.60	-0.06	4459.60	4752.36	4761.30	4242.62	2.11	2.07	22.91	86.41	6094.96
FTSE SmallCap (206)	6822.26	-0.68	6405.72	6868.64	6860.08	5870.73	4.30	0.92	25.36	224.27	12321.09
FTSE SmallCap ex Inv Co (107)	5838.53	-0.65	5482.05	5876.91	5851.02	4871.56	4.60	-0.08	-287.79	188.40	10955.87
FTSE All-Share (556)	4417.83	-0.80	4148.09	4453.48	4460.03	4016.24	3.68	1.93	14.04	144.02	9769.20
FTSE All-Share ex Inv Co (370)	4322.25	-0.84	4058.35	4358.92	4368.90	3937.74	3.73	1.85	14.47	143.48	4972.27

MARKET DATA

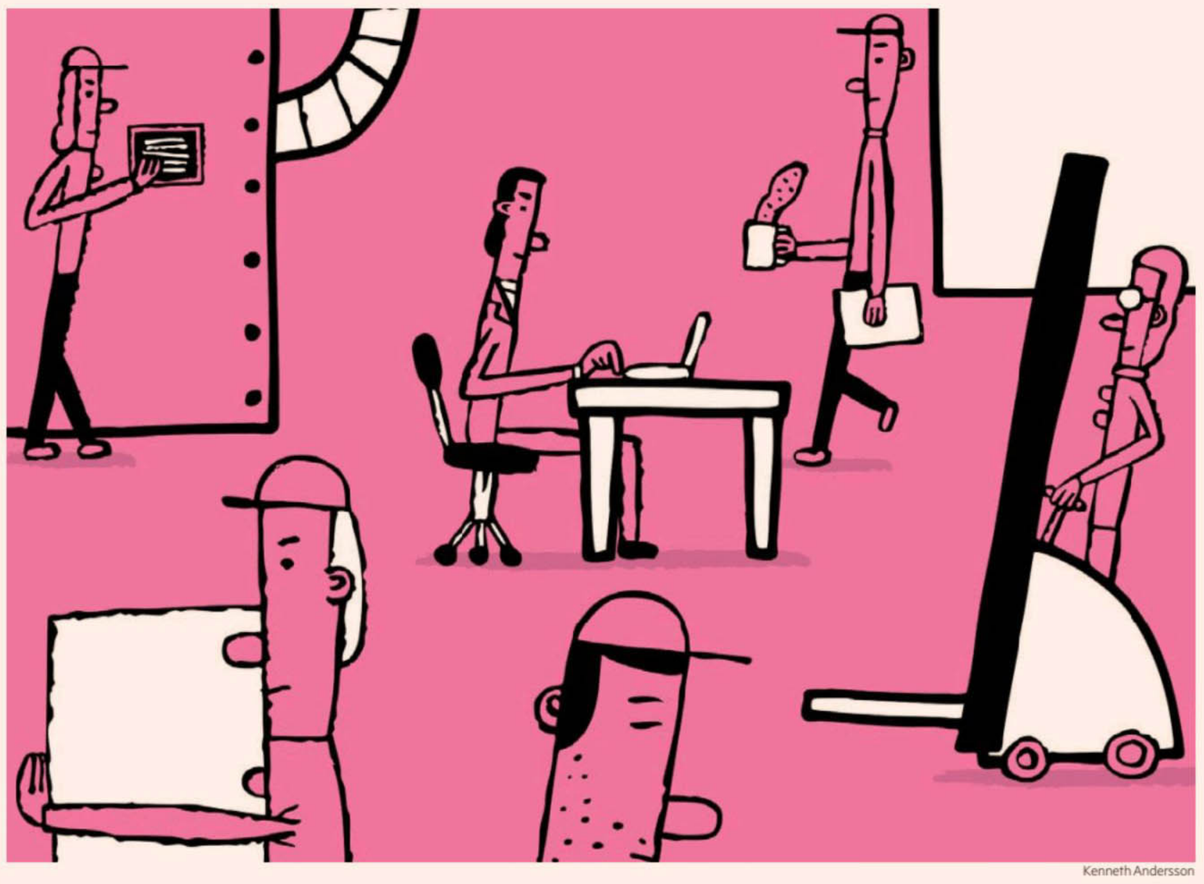
FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	+/- Week	52 Week High	52 Week Low	Yld	P/E	MCap m
Australia (A$)							
ANZ Bank	32.13	0.98	32.15	23.90	5.51	14.06	63160.83
BHP Group	43.40	0.76	50.84	38.28	5.44	18.00	145347.53
CmwBkAu	149.32	6.57	149.73	100.87	3.16	25.62	164945.49
CSL	285.29	-1.66	313.55	249.33	1.34	33.75	91178.64
NatAusBk	39.65	0.85	39.83	27.52	4.26	17.77	80450.43
Telstra	3.88	0.06	4.07	3.39	4.67	26.76	29590.77
Wesfarmers	68.42	1.14	77.20	51.88	2.94	29.27	51220.04
Westpac Bank	32.14	0.02	33.78	20.72	4.47	17.72	72938.33
Woolworths	29.85	-0.11	37.59	29.44	3.64	323.82	24068.32
Belgium (€)							
AnBshInBv	53.30	-1.84	62.16	52.70	1.57	19.27	102965.3
KBC Grp	68.84	0.40	72.36	48.78	6.15	9.48	30878.98
Brazil (R$)							
Ambev	12.37	-0.27	14.87	10.98	6.29	12.76	33700.9
Bradesco	11.98	-0.76	15.77	10.87	6.78	9.61	11040.5
Cielo	5.83	0.00	5.84	3.24	6.48	8.29	2897.92
ItauUnibH	30.41	0.22	32.85	24.50	4.29	7.59	26069.2
Petrobras	38.67	-0.39	44.77	35.06	19.53	5.27	49758.76
Vale	61.28	-0.78	78.55	55.48	10.57	4.60	48090.47
Canada (C$)							
Bausch Hlth	13.13	0.32	15.43	5.45	-	-7.15	3474.91
BCE	39.32	-5.57	56.13	37.81	10.39	17.59	25811.1
BkMontré	128.75	1.87	133.95	106.40	4.75	14.62	67585.49
BkNvaS	74.74	3.05	75.00	56.83	5.75	12.92	66555.5
Brookfield	58.88	10.36	63.88	41.28	0.68	77.91	69948.82
CanadPcR	109.09	1.68	123.37	94.45	0.77	28.13	73763.64
CanImp	89.25	2.14	89.77	51.43	4.05	12.74	60662.07
CanNatRs	47.83	0.48	56.50	40.02	4.35	13.09	72738.59
CanNatRy	156.21	5.86	181.34	149.22	2.18	17.84	70788.08
Enbridge	58.88	2.64	59.00	45.05	6.37	21.78	92263.48
GtWesLif	49.10	2.38	49.50	38.44	4.55	11.88	32905.28
ImpOil	101.98	-1.92	108.89	72.03	2.24	10.28	38777.01
Manulife	44.36	3.69	45.68	24.90	3.69	18.16	56143.66
Nutrien	67.58	1.19	83.14	60.74	4.50	29.69	24016.24
RylBkC♦	172.13	3.74	175.04	115.42	3.26	15.04	175266.62
SHOP	118.81	9.89	123.20	72.36	-	84.35	103649.34
Suncor En	54.44	1.88	57.32	40.07	4.12	9.00	49426.53
ThmReut	234.36	6.45	242.92	176.41	1.25	31.99	75862.3
TntoDom	78.54	1.57	87.99	73.67	5.19	17.94	98815.3
TrnCan	67.79	3.03	69.61	48.12	5.00	19.70	50624.09
China (HK$)							
AgricBkCh	4.02	0.05	4.09	2.73	12.27	5.10	15893.82
Bk China	3.77	0.01	3.99	2.75	-	4.71	40548.44
BkofComm	6.05	0.07	6.33	4.31	6.93	4.84	27244.83
BOE Tech	0.50	-0.02	0.60	0.40	-	5.65	12.67
Ch Coms Cons	5.55	0.13	6.09	3.16	5.93	3.57	3154.08
Ch Evrbrght	2.77	0.10	2.98	2.13	6.98	4.15	4517.18
Ch Rail Cons	5.72	0.30	7.03	4.06	5.34	3.24	1527.55
Ch Rail Gp	4.11	0.13	5.12	3.06	5.29	3.08	2224.15
ChConstBk	6.20	0.04	6.29	4.30	7.21	4.35	191720.79
China Vanke	8.00	0.59	14.08	3.63	9.23	-11.41	2270.44
ChinaCitic	5.06	0.13	5.47	3.41	7.21	4.02	9685.61
ChinaLife	17.40	0.98	20.60	8.19	2.76	18.05	16653.35
ChinaMBank	39.05	0.85	47.35	24.20	5.64	6.38	23058.44
ChinaMob	70.80	-0.80	79.00	61.15	6.87	10.23	187398.48
ChinaPcIns	26.95	0.10	33.35	12.72	4.24	6.97	9620.11
ChMinsheng	3.06	0.12	3.71	2.43	7.89	4.05	3274.7
ChMrchSecs	21.34	2.25	23.52	12.62	0.88	22.49	22104.07
China Utd Coms	5.19	0.15	5.89	3.90	1.55	18.36	22428.73
ChShenFgy	33.50	-0.80	40.70	23.85	7.58	10.87	14552.86
ChShpbldng	5.20	0.22	6.05	3.81	-	-270.93	16547.44
ChStConEng	6.30	0.15	6.79	4.54	4.35	4.73	36329.71
ChUnicHK	6.49	-0.34	7.80	4.45	5.73	8.98	25541.78
CNNC Intl	10.08	-0.01	12.29	6.87	1.70	18.12	26564.06
CSR	5.17	0.07	6.12	3.10	4.33	10.73	2906.63
Daqin	6.75	0.17	7.82	5.84	7.18	11.33	17199.57
GuosenSec	12.93	1.39	13.98	7.47	7.11	26.14	16490.95
HaitongSecs	7.34	0.83	8.90	3.37	1.53	-47.87	3218.91
Hngzh HikVDT	31.60	1.48	37.75	24.71	2.88	20.99	40157.91
Hunng Pwr	4.19	0.02	5.95	3.52	-	9.11	2533.13
IM Baotou Stl	2.20	0.32	2.33	1.36	-	474.54	9670.56
In&CmBkCh	4.87	0.12	4.97	3.51	-	4.58	54366.05
IndstrlBk	18.70	0.41	21.05	13.95	-	5.70	54215.73
Kweichow	1609.97	76.22	1910	1245.83	1.94	24.90	282249
Midea	0.28	-0.01	0.39	0.23	-	-1.13	10.84
New Ch Life Ins	28.35	1.90	35.60	12.46	-	8.24	3770.77
PetroChina	5.72	-0.18	8.60	4.73	8.59	5.87	15522.67
PingAnIns	49.90	1.85	59.80	29.55	5.36	9.13	47799.81
PngAnBnk	11.72	0.29	13.43	8.96	6.19	5.09	31740.41
Pwr Cons Corp	5.91	0.33	6.20	4.33	2.05	9.01	10781.26
SoicMtr	13.43	0.54	16.07	11.49	2.53	11.21	21605.24
ShenwanHong	0.05	0.00	0.14	0.04	-	-1.91	58.48
ShgPdgBk	10.06	0.12	11.02	6.36	3.21	8.98	41209.28
Sinopec Corp	4.36	-0.05	5.47	3.64	3.68	8.07	13648.18
Sinopec Oil	2.27	0.18	2.35	1.60	-	59.14	4298.78
Denmark (kr)							
DanskeBk	205.00	-3.10	216.70	164.85	7.22	7.64	25479.37
MollerMrsk	11215	-20.00	14430	8412	4.72	21.94	9817.43
NovoB	745.70	-23.20	1033.2	645.00	1.29	36.39	364430.59
Finland (€)							
Nokia	4.22	-0.16	4.58	2.70	3.15	24.30	25439.08
SampoA	40.05	-1.25	42.37	37.35	4.08	16.15	23668.53
France (€)							
Airbus Grpe	142.30	0.70	172.78	124.72	1.29	35.75	121186.22
AirLiquide	161.50	-4.80	179.47	147.84	1.84	30.05	100379.1
AXA	33.86	-0.42	36.66	27.38	5.19	11.38	80118.25
BNP Parib	59.76	-3.28	73.08	53.08	7.86	7.13	72638.71
ChristianDior	559.00	-11.00	832.50	548.00	2.37	17.00	108461.28
Cred Agr	13.19	-0.94	15.93	11.58	8.13	6.37	43715.49
Danone	65.52	-0.54	67.90	56.14	3.27	41.42	47859.21
EDF	12.00	0.00	12.05	7.27	2.41	-2.31	53889.44
Engie SA	15.19	-0.24	16.64	13.07	9.61	7.37	39749.55
EssilorLuxottica	227.70	10.70	232.00	172.82	1.77	44.35	111930.71
Hermes Intl	2068	-13.00	2436	1768.8	0.74	47.74	234669.3
LOreal	334.70	-11.80	461.85	334.20	2.01	27.12	192228.7
LVMH	598.40	-12.60	866.40	576.80	2.22	20.98	321700.91
Orange	9.88	-0.18	11.41	9.19	7.44	12.57	28255.52
PernodRic	112.65	-2.65	175.30	109.30	4.35	13.44	30674.91
Renault	40.69	-0.39	54.54	33.27	4.64	7.86	12834.19
Safran	219.80	9.30	225.40	156.76	1.02	55.08	100945.77
Sanofi	95.74	-2.96	106.14	83.28	4.01	27.92	130585.89
Sant Gbn	86.10	1.62	87.06	53.12	2.49	14.83	46845.13
Schneider	240.75	0.85	249.00	157.80	1.48	32.72	148962.13
SocGen	26.55	-0.73	28.03	15.37	3.46	11.56	22839.9
Total	56.84	-1.06	70.11	56.77	5.44	6.76	146491.66
UnibailR	73.94	-1.30	82.16	45.77	3.45	-9.87	11076.38
Vinci	100.25	-2.95	120.62	97.44	4.58	12.29	65966.29
Vivendi	9.30	-0.47	11.17	8.55	2.74	23.99	10300.07
Germany (€)							
Allianz	287.00	-4.60	304.30	217.15	4.91	12.23	120843.74
BASF	43.39	-2.17	54.93	40.18	8.00	-850.18	41622.32
Bayer	24.08	-1.02	42.58	23.62	0.47	-18.29	25428.64
BMW	67.58	-5.58	115.35	66.84	9.06	4.00	43729.94
Continental	56.50	-0.62	78.40	51.02	3.97	13.53	12146.72
Dout Bank	15.52	-0.29	17.01	10.39	2.96	9.27	33280.76
Dout Tlkm	28.52	0.50	28.73	20.73	2.76	27.94	152865.47
DeutsPost	44.73	1.54	45.03	29.68	4.09	16.52	60466.66
E.ON	11.91	-0.56	13.82	11.09	4.54	16.91	33814.3
Frsenius Med	39.70	3.36	42.12	30.95	3.06	21.49	12520.98
Frsenius SE	33.85	-0.09	36.24	24.32	-	56.21	20321.28
HenkelKgaA	70.20	-1.55	77.05	58.50	2.66	16.22	19603.65
Linde	429.20	7.80	450.80	362.50	1.18	34.32	219673.84
Mercedes-Benz	52.36	-3.59	77.45	51.91	10.33	4.19	60212.28
MuenchRkv	470.00	-1.20	512.80	364.60	3.26	10.40	67576.03
SAP	221.40	4.65	224.60	130.86	1.01	100.43	292362.67
Siemens	183.08	1.56	190.96	127.54	2.62	17.99	157434
Volkswgn	87.40	-3.65	152.50	86.35	10.51	2.88	27722.56
Hong Kong (HK$)							
AIA	61.95	-0.30	74.60	45.25	2.65	18.04	87707.12
BOC Hold	26.05	0.35	26.60	17.86	5.58	8.33	35424.84
Ch OSLnd&Inv	15.36	-0.14	18.58	10.10	5.31	6.84	21622.82
ChngKng	33.10	1.20	40.10	25.00	6.31	7.35	14899.75
Citic Ltd♦	9.36	0.21	11.80	6.62	6.14	4.23	35621.48
Citic Secs	25.25	4.00	30.80	10.66	2.10	18.59	8509.14
CK Hutchison	41.25	0.20	46.35	35.35	6.25	6.89	20320.68
CNOOC	17.76	-0.62	23.90	11.88	7.17	5.52	101742.62
HangSeng♦	95.65	0.25	117.50	76.05	7.03	10.40	23756.73
HK Exc&Clr	339.40	27.80	357.80	212.20	2.53	36.15	55345.97
MTR	28.20	-0.15	30.65	22.30	4.74	17.85	22578.06
SandsCh	20.80	-0.10	24.65	13.24	-	19.97	21652.3
SHK Props	83.25	-1.95	92.10	65.30	5.69	12.43	31828.47
Tencent	420.80	1.60	482.40	260.20	0.80	24.12	501582.68
India (Rs)							
Bhartiartl	1569.9	-42.70	1779	925.00	0.26	89.21	113228.82
HDFC Bk	1754.45	18.75	1794	1362.55	1.12	19.17	158892.83
Hnd Unilevr	2507.7	-20.55	3035	2172.05	1.73	55.05	69830.91
ICICI Bk	1258.85	-33.40	1362.35	914.75	0.66	19.18	105245.93
Infosys	1829.95	72.70	1951.45	1358.35	2.15	27.52	90851.64
ITC	478.05	-10.75	528.50	399.35	2.98	28.23	70876.04
L&T	3660.3	38.00	3519.9	2997	1.47	36.66	59648.23
OilNatGas	262.55	-3.60	345.00	188.15	4.04	7.16	39745.55
RelianceIn	1283.75	-48.30	1608.8	1148.05	0.73	12.20	205883.14
SBI NewA	843.15	22.95	912.00	555.15	1.68	10.70	89781.41
SunPhrmInds	1809.6	-39.30	1960.35	1166.85	0.72	40.35	51458.06
Tata Cons	4147	178.55	4552.25	3322.35	1.15	31.06	177825.02
Israel (ILS)							
TevaPha	65.36	-3.44	73.23	32.82	-	-43.81	19806.82
Italy (€)							
Enel	6.68	-0.33	7.39	5.66	6.34	12.58	72978.26
ENI	13.93	-0.10	15.82	13.48	6.89	11.57	49779.79
Generali	25.21	-0.48	27.02	18.66	5.18	10.93	42528.46
IntSPaolo	3.84	-0.20	4.14	2.52	7.88	8.27	73400.44
Unicred	39.99	-2.14	44.19	23.12	4.60	6.74	70356.97
Japan (¥)							
AstellasPh	1715.5	-66.00	1839.5	1426	4.21	175.60	20367.25
Bridgestne	5373	-46.00	7058	4370	3.84	11.06	25157.95
Canon	5036	129.00	5162	3583	2.79	17.53	44066.48
CntJpRwy	3207	33.00	4027	2951	0.93	7.96	21671.06
Denso	2321	165.00	2993.5	1864	2.44	21.43	47992.66
EastJpRwy	3000	-45.00	3108.33	2353	1.60	16.73	22327.29
Fanuc	4297	253.00	4748	3624	2.02	29.70	28061.76
FastRetail	49250	1110	55310	33950	0.68	41.42	102820.29
Fuji Hvy Ind	2417.5	-44.00	3614	2166.5	3.67	4.60	11626.48
Hitachi	4053	374.00	4147	1922.8	0.92	31.00	123286.98
HondaMtr	1381.5	-142.50	1959.5	1239	4.77	6.07	47855.12
JapanTob	4200	75.00	4622	3453	4.55	15.36	55109.08
KDDI	4905	145.00	5080	4120	2.94	15.79	70533.09
Keyence	68500	440.00	77400	52430	0.42	45.30	109297.86
MitsbCp	2732.5	-14.00	3775	2182.33	2.64	11.91	72108.8
MitsubEst	1144.7	25.73	1199.24	984.66	-	-	-
MitsubishiEle	2739.5	13.50	2942.5	1867	1.88	19.56	37980.09
MitsuiFud	875.19	15.33	1071.91	607.09	-	-	-
MitUFJFin	1768.5	148.00	1849.5	1164	2.25	14.54	143147.43
Mizuho Fin	3425	215.00	3589	2293.5	2.97	12.38	57057.12
Murata Mfg	2702	73.50	3816	2544.5	1.87	26.66	35287.1
Nippon TT	151.40	4.00	192.90	142.50	3.48	9.73	89941.82
Nissan Mt	385.20	-17.00	651.50	368.50	5.36	3.38	9385.79
Nomura	907.80	130.20	1021	587.50	2.46	13.83	18841.29
Nppn Stl	3208	155.00	3847	2802	5.15	5.89	22619.15
Panasonic	1379.5	36.00	1622	986.90	2.62	7.03	22213.6
Seven & I	2218.5	59.00	2492.5	1600	1.67	29.17	37908.53
ShnEtsuCh	5892	318.00	6926	4773	1.75	22.04	77375.56
Softbank	9368	404.00	12180	5639	0.48	-52.13	90345.51
Sony	2805.5	131.00	3097	2210	2.94	3.62	114909.02
SumitomcF	3571	332.00	3783.33	2176.67	7.33	4.48	91943.61
Takeda Ph	4219	-51.00	4494	3852	4.32	40.28	44035.06
TokioMarine	5970	535.00	6679	3321	2.13	16.46	77471.93
Toyota	2662.5	47.00	3891	2183	2.73	7.46	275900.68
Mexico (Mex$)							
AmerMvl	16.40	0.23	20.25	15.66	-	33.87	41116.45
FEMSA UBD	191.84	-2.01	245.00	187.01	6.97	17.90	19628.98
WalMrtMex	55.97	0.72	73.50	54.01	2.25	16.00	48525.03
Netherlands (€)							
ASML Hlc	621.50	-5.60	1021.8	592.30	1.00	35.55	266942.43
Heineken	72.58	-2.74	97.50	71.82	2.43	37.82	44937.52
ING	14.99	-0.74	17.24	11.78	7.53	7.27	53226.53
Unilever	54.56	-2.24	59.66	42.97	2.65	24.47	174944.06
Norway (Kr)							
DNB	220.90	-2.20	237.70	192.60	7.39	8.40	31069.21
Equinor	250.65	-8.35	370.00	247.25	5.66	6.77	63659.91
Telenor	131.30	-6.30	139.70	110.15	7.57	18.85	16338.92
Qatar (QR)							
QatarNtBk	17.29	-0.10	17.80	12.83	3.87	8.43	43861.03
Saudi Arabia (SR)							
AlRajhiBnk	92.70	4.70	93.00	69.80	2.55	21.75	98714.16
NatnlCombnk	32.65	-0.50	44.35	32.40	5.52	9.70	52152.36
SaudiBasic	72.30	-0.40	89.00	72.00	4.84	111.47	57742.98
SaudiTelec	42.15	0.00	46.50	36.10	3.91	14.83	56105.75
Singapore (S$)							
DBS	42.40	3.65	42.40	28.19	4.49	11.43	90980.95
JardnMt US$	40.81	1.93	43.90	33.72	5.64	142.38	11914.07
OCBC	16.06	0.88	16.20	12.27	5.11	9.84	54450.85
SingTel	3.25	0.15	3.41	2.25	3.25	68.02	40490.32
UOB	35.69	3.59	36.60	26.97	4.77	10.73	45057.91
South Africa (R)							
Firstrand	78.82	1.33	89.22	58.90	4.93	11.75	25171.62
MTN Grp	84.27	-3.15	118.00	70.43	3.86	-20.82	9039.99
Naspers N	4083.23	-133.08	4470	2673.3	0.21	14.75	41444.64
South Korea (KRW)							
HyundMoois	244500	-4000.00	270000	198300	1.90	6.12	16397.88
KoreaEleFwr	22200	-850.00	25450	16750	-	5.21	10278.1
SK Hynix	200500	18300	248500	124500	0.62	53.79	105267.9
SmsungEl	57000	-1300.00	88800	55700	2.61	13.51	245404.33
Spain (€)							
BBVA	9.10	-0.31	11.28	7.81	6.17	5.95	56386.43
BcoSantdr	4.43	-0.18	4.93	3.55	4.05	6.11	73855.62
CaixaBnk	5.50	-0.19	5.91	3.67	7.27	7.81	42999.75
Iberdrola	13.21	-0.62	14.26	10.42	4.27	13.24	90368.67
Inditex	52.00	-0.68	55.28	33.84	1.91	28.63	174204.48
Repsol	11.49	-0.11	16.22	11.39	7.99	4.15	14541.54
Telefonica	4.21	-0.13	4.55	3.53	7.28	-25.75	25628.85
Sweden (SKr)							
AtlasCpccB	158.55	3.35	178.45	127.60	1.68	25.15	22879.46
Ericsson	88.40	-1.10	91.84	49.86	3.19	-7.86	25224.88
H & M♦	158.80	-0.70	195.10	137.10	4.28	22.11	20790.68
Investor♦	302.75	0.60	316.80	204.90	1.62	4.90	50995.13
Nordea Bk	124.25	-2.85	134.30	113.55	8.79	7.27	40268.79
SEB	153.75	0.75	166.00	122.30	5.78	8.12	30075.12
SvnskaHn	111.30	-1.00	125.95	95.22	6.11	7.66	20011.35
Swedbank	216.70	-2.20	233.80	177.20	7.31	6.78	22678.73
Telia Co	30.74	-1.45	34.35	23.72	6.80	367.27	11174.82
Volvo	283.60	8.70	321.10	217.45	2.76	9.89	41648.16
Switzerland (SFr)							
ABB	50.00	1.59	52.46	30.77	1.72	27.14	106497.34
CredSuisse	9.82	0.01	9.86	9.66	11.88	-0.31	3611.19
Nestle	78.98	-3.74	100.82	78.74	3.78	18.59	236881.22
Novartis	92.86	-2.63	102.72	83.09	3.62	21.24	232793.71
Richemont	119.30	-7.25	151.10	103.85	2.09	18.70	73417.14
Roche	253.10	-10.00	288.20	212.90	3.63	19.97	211601.22
Swiss Re	118.35	6.45	120.85	94.18	5.14	11.42	43015.06
Swisscom	519.00	-13.50	571.00	486.80	4.22	15.90	30776.95
UBS	28.21	1.11	29.57	21.39	2.54	56.24	97665.49
Zurich Fin	516.80	1.20	529.60	425.60	4.94	17.21	86585.37
Taiwan (NT$)							
Dunghwa Telecom	123.00	1.00	128.00	116.50	3.92	25.77	29712.73
Formosa PtChem	46.05	-2.10	85.40	46.00	-	16.42	13660.23
HonHaiPrc	218.00	10.00	234.50	97.00	2.51	19.79	94300.27
MediaTek	1280	-10.00	1500	879.00	4.35	19.84	63842.08
TaiwanSem	1090	65.00	1100	551.00	1.21	29.79	880225.42
Thailand (THB)							
PTT	33.25	-0.50	36.25	31.25	5.71	7.79	27914.33
United Arab Emirates (Dhs)							
Emirtestele	24.30	-	38.98	11.60	2.95	21.36	57535.64
United Kingdom (p)							
Anglo American	2372	-24.00	2813	1630	3.24	-22.05	41055.05
AscBrFd	2264	-19.00	2765	2158.5	2.09	14.65	21677.94
AstraZen	9903	-119.00	13388	9461	2.31	30.38	198862.78
Aviva	456.20	-1.80	510.20	398.80	7.32	9.85	15803.49
Barclays	251.50	10.90	259.70	132.84	3.18	9.79	47111.89
BP	373.30	-4.90	541.00	371.10	6.15	10.98	77749.14
BrAmTcb	2733	28.00	2994	2233	8.53	-4.39	78235.4
BT	140.00	-0.25	152.20	101.70	5.50	16.28	18035.29
Compass	2611	64.00	2663	1961.5	1.65	33.36	57295.64
Diageo	2320	-75.50	3268.5	2275	3.51	16.97	66790.68
GlaxoSmh	1381	-38.50	1823.5	1367	4.27	12.24	90368.67
Glencore	394.80	-12.85	506.72	3.95	5.80	-124.78	62329.78
HSBC	690.00	-19.60	729.60	572.90	7.07	7.52	161821.65
Imperial Brands	2367	6.00	2451	1968	6.20	10.28	25771.32
Jardine Mathes.	52.50	0.00	40.95	34.29	3.75	218.06	18246.25
LlydsBkg	53.08	-1.34	64.67	41.00	5.20	7.58	41848.35
LSE Group	10745	-5.00	11080.2	8254	1.03	77.80	73890.01
Natl Grid	975.80	-11.40	1062	645.00	5.37	17.78	61695.18
NatwestGroup	390.80	5.50	396.60	193.05	4.46	8.19	40925.32
Prudential	642.60	-1.40	954.80	601.40	2.57	25.54	22311.29
ReckittB	4766	-228.00	5886.44	4034	4.04	21.98	42536.67
RELX	3693	71.00	3732	2888	1.59	36.89	88831.69
RioTinto	4946	-80.00	5910	4509	6.92	9.50	80182.86
RollsRoyce	553.20	4.40	592.20	227.70	-	20.00	60881.37
Shell PLC	2564.5	-14.50	2961	2345	4.16	11.50	205165.07
StandCh	924.00	10.20	952.60	571.00	2.31	10.28	29295.17
Tesco♦	345.20	-2.80	373.90	217.53	3.51	12.83	30296.72
Unilever	4537	-216.00	5034	3680.5	3.21	20.35	145476.77
Vodafone	72.04	-0.30	79.50	62.71	10.60	18.98	24277.78
WPP	846.20	18.00	872.40	678.80	4.66	83.78	11809.95
United States of America ($)							
21stC Fox A	44.59	2.71	45.82	28.29	1.19	13.92	9860.2
3M	134.62	7.40	141.34	75.65	3.96	51.17	73308.48
AbbottLb♦	116.16	-2.44	121.64	92.43	1.87	35.80	201474.32
Abbvie♦	200.67	-2.88	207.32	135.85	3.09	65.56	354612.05
Accenture♦	358.86	13.19	387.51	278.69	1.41	32.33	224232.57
Activision Bli	94.42	0.18	94.57	70.94	-	36.23	74289.5
Adobe	496.15	13.35	638.25	433.97	-	43.94	218405.23
Advanced Micro	149.06	7.20	227.30	112.88	-	173.35	241895.83
AEP	96.41	-0.84	105.13	74.97	3.68	18.84	51301.69
Aflac	108.06	3.35	115.50	75.44	1.74	11.12	60030.4
AirProd♦	314.07	4.86	332.43	212.24	2.29	26.66	69822.32
Allstate	196.24	12.09	198.73	127.93	1.89	17.48	51965.03
Alphabet	170.06	7.77	191.75	122.90	0.11	25.10	1046247.58
Altria

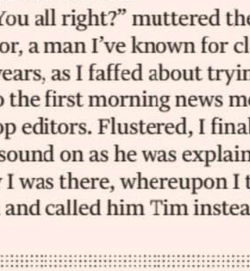


Rutherford Hall
There's nothing scarier than Elon at your front door with a thermometer
WORK & CAREERS

Wanted: more bosses on the shop floor



Kenneth Andersson



Pilita Clark
Business Life

On the day of the US election last week, I was struck by a familiar sense of anxiety, dismay and dread.

This had almost nothing to do with the election and everything to do with my decision to spend time that day on the FT's main news desk.

In the interests of research, I wanted to see what the job of news editing looked like since I last worked on that desk in London many years ago.

Clearly much has changed since. The homepage is all-consuming; an entirely different team of editors handles the printed paper. But much is still the same, like the stomach-grinding anxiety about inserting an error in the rush to publish. And the heart-stopping fear of receiving a late, garbled story needing not so much editing as open-heart surgery. And the remorseless speed of the work.

"You all right?" muttered the news editor, a man I've known for close to 20 years, as I faffed about trying to log in to the first morning news meeting of top editors. Flustered, I finally got the sound on as he was explaining why I was there, whereupon I thanked him and called him Tim instead of his actual name, which is Tom.

This was a reminder of something I had forgotten in my years away from that work. It is so much harder than it looks from the outside.

The experience confirmed that business leaders who do what Boeing's new chief executive, Kelly Ortberg, did the other week deserve much credit.

When Ortberg set out his plans to restore faith in the beleaguered aerospace giant, he highlighted one in particular: putting executives on factory floors as part of "a fundamental culture change".

"We need to know what's going on, not only with our products, but with our people," he said. "We need to prevent the festering of issues and work better together to identify, fix, and understand root cause."

This seems obvious for any company, let alone one reeling from the aftermath of two fatal crashes of its top-selling 737 Max aircraft.

"It takes confidence to expose yourself to the ridicule of underlings who know more about how a job is done"

Yet if it really were apparent, there wouldn't be headlines whenever someone like Ortberg issues such an edict. Or Home Depot tells corporate office staff to work a full day at one of its stores each quarter, as it did this year. Or Uber's CEO, Dara Khosrowshahi, reveals he has been moonlighting as a driver, as he did last year.

Maybe more bosses than we hear about spend time answering customer complaints on social media, such as Greg Jackson, chief executive of the UK's Octopus Energy power supplier. Or decide a human can adjust a car window seal faster than a robot by trying it himself on an assembly line, as Elon Musk did at Tesla.

But I doubt it. For one thing, few CEOs are like Musk. Also, running a business is hard. It can be easy to get caught up in the daily crossfire of drama. When Khosrowshahi was driving a customer to the airport one night, he had to ignore what the Wall Street Journal said were frantic phone calls from his chief legal officer trying to tell him the company's network had been hacked.

It also takes a lot of confidence to expose yourself to the ridicule of underlings who know more about how a job is done, especially for CEOs unfamiliar with the industry they join. But I suspect many executives shy away from the shop floor because they have succumbed to an aspect of power poisoning, or the way behaviour changes when you reach the top.

In this case, they think that, because they are in charge, they understand everything they need to know in order to lead well, even when they palpably don't. Academics call this the fallacy of centrality and it can be a dismaying thing to watch. Ask any worker repeatedly asked to do something unworkable by a clueless boss.

Of course, hands-on experience alone does not guarantee success. Laxman Narasimhan did 40 hours of barista training before taking over as CEO of Starbucks and last year said he would keep working behind the counter for half a day each month. He was ousted 17 months later. Falling sales and an activist investor will probably always beat even the finest Frappuccino technique.

pilita.clark@ft.com

Lex.

Struggling universities need more than a tuition fee thaw



Tuition fees have fallen in real terms over the past decade
Average higher education spending per student in England, 2023-24 prices (£'000)



Source: IFS

Top UK universities routinely win high marks in international rankings. But many of their less famous peers are flunking important financial tests. The recent decision to increase university tuition fees in line with inflation next year will not, by itself, make much difference.

It halts the erosion of the income from teaching domestic students. But costs are rising too. After taking account of the rise in employers' national insurance announced in the Budget, the net increase averages a princely £45,000 per institution.

Many problems are down to overexpansion. The funding model introduced in 2012 created an incentive to maximise student recruitment without much pressure to provide value for money. There was also little reason to minimise taxpayers' exposure to written-off student loans until the accounting rules changed in 2018. Universities sought to attract growing numbers of international students. Their share of total fee income rose 12 percentage points to 44 per cent in the six years to 2022-23.

That helped bridge the funding gap caused by the domestic tuition fee freeze. But foreign student numbers have fallen sharply after new visa restrictions on their ability to bring in dependants were imposed in January. There is also growing competition from Canadian and Australian institutions.

The pain is unevenly distributed. Rating agency S&P Global Ratings reckons most universities' credit quality will remain solid, though margins are being squeezed. At the institutions it monitors, it expects operating profits to average about 0.5 per cent of operating expenses in the next two years, down from almost 5 per cent over the past three years.

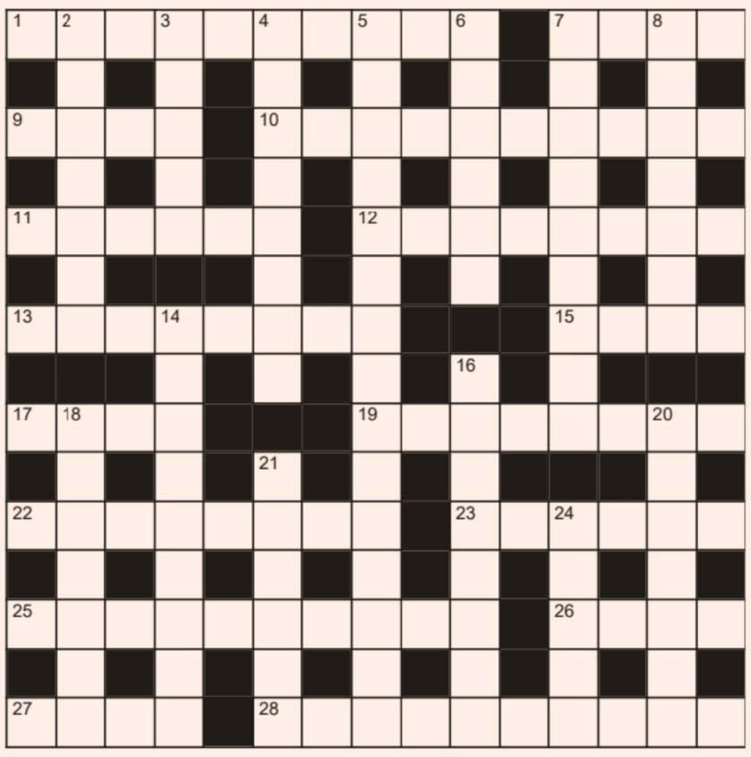
Best placed are research-intensive institutions with brands that draw international students. Institutions such as Oxford, Cambridge and University College London only relied on domestic undergraduate tuition fees for about 5 per cent of their total income in 2023, according to rating agency Moody's.

The finances of lower-ranked universities that focus on domestic students are also reasonably stable as they will benefit from the fee rise and not suffer much from international students staying away.

Struggling institutions have been cutting jobs and considering mergers and partnerships. That might not be enough to stave off disaster. The universities that staked their future on recruiting growing numbers of international students are finding that bet is rapidly turning sour.

NIKKEI Asia The voice of the Asian century

CROSSWORD No 17,891 by ARTEXLEN



ACROSS

1 Drew close quietly before fish feeding took off (10)
7 Youngster close to age eight, say (4)
9 A hog gets overlooked in wood heaps (4)
10 Brilliant netting for one of bean plants (10)
11 Track turning lines within bark (6)
12 Performing arts with some eminent composers (8)
13 Plants from girl's borders daughter put in garlicky sauce (8)
15 Uncovered boat that's good to leave (4)
17 Winged beast is receiving focus of seabirds (4)
19 Little around market is showy (8)
22 Fish-like beast, alien one put in prison (8)
23 Err away from objective (6)
25 Note this writer's left surgical instrument uncovered (10)
26 Swap tips in metal trade (4)
27 Found incomplete idol (4)
28 Author coming from Manchester to Norwich (10)

DOWN

2 Bird's waste product disgusting, we've heard (7)
3 Shunning outsiders, are boys pals of prince, perhaps? (5)
4 Consider everything that hurt figure verbally (5,3)
5 Demanding answer to what caretaker's doing at top of The Shard? (4-11)
6 Young girl from Epsom regularly collected by boy going north (6)
7 Police officer on street probing lead (9)
8 Room for woman's kid occupied by old couple in retirement (7)
14 Model avoids fur to show lack of appreciation (9)
16 Slothful at home, fast to welcome party (8)
18 One seen on pub table I'm unsure to include in round (4,3)
20 Wish to try going far back in time (4,3)
21 PC struggling with site afflicted with bugs (6)
24 Damage at sides in remote's variable control (5)

Solution 17,889

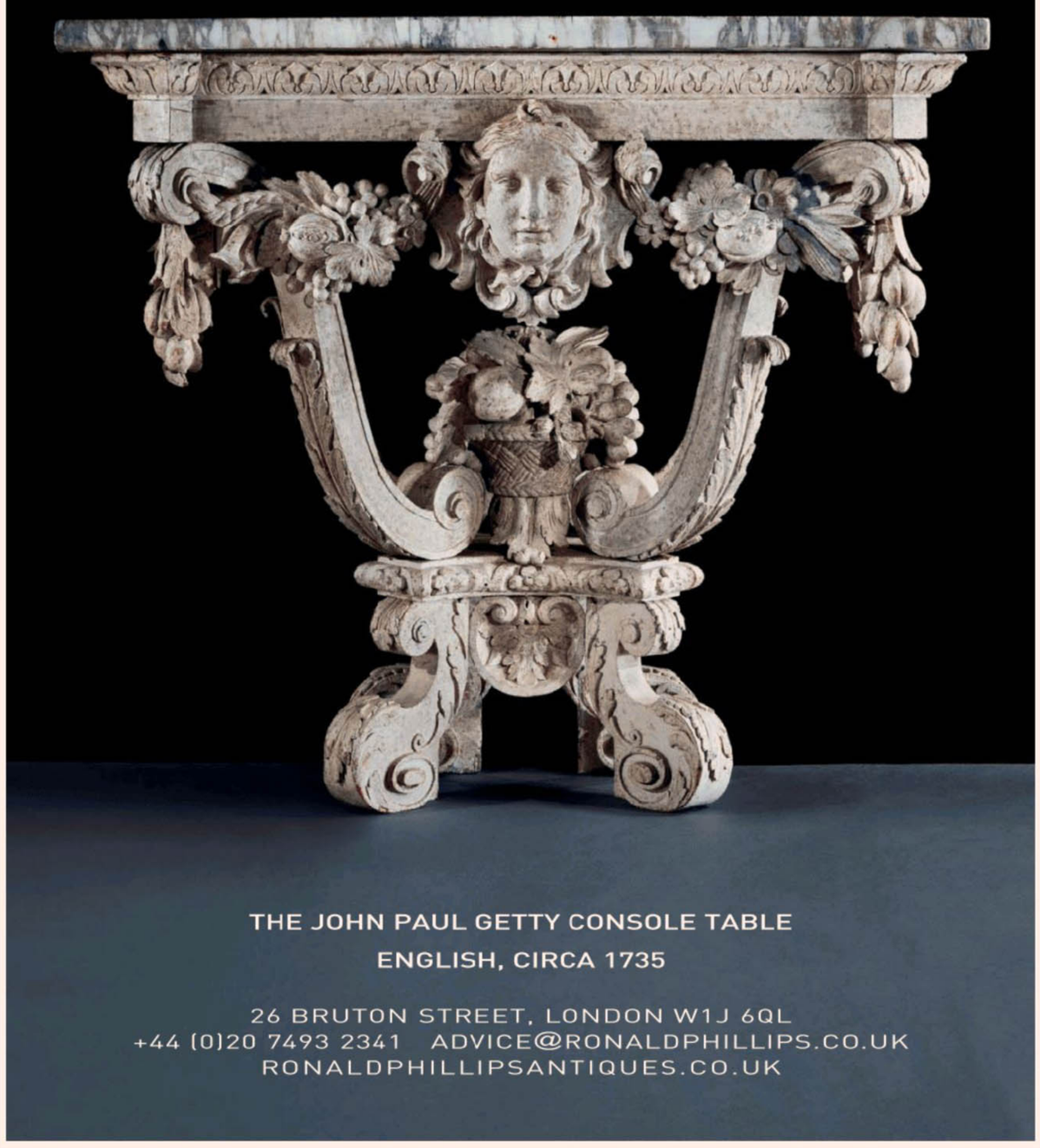
F	R	I	L	L	Y	■	I	S	O	L	A	T	E	D
L	■	M	■	A	■	■	■	O	■	O	■	A	■	I
A	U	P	A	I	R	■	I	N	F	L	I	G	H	T
S	■	O	■	R	■	S	■	G	■	L	■	I	■	H
H	A	L	F	■	E	L	G	A	R	■	K	N	E	E
I	■	I	■	B	■	O	■	N	■	P	■	E	■	R
N	A	T	I	O	N	A	L	D	I	S	H	■	■	■
G	■	E	■	X	■	N	■	D	■	A	■	N	■	P
■	■	■	V	E	G	E	T	A	B	L	E	O	I	L
G	■	M	■	R	■	R	■	N	■	M	■	T	■	U
L	O	O	T	■	M	A	R	C	H	■	M	A	A	M
A	■	N	■	M	■	N	■	E	■	O	■	T	■	P
S	P	A	C	E	A	G	E	■	O	F	L	A	T	E
S	■	C	■	G	■	E	■	■	■	F	■	L	■	S
Y	E	O	M	A	N	R	Y	■	E	A	G	L	E	T

Scan the QR code to access FT crosswords over the last 30 days — cryptic, Polymath, Weekend and Sunday puzzles — or go to ft.com/crosswordapp

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There's nothing scarier than Elon at your front door with a thermometer



Rutherford Hall

Critical Comms

Messages from the archive of Rutherford Hall, critical communications strategist

WhatsApp to Stephen: What? And I thought I was the tough nut in this partnership. We are not going to go round to staff's houses when they are off sick to check they are really ill.

WhatsApp to Stephen: Two reasons. Number 1: we are not medically qualified. Number 2: this idea is being championed by a Tesla factory in Germany. Which part of "Tesla factory in Germany" screams "best of breed staff relations" at you?

WhatsApp to Stephen: Seriously, is there anything more scary than the thought of Elon at your front door with a large thermometer? Listen, I know some of the team wind us up sometimes but our staff don't throw sickies or plead illness. We are a professional outfit. Anyway forget about your plans to boost team morale. There's big news out of Saudi.

WhatsApp to Stephen: Yeah, news reports suggest the kingdom is scaling back its international investments and with The Line already being reduced from the City of the Future to the size of a housing estate in Wolverhampton, it may be time to reconsider our presence there.

WhatsApp to Stephen: No it's nothing to do with my being desperate to stop going there. Business is business. Although yes I am desperate to stop going there.

WhatsApp to Stephen: I'm going to have to go there. Turns out this announcement was for domestic consumption. They are just tweaking the balance between domestic and foreign projects and there's still tons of cash splashing around. They've done deals with Brookfield, and China is showing investment support. The sucker cash is still flowing. It is still a big money spinner for us and they value face time and loyalty. God knows I'd like to move our base back to Bahrain and I know most of their projects turn out to be lemons — but we haven't squeezed this lemon dry.

WhatsApp to Stephen: I know I said I don't want to go but I can't keep finding excuses and calling in on Zoom. Personal presence, personal relationships are really important to them. Also how many bouts of Covid is realistic in a six-month period? I used it for the last meeting but I could tell they were annoyed and probably didn't believe me. If I do it again they'll be sending Elon round.

From: Rutherford@monkwellstratgey.com
To: Yasir@PIF.gov.sa
Greetings, A quick line to say I will be back in town next week and would be very keen to hear your latest thinking and how we can help. Just to let you know I'm hoping to expand our Riyadh office in the coming months. I know some others are moving to Bahrain but we remain committed to and excited by PIF's vision. I was buoyed by your recent announcement. We see part of our mission as helping you bring projects home. It is a brilliant strategy to make anchor investment from PIF conditional on inward investment in national and regional projects. It's time people realised it is not enough to take your cash and simply turn up for a tennis tournament.
Best Rutherford
Find me on Strava, KoM Sydenham Hill, PR Al Jubailah/Bawdah Loop — 42 mins

———————

From: Rutherford@monkwellstrategy.com
To: Yasir@PIF.gov.sa
My apologies. I was not diminishing the tennis. It was a wonderful advert for the kingdom and I wish I'd been well enough to get there myself. But didn't want to bring Covid to Riyadh. Nor was I suggesting that you were being treated as suckers. No one who deals with you could think that. I was simply saying that turning up is not the real measure of commitment. Very much looking forward to our conversation next week.
Rutherford,
Find me on Strava . . .

———————

WhatsApp to Stephen: You won't believe it. I actually have got Covid now. I'm meant to fly out tomorrow. What do I do? I don't want to infect them but I told them I had it last month. I can't say I've got it again, can I?

———————

From: Rutherford@monkwellstrategy.com
To: Yasir@PIF.gov.sa
Believe me, I am as shocked and irritated as you are. I was looking forward to breaking my personal best on the Al Jubailah/Bawdah Loop this visit. I must admit to being hurt that you would even think such a thing. Would you like me to send you a video of me taking another Covid test? I could hold a copy of today's paper. Meanwhile, would you like a Zoom call or shall we just arrange to meet in two week's time? Rutherford
Find me on Strava . . .
WhatsApp to Stephen: Do we still have the lease on the Bahrain office? Might be worth checking

Messages recovered by Robert Shrimsley

> **We are not going to go round to staff's houses when they are off sick to check they are really ill**

Office life

Surviving a shake-up: is restructuring ever good for staff?

As companies from Amazon to Citi overhaul management, experts warn of consequences, *writes Andrew Hill*



It is too soon to see whether the programmes under way at organisations like Amazon will reshape the work of managers that remain
FT montage/Dreamstime

In a September memo to staff, Amazon's chief executive Andy Jassy laid out a list of symptoms of an over-bureaucratic company that will feel familiar to anyone working for a big business.

He described hindrances such as "pre-meetings for the pre-meetings for the decision meetings" and "a longer line of managers" needing to make calls. He also suggested some familiar solutions: restructuring, delayering of management and flattening of hierarchy.

Amazon is far from alone in its refocus on productivity. Meta's Mark Zuckerberg proclaimed 2023 to be a "year of efficiency", laying out his aim to "defragment layers" and, like Jassy, to increase the ratio of staff reporting to each remaining manager. Citigroup's "Project Bora Bora" has sliced five layers of management out of 13. Companies including UK bank HSBC, professional services firm Deloitte and consumer products group Unilever have launched restructurings in the past year. Nissan last week launched an emergency turnaround plan in an attempt to counter falling profits.

The announcements often hold great promise. "We're cutting the bureaucratic processes and needless complexity that get in the way of us performing our best," said Citi's Jane Fraser in a memo in March. "After all, no successful organisation is ever static."

Many leaders agree. Untended, large companies do gradually accrete bureaucracy and cost. But Fraser's mantra can be an excuse for chief executives, abetted by consultants, to push through repeat restructurings that can sow uncertainty across organisations and distract and demotivate workers.

Even when there are good reasons to restructure, a lack of proper planning can undermine any benefits, say executives who have overseen such plans.

Bosses will not usually publicise it as their main goal, but most reorganisations involve job cuts, often targeting middle managers, or occasionally — as in HSBC's recently announced shake-up — senior layers.

Ashley Goodall, a former human resources executive at Deloitte and technology company Cisco, says change is "one thing that stops people from doing their jobs".

For his book, *The Problem with Change*, Goodall interviewed dozens of people who had gone through reorganisations. They testified to how poorly explained restructuring, and the consequent uncertainty and lack of control, had a negative psychological impact even on those who kept their jobs.

He says few companies are genuinely in such trouble that restructuring is unavoidable. "Very often we attach to the story of the CEO coming in, [the idea that] 'this thing is going down the tubes unless you take serious action'. But that doesn't justify all the parallel restructuring being done for reasons other than actual survival."

Goodall says many of the restructurings happening now "will give you a headcount reduction target and you figure out where these people are going to come from and what the organisation will look like afterwards". He warns: "There isn't a degree of co-ordination across the organisation. It isn't a designed process."

On the other hand, a more thoughtful approach, which prepares for the potential human and organisational consequences of job reductions and cost-cutting, can pay off.

After the Australian government renationalised Telstra's fixed line telecoms network in the early 2010s, the group needed to restructure and resize itself to match its lower revenues. On the surface, the goals of the group's Telstra 2022 programme sounded like other such initiatives: to simplify, cut costs and headcount, and reduce layers of management.

But Alex Badenoch, the HR executive given the task of leading the plan in 2018, says cost reduction — or "cost-out" — was a "byproduct, not a primary goal".

"When you look at a lot of announcements about delayering, it's often done as more of a blunt instrument," she says. "Flattening" hierarchy, even if it starts with the goal of giving more responsibility to front-line staff, can lead to an increase in managers' direct reports and workload. "The cost-out is often unsustainable," explains Badenoch. "Twelve months later, they have rebuilt the costs back into the business because they didn't change the way the company was operating."

Learning from previous unsuccess ful restructurings, Telstra sought to simplify its processes, and remove duplication of activities, so it was not just "doing more with less [staff], but doing less work". To ease the unavoidable uncertainty, the group explained to staff how it would achieve its goals and over what timetable, scheduling "change windows" when transformation would take place, so employees could prepare. "When you think about change, it's often very opaque," says Badenoch, "but this was a clearer story that everyone understood."

Careful design is also needed in another case where restructuring may be inevitable, after an acquisition.

Less than three years after US wireless carrier Sprint bought rival Nextel in 2005, the buyer had to write off nearly 90 per cent of the $35bn price, largely because of a botched integration. Academics Baruch Lev and Feng Gu describe in their new book *The M&A Failure Trap* how the merged companies closed service centres, just as they were most needed by confused customers, and put all positions up for competition between staff. The best employees quit; the mediocre stayed. Lev and Gu's research shows that the most successful acquirers retain key staff and on average increase headcount after the deal.

> Even when there are good reasons to reorganise, a lack of planning can undermine any benefits

Lev says the same "adverse selection" flight of talented staff can afflict troubled companies that mishandle internal restructuring. The only consolation is that a well-handled reorganisation is less risky than dealmaking, which Lev and Gu find has a failure rate of 70 to 75 per cent. "If you buy a company, you have to buy everything and pay a premium for it," Lev says. "[With] internal reorganisation, you do it slowly and [at] the first sign that something doesn't work, you can stop it and reverse it or change it."

Careful restructuring can present opportunities as well as dangers. Diane Gherson, former chief human resources officer at technology group IBM, says the flattening trend is giving way to a networked approach, which frees managers for new roles. Internal communication tools such as Slack allow staff to request help on projects directly from other departments, rather than going through the management hierarchy.

Telstra also took the opportunity to remodel the system, while simplifying its structure. It created two types of manager. "Leaders of people" are responsible for a specific "chapter" of similarly skilled staff. "Leaders of work" manage projects and staff them from the chapters. Gherson and London Business School's Lynda Gratton acclaimed this as a "bold experiment" in an article in Harvard Business Review in 2022. Almost two years since Badenoch moved on from Telstra, she believes the system is still working well.

It is too soon to see whether the programmes under way at Meta, Citigroup, Amazon, HSBC and others will reshape the work of managers left behind as radically.

Badenoch believes companies bent on restructuring should certainly be trying to adopt a more rounded approach that looks beyond the potential cost savings that delayering could achieve: "My question for Amazon is: what are you changing about how you work to enable that [increased staff-manager ratio], because there's a limit to people's capacity to just take more and more direct reports, if you're not changing anything about how they work or the volume of work?"

Work watch

Allowing employees to work overseas turns multinational resources into a perk

Rohan Banerjee

Last year Helene Bevilacqua, a senior associate at consultancy PwC, swapped her role in London for four months working in the Polish capital, Warsaw.

The change of scene was enabled by one of the company's secondment programmes, which assigns staff to short-term placements with overseas teams. "One of the things that drew me here was PwC's global presence and the opportunity to move around," Bevilacqua says.

Her experience is part of a fresh push by some employers to expand flexible working offers adopted during the pandemic, drawing up policies that enable, or even encourage, staff to work from overseas for periods of several weeks or more a year.

Staff at holiday rental platform Airbnb, for example, are now able to work from different countries either remotely or from a company office, for up to 90 days annually. Spotify, the audio streaming service, goes further. On being hired, staff can choose where they work all-year-round, if there is a Spotify base in the country selected.

Since introducing its work-from-anywhere policy in 2022 Airbnb has reaped the rewards. "In the first year after announcing it, people visited our career page nearly 10mn times — more than double the year before," says Iain Roberts, Airbnb's head of employee experience. "Flexibility fuels creativity, attracts talent and keeps our teams around the world engaged."

Spotify said attrition had dropped by 50 per cent since it introduced its own policy in 2021. The company's time to hire has also fallen. "As a global company, we leverage our multinational presence to tap into diverse talent pools . . . adapting to employee motivations," says Katarina Berg, Spotify's chief HR officer.

According to a survey by HR software company Jobbatical, more than half of all UK staff want to work overseas and say the chance to do so would encourage them to stay with their employer for longer. More than two-thirds of workers aged 18 to 34 would choose a company that lets them work abroad over one that doesn't.

This appetite makes offering such opportunities a "no-brainer" for multinational employers, argues workplace consultant Lucy Kemp. "If you've already got the infrastructure in place, you should use it to your advantage," she says. "It's a smart retention strategy."

But offering flexibility on location is not without complexity. Asma Bashir, founder of multinational expansion platform Centuro Global, says companies must adhere to legal and regulatory requirements and consider salary adjustments, depending on the "length of the stay, the purpose of the assignment and location".

Shorter postings can sidestep such challenges and make it easier for firms to feel the benefits. Law firm Reed Smith operates an inter-office secondment scheme that allows early to mid-career employees to spend two weeks working at any of its 31 global offices.

> 'One of the things that drew me was PwC's global presence and the chance to move around'

Jeni Taylor, Emea HR director, says participants "bring a wealth of knowledge" when they return home, "which helps in fielding the best teams to support our clients on their most complex cross-border needs".

During her secondment, Bevilacqua spent weekends travelling solo around Europe, which she says boosted her confidence, and helped her career skills. "Experiencing different working styles has given me a better understanding of global business practices," she reflects. "Living in Warsaw allowed me to immerse myself in a new culture."

Lorna Hughes, managing director of PR agency Harvard, another employer that encourages staff to take stints at offices around the world, believes demand for career-linked mobility is unlikely to fade in the near future, particularly among younger employees.

"Many of the people who are now two to three years into their career grew up during various Covid lockdowns," she says. "I understand where that hunger [to travel] comes from."

The CEO Kristina Blahnik, Manolo Blahnik

‘If I can build a building, I can probably build a shoe’

Manolo Blahnik’s niece led the British luxury shoemaker to its best ever financial performance in 2022. By *Laura Onita*



Kristina Blahnik left the architecture practice she had set up with her former husband to join the family business in 2009 — Charlie Bibby/FT

Kristina Blahnik can pinpoint the moment she knew she would leave a career in architecture to join the family business, British luxury shoemaker Manolo Blahnik.

It was 2009. Her uncle and mother’s brand had been buoyed by the television programme *Sex and the City* and its heroine Carrie Bradshaw’s predilection for Manolo pumps. “There was this subconscious pull that had become conscious,” says Blahnik.

She had “lived and breathed” the business before then. During her childhood, many school nights were spent meticulously brushing suede shoes at its flagship store in London. Years later she stepped in to help design a shoe collection when her uncle, the esteemed designer Manolo Blahnik, was unable to.

But she wanted more. “I said, ‘give me a chance’; I’d like to see what the opportunities are.”

Blahnik left the architecture practice she had set up with her former husband almost a decade earlier to join the family business, thinking: “If I can build a building, I can probably build a shoe”.

From there her position in the company “just organically became a permanent role”. She became chief executive in 2013.

At that point, a team of only six staff, led by Manolo and his sister, Evangelina, was running the company, despite its £945 Hangisi pumps becoming a wardrobe staple for customers around the world. Today the 54-year-old brand employs more than 250 people, and last year it bought a new head office and showroom in London’s prime Mayfair district for £30.5mn.

Blahnik’s first year was a “fast-track master of business administration”, although she drew on her experience running her own business to navigate legal contracts and manage stakeholders. She meticulously taught herself the industry jargon such as “sell-through” and “stock-keeping units”.

> ‘If you go into a family business too early, you don’t have an opportunity to form your own opinion’

“I think I came at it with an instinctive understanding of what this world was about [but] I already had a certain developed point of view and . . . professional self-awareness to a degree,” she says. “So I did come at it with a fresh perspective.”

She adds: “If you go into a family business too early, you don’t necessarily have that opportunity to form your own opinions . . . Everyone is different, but I know if I joined it [early], I would have done it how they did it rather than coming in and going ‘I really respect how you are doing this, but I think there might be a different way’.”

Those conversations allowed the business to evolve without disrupting its core foundations, she believes. But she has put her stamp on the company, yanking it into the digital age by bolstering its fledgling ecommerce operations and more recently making a push to sell more shoes and accessories directly to consumers.

Manolo Blahnik reported a loss for the first time in 2020, as demand for formal footwear weakened during the pandemic, but it rebounded strongly the following year. Under Kristina Blahnik’s leadership, the company reported its best ever financial performance in 2022, with revenue up 69 per cent to €118.2mn and pre-tax profit more than tripling to €22mn from €6.6mn. It won a decades-long intellectual property battle in China that same year, and in March it signed a joint venture in Hong Kong with Bluebell Group, a luxury brand operator, paving the way for expansion in Asia.

Blahnik, an architecture graduate from the University of Cambridge, has shown unflinching financial discipline, a mindset she says she inherited from her mother, who joined the business in 1980 and served as a managing director until 2013. The retailer has never had any debt or outside investment.

“I’m quite clear about it, it’s binary, you either can or cannot survive financially,” says Blahnik. “I think [financial] safety is the ultimate luxury and to be able to say ‘well, we’re going to do this in a year’s time, because we can’t afford to do it now’.”

She adds: “I don’t understand the world of working at a loss or borrowing to grow. We’re only growing when we can afford to . . . That allows us to be a long-term brand, and it helps all of us to make decisions based on reality, rather than a potential projection of a fantasy.”

Manolo Blahnik has not been immune to the broader slowdown in spending among affluent shoppers over the past 18 months, however, and expects revenue to be down before it starts growing again. “We’re using this time right now, when things are a little bit quieter in terms of demand, to . . . just organise ourselves slightly differently,” says the chief executive.

Blahnik still has a close working relationship with her uncle, who remains the company’s creative director and chair. She watched his work ethic closely, as well as her mother’s. In the early years she “just wanted to learn everything” from them.

The busiest time creatively is the development of new shoe ranges, which “involves me completely immersing myself in the design process”, she says. Manolo works on collections twice a year and Kristina then develops these into four.

She says a team of five work together to understand the “commercial and creative” needs of a new range. She will then “respond with hand-sketching new styles to supplement Manolo’s collections, including market exclusives”.

“They’re very much part of Manolo, and I think they’re now part of both of us,” she says.

A day in the life

6.45am Wake up and read the press, particularly retail and fashion-related, and check overnight emails. Breakfast is normally a Huel smoothie with bananas and strawberries.
Morning I’ll usually do an early exercise class. I then walk my dog, a miniature Schnauzer, into the London office, often via our Burlington Arcade store. I’ll get to my desk between 8am and 9am, when I have meetings with different departments as well as calls with Asia.
1pm Lunch is usually during a meeting or at my desk — with favourites being pasta pomodoro or a salad or tacos.
Afternoon I’ll make time to chat with the teams if I can. I’ll also take calls with our US head office.
7pm I leave the office and catch up on emails when I get home.

Blahnik is aware that running a family business is “a very privileged place to be” but it is also a challenge. She believes the second generation is one of the most important roles for longevity.

“You’ve got the first generation of founders and creators, they’re the ones that have the dream. I see my role as making sure I . . . create all the structures around it [to] exist beyond my lifetime, beyond all of our lifetimes. If there’s a third generation, they can know what they’ve got to do.”

Blahnik lived in Cologne before she moved to the UK with her mother when she was six. Her upbringing was shaped by her uncle’s creative flair and her mother’s business pragmatism and she has found herself at the confluence of art and mathematics ever since her school years. She studied both art and maths at A-levels, as well as economics.

Her architecture practice had close links with the family’s shoe business. It designed the space for Manolo Blahnik’s first exhibition at London’s Design Museum in 2003 and soon began designing the shops for the brand. The company continues to work with the shoemaker on new openings.

> ‘I’m deeply curious about sociology and psychology, and I think that means I have to keep learning’

Blahnik is a proponent of executive coaching and has worked with several people over the years. The company also offers it to employees, no matter how junior.

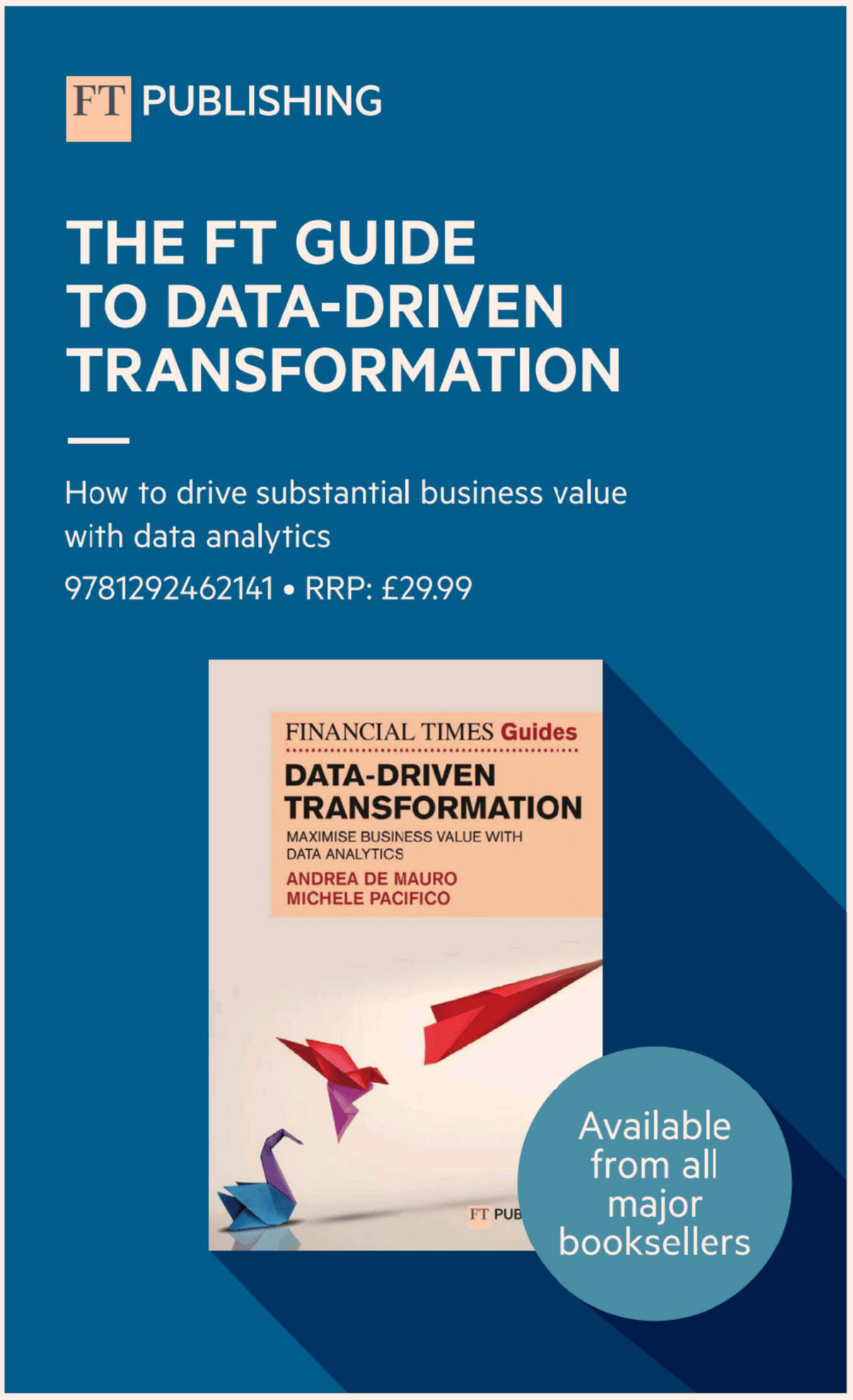
“I’m deeply curious about organisational sociology and psychology, and I think that, in its very nature, means I have to keep learning and growing and watching and observing.”

One such moment of introspection came when she installed a senior leadership team about six years ago to help her run the business as it continued to grow.

“My role was to let go,” she says, acknowledging it was “a scary moment of loss” because up until then she was in charge of everything. “There was a relief and a grief that I needed to process, and that was done with an executive coach.”

Rather than being in the trenches day-to-day, the chief executive learnt to support the team when they needed it, while ensuring “we aren’t deviating from the path”.

She has gone through various “skins of leadership” as “every few years I almost shed one and I evolve into the next”. As the business accelerates its growth plan, targeting more new store opening overseas, particularly in the US and Asia, she says “I can feel it happening now”.

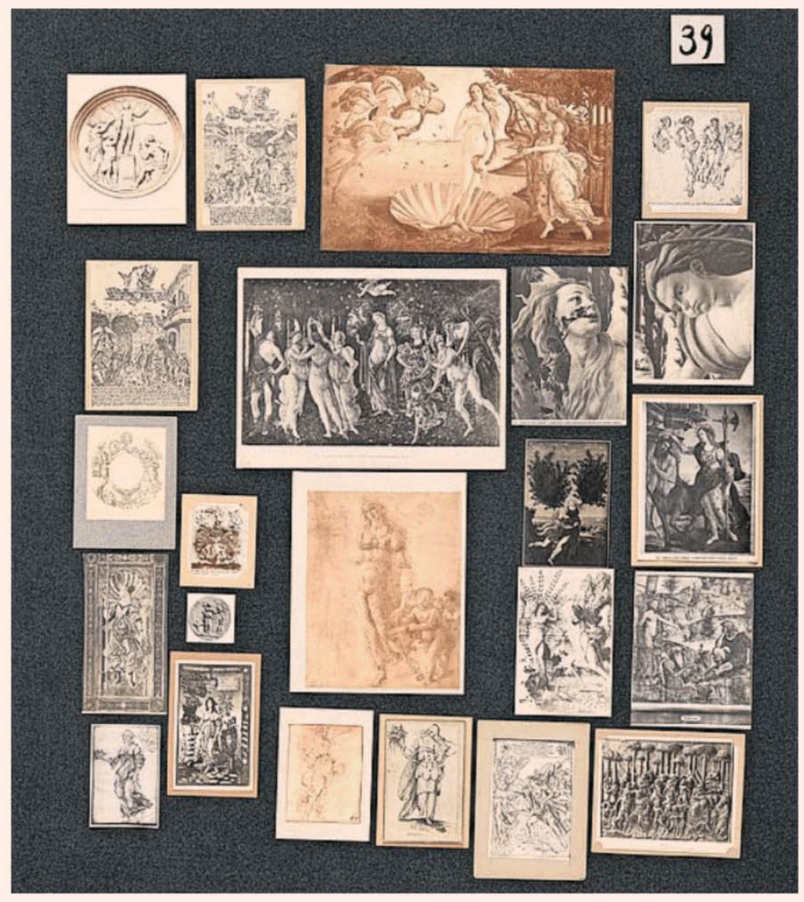


ARTS

Inside one of the world's most eccentric archives

A restoration does justice to London's Warburg Institute and a remarkable collection that foreshadowed Google Images. By Edwin Heathcote





From left: the Warburg Institute in London; a panel from Aby Warburg's 'Bilderatlas Mnemosyne'
Hufton+Crow; Tobias Wootton, Warburg Institute

There is something soothingly institutional about London's Warburg Institute, something I was anxious might be lost in the wake of a major restoration and rebuilding, but was delighted to find is still very much there. In parts, the interior can look like a history of filing systems: stacks of index card drawers atop steel cabinets beside heaving bookshelves, document boxes and wooden cases. But there is nothing technocratic about its contents.

The Warburg is home to the unique archive of a scholar dedicated to understanding the role of the image: in the Renaissance, in modern culture and consciousness. Among the most eccentric, occult and enjoyably unpredictable archives in the world, its collection foreshadows Google's image search, interior designers' mood boards and the postcard walls of student bedrooms. It has gathered around it whole other archives and collections (including those of Carl Jung and Ernst Gombrich) and a library which is unique in the world in its esoteric breadth.

Its London home has just been exquisitely updated, rejigged and opened up to the city without losing its eccentric charm. The £14.5mn project is intriguing in part because the German art historian Aby Warburg's archive has always had an arrangement of space at its heart; an understanding of the relationship of images and the transmission of culture in spatial terms, akin to a paradoxically physical memory theatre.

Born into the wealthy banking family in Hamburg in 1866, Warburg's ideas radically reshaped art history and, after his death in 1929, his institute and library continued to further his ideas. In 1933 it was moved to London, complete on one ship that sailed up the Thames, to escape the clutches of the Nazis. It first occupied part of Thames House (now home to MI5), before ending up in London University.

Architects HaworthTompkins have rationalised and opened up the building, which sits in a brick structure designed by Charles Holden, best known as the architect of some of London's finest Tube stations and the looming Senate House nearby. The Warburg building dates from 1958, a couple of decades after Holden's heyday and a time when money was tighter, but it was always a good, solid piece of municipal design, albeit one which had been clogged up over the years and which never quite recovered from initial compromises: it is shared, slightly uncomfortably, with the Slade School of Fine Art.

Entering from Woburn Square, you are guided by the sight of a Coade stone frieze, a remnant from the houses that occupied this site before it was bombed in the second world war and eventually demolished. It is a remarkable inheritance, a copy of a part of a second century AD Roman sarcophagus in the Louvre depicting the muses, the nine daughters of Zeus and Mnemosyne. And it was Mnemosyne, goddess of memory, to whom Warburg dedicated his most admired experiment: the 1927-1928 "Bilderatlas Mnemosyne", a series of constantly shifting arrangements of images that he pinned to black hessian-covered wooden panels, intended to illuminate the connections between cultural artefacts. The original wooden "Mnemosyne" sign from Warburg's library in Hamburg surmounts the new door.

This striking cultural, temporal and topological coincidence, which seems almost too good to be true, gives way to the new Kythera Gallery, the Warburg's first space for exhibitions open to the public. In January 2025, its inaugural show will explore the evolution of Tarot (which director Bill Sherman calls "the most perfect representation of Warburgian ideas") and includes part of the Sola Busca, the first known pack of tarot cards, and designs by Aleister Crowley and Lady Frieda Harris.

The gallery culminates in a curious white box with some scrawled and smudged text on its outside. It looks like it may be an incomplete installation; a reflection, perhaps, on the inevitably incomplete nature of this collection? This is, appropriately, "library of exile", donated to the Warburg by the artist and ceramicist Edmund de Waal. Created for the 2019 Venice Biennale, its porcelain-painted walls are inscribed with the names of the great lost libraries of the world.

Inside were more than 2,000 works by authors in exile that de Waal recently donated to the Mosul University Library in Iraq, after it was bombed and looted by Islamic State militants. The Warburg is now recreating that library using his list of authors and titles, while also finding ways to activate the library's shelves, including a reading room on the history of the Institute and materials for individual temporary exhibitions.

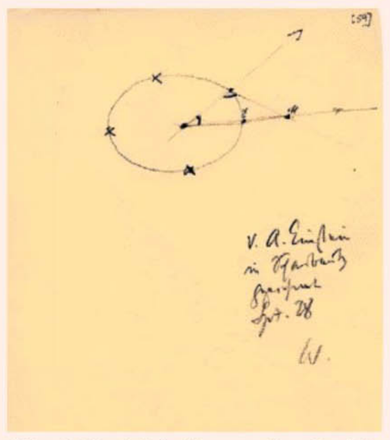
The other major addition to the building is a 140-seat public auditorium characterised by an elliptical concrete ceiling feature — a reference to the form of Warburg's reading room and echoing exactly the proportions of its central skylight. The calculation of these proportions was helped along by Warburg's friend Albert Einstein, whose wonderfully modest sketch (based on the elliptical path of the planet Mars through space) is on display in the gallery. The ellipse was pivotal to Warburg's understanding of the cosmos, a shape with two focal points, embodying the notion that there is always more than one perspective, things always connect to each other.

> Aby Warburg's archive has always had an arrangement of space at its heart

Beyond this the changes are subtle but many. Views out to the street and deep into the building have been opened up so that the structures seem connected rather than isolated; white-glazed brick courtyards have been turned into reading rooms and archives; libraries accommodating the 360,000-strong (and expanding) collection of books are airier and lighter; a new external facade is executed in subtly modelled brick, in reference to the architecture of 1920s Hamburg — one of the epicentres of the brief burst of Expressionist architecture and the style in which Warburg's original institute was built in 1926. Pivotally, the library has reclaimed Warburg's intended order, its floors arranged vertically by Warburg's themes: image, word, orientation and action/orientation, one above the other.

Despite the long-standing presence of his archive in London, Warburg's legacy has tended to be more highly valued on the Continent. A reconstruction of his Bilderatlas at Berlin's Haus der Kulturen der Welt (HKW) in 2020, however, revived interest and provoked a ripple of excitement through an art world still in thrall to Warburg's expansive and inclusive vision. This considered, careful and restrained renaissance at the library's home might just make it a little more visible and, perhaps, a little more appreciated in its not-so-new home.

warburg.sas.ac.uk





Albert Einstein's diagram inspired the proportions of the elliptical feature in the new auditorium — Warburg Institute; Hufton+Crow

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A service from the Financial Times

How the dream of space travel became reality

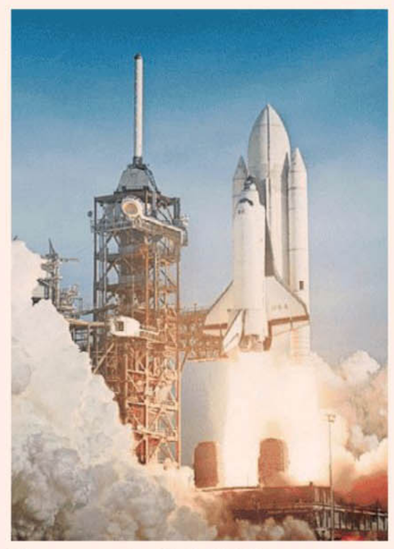


The new podcast *16 Sunsets* opens with archive audio from Nasa's mission control in 1981 in the build-up to the first flight of space shuttle Columbia, aka STS-1. On this clear, cold April morning, thousands had gathered at Cape Canaveral to watch the launch and millions more were watching the live broadcast at home. Twenty minutes before lift-off, the Nasa operator notes "there is a mood of calm" in the control room.

It was a moment designers and engineers had been working towards since well before the 1969 Moon landing. It was also 20 years to the day since the Soviet cosmonaut Yuri Gagarin first went into space. The shuttle was a spacecraft like no other: vast, sleek, able to house a crew of seven and, says host Kevin Fong, "the most capable space vehicle ever built". The roar from that first launch is remarkable. I initially listened through crummy laptop speakers but then put on headphones and replayed it. The second time it felt like an earthquake.

16 Sunsets is about the dream of space travel and how it became a reality through the American space shuttle, a system of reusable crafts which spanned 30 years and 135 missions. The podcast's title refers to the number of sunrises and sunsets seen from the International Space Station in a single day. It is written and presented by Fong, who made 2019's *13 Minutes to the Moon*, a series plotting the build-up to the Apollo Moon landing against a Hans Zimmer soundtrack.

That series went out on the BBC and was hamstrung by too much signposting and repetition, essentially treating its listeners like dolts. Two episodes in, and its successor, now an independent production but scored once again by Zimmer, doesn't shy away from complexity. A bit like the shuttle, it is more streamlined.



The space shuttle's 1981 launch — Getty

In the early episodes we learn how the shuttle programme was revolutionary in terms of design and technology, though there were disagreements about the role it should play. Nasa needed to prove its economic and scientific credentials, but battles raged behind the scenes over whether the shuttle should be considered an intelligence asset. No doubt analysis of the failures that led to fatalities in 1986 and 2003 is to come.

Included are interviews with assorted historians, commentators and Nasa veterans. There is much pleasure to be had from the crackly archive audio in which preternaturally calm Nasa operators intone "T minus seven minutes and counting and we have retraction of the orbiter access arm" as music pulsates in the background.

One irritation: the series is introduced as the "extraordinary, untold story" of the shuttle programme, a claim that doesn't exactly square with the mountains of books, articles, films and indeed podcasts on the subject. Listeners tend not to mind old stories being retold and re-examined, but they are less keen on daft claims that are easily disproved.

sixteensunsets.com

FT BIG READ. SOCIAL AFFAIRS

Britain's parliament will soon be given a vote on a bill that would allow terminally ill adults to end their own lives. But setting the entitlement down in law is fraught with logistical and ethical questions.

By Laura Hughes

The challenge of granting the right to die

Police officers stood around Adam Wellesley's mother's bedside as he kissed her goodbye.

Two months earlier, the 83-year-old had been diagnosed with bone cancer. Unable to bear the pain, she had taken her own life earlier that day.

Within hours of her passing, Wellesley and his sister were told they were under investigation for assisting their mother's suicide.

A decision not to administer treatment or to end treatment for a disease is lawful in the UK. But to help someone die is not, and carries a maximum prison sentence of 14 years.

Over several weeks in the early months of 2018, as they grieved for their mother, the siblings had their phones taken from them and faced lengthy questioning by the police.

After more than a month, they were told the investigation had been dropped and they were allowed to bury their mother.

"The thing I am most aggrieved at is that the law permitted us from being together when she died," says Wellesley. "That she had to do this on her own."

Now, MPs in Westminster will be given the chance to rewrite the law on this emotive issue for the first time in almost a decade.

Kim Leadbeater, a Labour backbencher, is in the process of drafting a private members' bill, which will set out proposals to grant adults with a terminal illness and nearing the end of life, the right to control their deaths.

A change of law has the public's support. An Opinium poll published earlier this year found that 75 per cent of respondents are in favour of assisted dying.

If the law changes, England and Wales will join European countries including Switzerland, the Netherlands and Belgium, as well as Canada, Australia and New Zealand in giving terminally ill people the choice to die.

The eligibility criteria for assisted dying — an umbrella term that can refer to both assisted suicide and voluntary euthanasia — varies enormously across jurisdictions where it is legal.

The most tightly controlled laws require a terminal diagnosis where a person has a limited time left to live.

'This will apply only to terminally ill people with a short time to live . . . the bill is about shortening death, not ending life'

Others have a much wider set of eligibility criteria such as intolerable suffering, which can be defined not only with regards to physical pain, but also mental health conditions.

Leadbeater is still drafting her bill, but she tells the Financial Times she is largely drawing on the most conservative legislation — such as the US state of Oregon's Death with Dignity Act, which allows terminally ill individuals to end their lives through the self-administration of lethal medication prescribed by a doctor.

Her bill is expected to call for assisted suicide to be allowed in cases of terminal illness, where a patient has a survival prognosis of six months to one year. Two doctors will be required to agree on the prognosis and mental capacity of the patient to make such a decision, as well as a third layer of legal oversight, such as the permission of a family court judge.

"I have taken the decision that there will be a very tight definition and this will apply only to terminally ill people who have a short time left to live," she says. "My bill is about shortening death, not ending life."

But how such a law would work still poses substantial questions, especially on the logistics of rolling it out across the largest publicly funded healthcare system in the world, and how courts might be involved in medical decisions.

Critics fear any law could be a "slippery slope" to fewer restrictions and warn it would increase pressure on the old and disabled to end their lives amid fears they had become a burden on their families.

"I am not sure the UK will be able to avoid the pressure to expand once the door is opened," says Trudo Lemmens, a law professor at the University of Toronto and a critic of Canada's assisted dying laws.



Adam Wellesley looks at a photo of his mother in the 1960s. She took her own life after suffering from bone cancer. Below: after campaigns in Australia, assisted deaths can take place in hospitals and residential facilities such as care homes

Tom Pilston/FT; AAP Image/Kelly Barnes/Alamy

The issue presents the UK parliament with a rare and complicated challenge: a vote of conscience, with mortal consequences.

The thorniest question facing MPs is how the state would be involved in assisted dying.

In Switzerland, the cost of an assisted death is funded by the person accessing the service and it is not available through the state. Non-profit groups, such as Dignitas, instead operate as "membership" organisations.

Meanwhile in Australia, assisted deaths can take place in hospitals and residential facilities such as care homes, with the majority of the cost usually covered by the patients.

If the UK passes the law, these deaths would both be regulated and funded by the free-at-the-point-of-use NHS.

The British Medical Association, the trade union for British doctors, argues assisted dying services should be organised separately to normal NHS care. "It would provide doctors with the reassurance that they wouldn't be expected to do this," says Andrew Green, chair of its ethics committee.

Both the BMA and the Royal College of Physicians take a neutral position on the issue, but Green says that the union would want to see an opt-in service in the legislation for NHS staff, as opposed to opt-out.

The union believes this would remove some of the pressure doctors might feel, as well as ensuring those opting in would have the proper training. "We know there are a number of doctors who think this is a service that should be provided but not one they should be providing themselves," he says.

Some have ethical concerns around people opting for assisted death because access to existing end of life services is already patchy. These include health secretary Wes Streeting, who has previously indicated he would vote against any changes in the law.

"Is palliative care in this country good enough so that choice would be a real choice, or would people end their lives sooner than they wish because palliative care and end of life care isn't as good as it could be?" he told the BBC in July.

Hospices exist on precarious charitable funding despite the key role they play in supporting NHS patients, compared to other countries with assisted dying laws, such as the Netherlands, where they are publicly funded. On average, independent hospice services in England receive just a third of their overall funding from the government.

The existence of the NHS poses uniquely difficult ethical questions for MPs looking to change the law, says Katherine Sleeman, a doctor and academic in palliative medicine at King's College London.

"Around two-thirds of hospice care in this country is funded by charity, so are we as a society saying that assisted dying should be fully funded by the NHS, but not other forms of dying?" she asks.

Critics of legalising assisted dying say it lessens the incentive for better palliative care. Those in favour argue it can focus attention on the level of support available for those coming to the end of their lives and improve the overall offering.

"Assisted dying is just part of the palliative care tool box," says Sarah Wootton, chief executive of campaign group Dignity in Dying. "Not only does a change in law get us talking about end of life care, the government could also ensure any bill comes with extra funding for all forms of palliative care."

But Paul Perkins, a consultant in palliative medicine and chief medical director at charity Sue Ryder, says he fears that offering an assisted death in a hospice could put the public off accessing their services.

"Patients need to know that palliative care doesn't change the timing of someone's death, it is about trying to help people to have the best quality of life possible while facing life-threatening illnesses," he says. "If we are linked with assisted dying, would it mean people are even more scared of meeting us?"

As well as the role of NHS staff in the process, there are also questions over how the lethal drugs would be administered and where.

In Oregon, the public are provided with oral drugs which they take at a later point, often unsupervised. In Canada, patients can be administered the drugs via the IV route in a supervised setting.

Recent polling from King's College London shows people would like to end their lives in their own homes, Sleeman notes, but also they want to have a medical professional with them throughout. "Is this something we can really cater for given the pressures on the health service?" she asks. "These are the details that we have to be considering."

Leadbetter argues that the limited nature of her legislation will ease the pressure on the NHS. Since Oregon's similar law was passed in 1997, a total of 4,274 people have been given a lethal prescription. Last year, assisted deaths accounted for an estimated 0.8 per cent of total deaths in the state.

Under her bill, "it's just not true to say that the NHS here would suddenly be overwhelmed with demand," says Leadbeater. "We are not talking about thousands and thousands of people, we are talking about very small numbers who will be eligible."

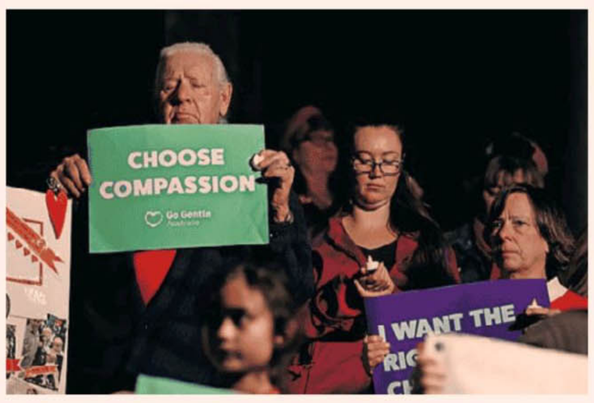
Lawmakers in the UK must also consider how the courts might be involved.

The bill will propose a third layer of judicial oversight for a patient seeking to end their life, which means judges might be asked to approve or deny applications, possibly in the family courts.

"England and Wales could have two publicly-funded limbs of the organs of state both involved in this", notes James Lister, a partner at Stevens & Bolton. "Depending on your moral standing, this might be exactly the right thing to do, or completely reprehensible."

The family courts are already making decisions on private issues, he notes, for example on matters of surrogacy and adoption. "It's not a massive leap to suggest they could have a role in assisted dying," he says. "Anything involving the court system and a degree of oversight, I would say, is going to be a good thing."

But the exact role of judges in the process demands far more detail, argues Alex Ruck Keene, a barrister who for years tried without success to change the law on assisted dying in the courts on behalf of the late campaigner Noel Conway.



"What exactly are the courts going to be asked to do?" he asks. "Can judges simply approve applications on paper? If doctors involved in the process have to see the person, why should it be different for the judge? If there are hearings, what would they look like?

"Would the judge need to appoint someone to test the evidence, for instance as to prognosis, or argue against consent being given? Where there are courts, there are usually lawyers — who is going to pay for them? The person themselves? Or should legal aid be available so as not to discriminate against those who cannot afford representation?"

If judges are to be a defence against the potential for abuse, Ruck Keene believes there is a "meta level question" that any law needs to give a clear answer to. "Where the person has capacity to seek assisted dying and does not appear to be being coerced, but says that they feel they are a burden, would parliament expect the judge to approve or refuse their request?"

Despite fears raised over the possibility of coercion by campaigners working to prevent a change in law, there are few documented incidents of coercion reported in other jurisdictions.

"In reality, you see families reporting that it was them who had to come to terms with a family member's decision to die," says Emily Jackson from the London School of Economics. "It is much more common for families to want to prolong the time they have with their loved one."

'Are we as a society saying that assisted dying should be fully funded by the NHS, but not other forms of dying?'

But involving the courts also raises the question of capacity. The UK's cash-strapped family courts system is already grappling with huge backlogs, which can lead to hearings being delayed for months, or even years in some cases.

Leadbeater says she is still consulting with experts, including those based in the family courts.

"The one thing I am clear about at the moment is that there has to be a third level of oversight, whether a judge is the best person I am not sure," Leadbeater says. "I don't want it to become a tick box exercise, which wouldn't be as robust as I want it to be."

Despite the growing public support for a relaxation of the rules, there remains fierce opposition from some disability rights campaigners and medical figures.

Justin Welby, the Archbishop of Canterbury, is one of a number of proponents of the "slippery slope" argument, who believe the eligibility criteria will inevitably be extended. They point to Canada, where a medical assistance in dying programme (Maid) has been legal since 2016.

Initially only available for the terminally ill whose natural death was "reasonably foreseeable", the law changed in 2021 to include Canadians with a serious and incurable illness, disease or disability. From March 2027, the law will be extended to include mental illness.

Given the strains on the UK's NHS, expansion is inevitable, argues Lemmens of the University of Toronto. "The systemic, financial 'advantages' of offering death instead of care in a failing healthcare and social support system are such that it will be an uphill battle to contain it."

The Netherlands and Belgium have also extended their eligibility criteria to include minors. In the former, anyone over the age of 12 qualifies, while the latter has no minimum age.

In such places "the limits on who qualifies for an assisted death, or the interpretation of the law have expanded," says Gordon Macdonald, CEO of campaign group Care Not Killing. "No longer is state aided killing limited to mentally competent adults with less than six months to live."

But Leadbeater points to other jurisdictions that have not broadened their criteria, such as Oregon, as well as a number of Australian states. "Those are the types of models we are looking at," she insists.

"We have a system in this country where parliament is supreme, the courts couldn't change the legislation. I would never want it to cover mental health conditions, elderly or disabled people. I am really clear about that."

What is clear is that many people in the UK are desperate for some kind of solution — desperate enough, like Wellesley's mother, to take matters into their own hands.

Every year, Oregon produces a report setting out the number of deaths and the reasons patients gave to end their lives. In its latest report, the most frequently reported end of life concerns were "loss of autonomy, decreasing ability to participate in activities that made life enjoyable, and loss of dignity".

"My mother wasn't scared of dying," says Wellesley. "But she was scared about how she would die. She loved her life and just wanted to remain in control of it as best she could right up to its end."

The FT View



FINANCIAL TIMES
'Without fear and without favour'

Inside the murky new AI chip economy

The growth of loans secured by Nvidia's GPUs requires a note of caution

Financial history is littered with weird and wonderful examples of collateral. In the 19th century, for instance, Peru used its future earnings from guano — a substance made from bat, bird and seal droppings — to secure loans for large-scale projects. The pooey mixture was an effective fertiliser, and readily available in the nearby Chincha Islands. Today, securities are thankfully less pungent, though not necessarily less toxic. Dodgy mortgage-backed securities helped trigger the 2008 financial crisis. What, then, to make of the latest financial innovation: collateralised artificial intelligence chips?

The Financial Times has reported that Wall Street's largest financial institutions had loaned over $11bn to "neocloud" groups, backed by their possession of Nvidia's AI chips. These companies include names such as CoreWeave, Crusoe and Lambda, and provide cloud computing services to tech businesses building AI products. They have acquired tens of thousands of Nvidia's graphics processing units (GPUs) through partnerships with the chipmaker. And with capital expenditure on data centres surging, in the rush to develop AI models, the company's chips have become a precious commodity.

Euphoria over new technologies often goes hand in hand with financial innovation, which also reinforces it. Two centuries ago, during the railway boom in America and Britain, some railroad companies secured loans to lay more tracks, backed in part by their existing routes. Neoclouds are emulating them today. They provide data storage infrastructure for AI developers via power-purchase agreements. The loans they obtain from the likes of Blackstone, Pimco, Carlyle and BlackRock, secured by Nvidia chips, then allow them to buy more chips. In the event of a default, the lenders would acquire their chips and leasing contracts. The rapid growth of a new debt market in a still nascent industry requires a note of caution. First, chips are unlikely to hold their collateral value over the long-term. Although GPU demand remains high, supply has risen as hardware reserves have been resold and could rise even further when leasing contracts expire. New chips developed by Nvidia, or its wannabe competitors, which include Microsoft, Google and Amazon, could also undermine the value of existing collateral.

Second, the deals may stretch valuations in the sector. The precise details of the arrangements between Nvidia and the neoclouds are unclear. But the chipmaker is itself an investor in some of the start-ups, which are in turn among its largest customers. Armed with Nvidia chips to secure loans, the cloud providers can then use the capital to buy more chips from Nvidia. This dynamic could inflate Nvidia's earnings, and means neoclouds risk becoming highly leveraged, too. Third, the tie-ups with cloud providers could allow Nvidia to maintain the dominance of its chips, which adds to market concentration risks.

> With capital expenditure on data centres surging in the rush to develop artificial intelligence models, the company's products have become a precious commodity

The chips-for-security trend is still young. But the development does shine a light on some risky lending, circular financing and competition dynamics that are propping up the AI boom. Investors ought to be wary of the potential pitfalls. Nvidia may be wise to draw clearer lines between its commercial and venture interests, which would support market transparency.

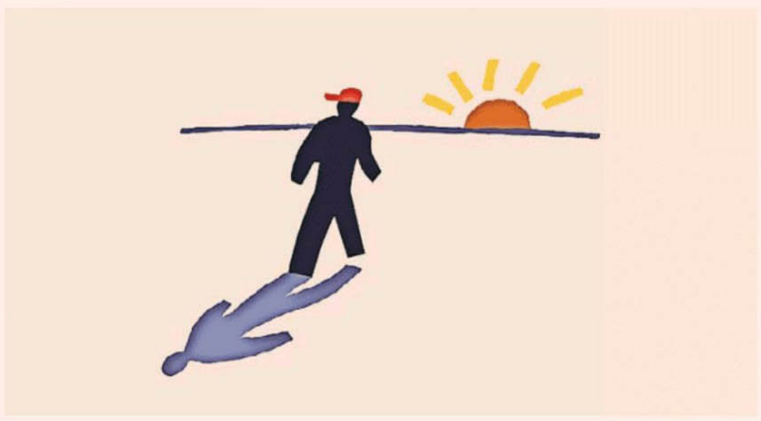
Financial innovation is often positive, and done well, it can channel capital to growth-enhancing projects. But as billions of dollars continue to flow into AI infrastructure, the pressure on developers to generate revenue is mounting. If risky and opaque financial engineering continues to feed the frenzy, prices risk moving further from reality. In that case, the deeper and wider any pain will be should there be a correction.

ft.com/opinion

Opinion America

Democrats do not know how to talk to young men

Ben Hickey





Oren Cass

Late in the US presidential election campaign, Democrats discovered a serious problem. Young men, minorities especially, had abandoned the party in droves. An American Compass poll, conducted with YouGov in early October, captured a snapshot: 20 per cent of young non-white men had not yet settled on either Donald Trump or Kamala Harris, and those who had decided were evenly split.

Harris did not know what to say to these defectors. Her coalition was built on an identity politics that presumed an alliance among younger and LGBTQ+ voters, women and people of colour, all sharing the same commitment to a progressive vision of social justice. Somewhat awkwardly, the actual agenda — fighting climate change and forgiving student debt, resisting any restrictions on immigration or abortion — aligned primarily with the interests and priorities of a white, female, college-educated elite. But anyone who looked like a coalition member was expected to vote accordingly.

> Harris failed to engage with these voters as citizens possessed of agency

Former president Barack Obama lectured young Black men for failing to offer Harris the enthusiasm to which she was entitled. "It makes me think that, well, you just aren't feeling the idea of having a woman as president," he said. "And now, you're thinking about sitting out or supporting somebody who has a history of denigrating you, because you think that's a sign of strength, because that's what being a man is? Putting women down? That's not acceptable."

The real reason that young non-white men (YNMs) were moving to the right was that they did not see politics in these racial or gendered terms at all, expressing values and priorities that align much more closely with those of the white working class (WWCs). The American Compass survey found, for instance, that YNMs and WWCs agreed that US culture placed too much emphasis on diversity, while affluent liberal women (ALWs) wanted a dramatic shift towards it.

YNMs looked like WWCs in their concern that "government regulates too much", while ALWs overwhelmingly worried that "big business is using its power to destroy competition, squeeze workers and dominate politics". The former groups prioritised living in an America "that honours our values and traditions", the latter on one that "cares for the least fortunate among us". The former strongly supported accelerating the mining of natural resources and building of factories, the latter group strongly opposed them. The former groups wanted to eliminate federal student loans and put universities on the hook for financing, the latter group did not.

The inability to engage with these voters as citizens possessed of agency, rather than merely members of a category, was most apparent in the Harris campaign's embarrassing attempt at a five-point "Opportunity Agenda for Black Men". One point was "protect cryptocurrency investments so Black men who make them know their money is safe", another read "legalise recreational marijuana".

If drugs and crypto wouldn't do the trick, maybe video games and porn would? Tim Walz logged on to Twitch to play *Madden NFL 25* with Alexandria Ocasio-Cortez, though they abandoned the game at halftime with neither having scored a point. One well-funded Democratic Super Pac released an ad showing a Republican congressman taking a phone away from a young man watching porn.

In the final days before the election, the Harris campaign abandoned even the pretence of appealing to young men directly. Now these men simply had an obligation to vote on behalf of women. "We have every right to demand the men in our lives do better by us," pleaded Michelle Obama. Walz tweeted: "I want to talk to all the guys for a second. Think about all the women in your life . . . This election is about their lives and protecting their freedoms."

According to exit polls, Joe Biden won young men by double digits in 2020. In 2024, Donald Trump won them outright. Similar shifts among Latinos and in Democratic strongholds like New York City gave Trump the first popular-vote victory for a Republican in 20 years. New Jersey, Virginia and Minnesota moved into battleground territory. Illinois and New York ended up closer than Florida. The Obama "coalition of the ascendant" has shattered, and the identity politics that once held it together has proved incapable of reassembling it. Whatever comes next for Democrats will need to engage people as citizens, not categories. That will benefit not only the party, but also the politics and culture of the nation.

The writer is an FT contributing editor, chief economist at American Compass and writes the Understanding America newsletter

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Is Musk's crypto investment about to pay off?

More than 2,000 years ago, there was a very successful businessman called Lü Buwei. One day he asked his father: "We are already rich farmers, but how much profit do we get from farming?" To which his father replied:"About 10 times the investment."

"And how much money can we make as a jewellery trader?" His father said: "If we are lucky, maybe about 100 times."

"How much money will we make if we can support a prince and make him the emperor." "Wow, that will be really a lot, at least 10,000 times," his father replied.

奇货可居 is a well-known Chinese idiom about investment returns, normally translated as "a rare commodity worth investing in".

Today, Elon Musk reminds me of the ancient merchant and maybe he is even more successful than the businessman of Chinese legend.

With Donald Trump now having been elected US president, Musk is about to take his profit.

First of all, he will continue his investment in the meme token Dogecoin ("Meme coins turn gags to riches despite their often flimsy footings", Lex, November 2).

Four years ago, the value of Dogecoin went up five times to reach a historic high of 73 cents. And now, it will easily multiply again.

The US Federal Reserve's decision to lower interest rates will further help cryptocurrencies. Already bitcoin has hit a new high of close to $77,000. As for Dogecoin, it will soon reach $1 ("Bitcoin hits record high above $75,000 as sector celebrates", Report, November 7).

Previously, Musk said "doggy coin" would be worth at least $10. And now he is Trump's special adviser, I think the doggy coin's value will increase by another five times.

Eason Y Zhou
Hangzhou, China

The policy contradictions at the heart of Xi's China

While we had a presidential election in the US on November 5 (the result of which I don't know as I write this), I wonder whether what is going on in China might be more important.

I thought much the same thing in 2020 when Jack Ma's initial public offering of his Ant Group was cancelled by Xi Jinping on the same day as the US election. And even with everything that happened after that election, I think the cancellation of Ant Group's IPO, and all that followed it, may have been more consequential.

The contradictions of what is going on in China are shown in two articles, both on November 4. One reported that Chinese lawmakers are expected to approve the country's biggest fiscal package since the pandemic in order to boost confidence in the economy ("China debates details of largest fiscal stimulus since pandemic").

But the other article reported that the Chinese authorities are ordering wealthy individuals and companies to double-check their tax returns to see if they owe more, a move that understandably created uncertainty and even fear ("Chinese tax crackdown threatens to deal new blow to investor confidence").

So what is it? Does China want its economy to grow or does China need to raise tax revenue so badly that it does so in a way that scares Chinese business people and consumers and makes growth harder to achieve?

The whole thing epitomises the internal contradiction in Xi's theory, first unveiled in 2017, of "socialism with Chinese characteristics for a new era".

Xi wants the economy to grow, but he doesn't want to relax the Chinese Communist party's control — ie his control — over the economy and the country. He wants more investment and confidence in the economy, but then he scares investors and consumers into not investing or buying.

If you want investment and growth, people need to feel secure about the economy and the future. But Xi's threats of tax crackdowns, which remind people of other crackdowns, scare them into not doing anything.

Which is the contradiction of Xi's China: he won't give up control, but without giving up at least some control, he can't get the growth that legitimises the CCP's control — and his rule.

Patrick J Allen
River Forest, IL, US

Europe's drift to the left is almost certain to reverse

Your editorial (FT View, November 7) is surely correct in observing that Donald Trump's win can be attributed to " . . . the over-reach of the left's progressive agenda". The left has simply gone too far and people are more interested in hearing about the economy and controlling immigration than about diversity and gender pronouns.



Punters queue up to place their bets with bookmakers at Royal Ascot

But at least in the US there is a meaningful party of the right for which citizens can vote. Established conservative parties in Europe and the UK have become too centrist while the popular sentiment is moving to the right, driving citizens into the arms of extremist organisations.

Kemi Badenoch, the new Conservative leader in the UK, has spoken about the danger of "talking right while acting left", for her own party has been too ready to embrace aspects of the woke agenda to the mystification of many of its supporters. Why did Boris Johnson, when prime minister, suddenly decide to become an eco-warrior when there was so much work still to be done on Brexit?

Since the second world war Europe has witnessed a continuous drift to the left and this has been the underlying force in political thinking. But that is changing fast.

The important lesson for centrist politicians is to take notice of citizens' concerns instead of lecturing them. Failure to do so will result in the field being abandoned to extremists.

John Murray
Guildford, Surrey, UK

No rational person can say that was money well spent

Between them, Donald Trump and Kamala Harris spent $3.5bn in the race for the presidency (Report, November 6). Regardless of the outcome, can anyone rationally believe that was money well spent?

Peter Cave
London W1, UK

HS2 — an unnecessary folie de grandeur

Congratulations to Sarah Flannery on her incisive letter (October 28) about Britain's high speed rail project and the pipe dream of private funding of the line from Birmingham to Manchester.

I forecast that, buried in the Budget, would be the announcement of HS2 going to Euston, dressed up as good news. It's not. Any such announcement will be in breach of Rachel Reeves' cardinal new rules of financial prudence, about making investments with the public purse only in schemes with positive returns.

Of course it may be puffed up with some baloney about billions of pounds of private investment to come through some resuscitation of the discredited private finance initiative (PFI).

But be in no doubt. Building tunnels from Old Oak Common to Euston will be a brand-new public purse commitment of more than £1bn that will never make a positive return — and neither will HS2.

HS2 has always been an unneeded folie de grandeur. Writing off the £35bn wasted thus far would actually save the next £40bn from being wasted — and avoid open-ended losses stretching across the decades. Far better to bite the bullet, cancel it and spend the money on the many genuinely "positive return" infrastructure schemes up north that have been put on hold. Electrifying the Midland mainline and a tram network for Leeds — that's just for starters.

Paul Braithwaite
London NW5, UK

The case for ending private equity's tax break

Executives in some parts of the financial services industry exhibit a sense of entitlement to very high (post-tax) remuneration, despite some of their activities being of dubious social and economic value. The private equity sector is a good example.

The exceptional tax treatment of carried interest (as capital gain) might be arguable if the sector's activities represented an unalloyed good. But they do not ("Carried interest: private equity's tax break", Explainer, FT.com, October 27).

In recent years, commentators, including FT writers, have exposed plentiful examples of the damaging effects of techniques employed by some private equity operators on their investee companies (and on those group's employees and customers).

Given this, and the government's need for more revenue to rebuild Britain's public infrastructure, the case for any exceptional treatment for "carried interest" is weak indeed.

George Galazka
Arundel, West Sussex, UK

Cut planning red tape, yes, but also VAT on repairs

Juliet Riddell's house looks very lovely, and her environmental concerns are admirable (House & Home, November 2). Friends of ours have spent a six-figure sum on future-proofing (it really is beyond retrofitting) a large old house, and like your correspondent open it up to the public, to demonstrate how other people can take action.

But alas few have either the money to spend or the space to lose several inches off each room with massively thick internal insulation. And the reason fewer people have heat pumps in London than in the South West is that in London far more people are tenants of local authorities or housing associations, whereas more people in the South West own their own homes — and have the space to install the pumps.

As a long-term green I've come to be suspicious of each new government imperative. "Scrap your diesel car." "Put a wind-turbine on every roof." "Tear down entire housing developments to rebuild 'green'."

Now the mantra is: "Install a heat pump." The energy already in the object to be replaced is ignored. The VAT regime privileges demolition and new-build. Some years ago an apparently intelligent research body actually proposed that all pre-1919 homes should be demolished for environmental reasons.

While every new building should have solar panels where remotely possible, the vast majority of our existing building stock simply needs good repair and maintenance. It's possible to retrofit huge council blocks, thus saving enormous amounts of energy as well as making the blocks desirable; that should be done everywhere.

Meanwhile the country is increasingly covered in detached boxes built by mass developers, with not a solar panel in sight. And government still wants less planning red tape. In fact the best thing it could do would be to cut VAT on repairs.

Judith Martin
Winchester, Hampshire, UK

Tic-tac

Elon Musk is to be congratulated on his arbitrage of the election result. The pollsters said the odds were evens (too close to call), while Musk bet $100mn for a return of $13bn — the increase in his net worth from Tesla (Report, November 7). That's odds of 130 to one. If he tires of his prospective role in government there is always a place taking punters' money in the ring at Royal Ascot next year!

Perry Aldred
Walton-on-Thames, Surrey, UK

Clarification

● An article on November 6 reported that Lukoil, the Russian energy group, had written to the office of Russian President Vladimir Putin outlining plans to sell its Bulgarian oil refinery to a Qatari-British consortium. Litasco, the Lukoil subsidiary which owns the refinery, has issued a statement saying "no discussions are being held" with the consortium and no communication with the authorities of the Russian Federation had taken place on the subject. It added that "various options" for its business in Bulgaria were being considered "with participation of a number of reputable market players. However, no decision has been made regarding any specific transaction or any potential counterparty."

Opinion

The UK government's Trump dilemmas



BRITAIN

Martin Wolf

The re-election of Donald Trump as president of the US marks a new era in US and global politics. Eight years ago, his victory might have been viewed as an anomaly. This time, after all that has happened since — notably the attempt to overturn the outcome of the 2020 election — it represents a decisive choice for the worse by the American people. With probable control over Congress and a supine Supreme Court, Trump bestrides the US. He seeks to reshape much to his own wishes. This time, moreover, he will have an army of loyalists at his side.

For any UK government, this will create huge dilemmas. The one-sided relationship with the US is overwhelmingly the most important security relationship the country possesses. It is also one of the UK's two most important economic relationships (the other being with the EU). UK governments have believed ever since the second world war that the US would remain the great bulwark of liberal democracy and co-operative multilateralism. Now all this is more than just a little in doubt.

Yet the US is not the only weakening pillar. The year 2016 brought Brexit as well as Trump. If the alliance with the US, cemented in the creation of Nato, became the foundation of British security, so did the decision to join the EU make the new Europe a central part of the UK's economic destiny.

Just as there is no substitute for the US security alliance, particularly in today's disturbed environment, so Brexit has proved that the EU remains the UK's natural partner, by virtue of its size and proximity, especially in trade. Even in 2023, the EU provided 55 per cent of all UK imports of goods and absorbed 47 per cent of its exports of goods. In foreign direct investment, too, the EU and US are dominant UK partners. Moreover, crucially, the UK is a highly trade-dependent economy. While the larger EU members are even more trade-dependent, their most important partner is the rest of the EU. The UK is now an outsider.

What makes all this so much more difficult is that Trump is set on weakening commitments to Nato, and even more on raising barriers to trade. There is talk of 60 per cent tariffs on US imports from China — clearly an act of economic warfare — and 10 to 20 per cent on everyone else. Analysis by the IMF in its *World Economic Outlook* and by the UK's National Institute of Economic and Social Research indicates that these tariffs would have significant negative effects on the US and world economies, in both the short and medium term.

> Washington is overwhelmingly the most important security relationship London has

So, what, given all these potential threats and the fragile state of its own economy, should the UK seek to do?

It can do nothing to avert the onset of a global trade war. But it could seek to persuade the new administration that, as a close ally and a country with a structural trade deficit as well, it should be exempt. The price might be a further rise in defence spending. But that could be wise, in any case. Would it work? Perhaps not. But Trump would surely enjoy the grovelling.

An opposite option would be to decide that the US pillar has collapsed and seek to make common cause with the EU in resisting the onslaught. That might even, in the extreme, take the form of reconsidering Brexit itself, on the not so ridiculous grounds that the political and economic assumptions on which that decision was based are now utterly out of date.

The difficulties with this idea are at least three-fold. First, it is not at all clear that under current circumstances, not least those in the US, the EU can function successfully. Second, given all their problems, existing and to come, it is unlikely that even a functioning EU would summon the energy to reopen this poisonous debate. Third, for the UK the discussion to revisit Brexit would tear the country apart, again. The sensible course seems to be to let sleeping Brexits lie. But that does not rule out seeking to improve relations with the EU wherever possible.

The wise path now is to recognise the dangers heading towards the UK, try to strengthen the domestic fundamentals and seek to do whatever is possible to preserve what this country perforce has to believe in — open markets, multilateralism and international co-operation, but also the defence of liberal democracy, especially on its home continent. All this will have to be attempted in a far more difficult global context.

The UK cannot oppose the US on its own. If it dares to do so in some vital areas, it must find credible allies in Europe and around the world. But its interests and its values no longer align fully with those of its historic ally. It is a new age. The UK government will need to be brave and shrewd in response.

martin.wolf@ft.com

America Inc and its new CEO



BUSINESS

Rana Foroohar

Years ago, a well-known Silicon Valley billionaire told me something I'll never forget: "China is an autocracy, Europe is a technocracy and America is a company." That statement has never felt truer to me than since Donald Trump was re-elected president of the US last week.

You can start with the obvious points, which are that Trump is a particularly rapacious businessman, and that leadership in America is an asset to be bought and sold.

That has been particularly so since the Supreme Court opened the doors to unlimited corporate spending on campaigns with its 2010 ruling on the case of the non-profit corporation Citizens United vs the Federal Election Commission. But during this election, more of the remaining rules that separate candidates and their super-PACs were overturned. The result is that of the nearly $16bn reportedly spent in the electoral cycle, a record amount, tens if not hundreds of millions were from unknown donors. It's not just money that rules US politics, but dark money.

Still, as is the case with top shareholders in filings to the Securities and Exchange Commission, Trump's biggest political investors are quite well known.

Chief among them is Elon Musk, the entrepreneur and co-founder of Tesla who coughed up $118mn for Trump's campaign. A good chunk of this was spent on canvassers around the country in the final days. But Musk also provided something even more valuable — the black box of algorithmic control of X, one of the country's best-known social media platforms, which undoubtedly funnelled any number of potential voters down a rabbit hole of misinformation. Pity the poor swing-state voters worried about the cost of living. They've just elected a man who many experts are betting will make inflation far worse.

Of course, Musk and a host of other billionaire supporters such as Timothy Mellon, Steve Schwarzman and Jeff Yass, along with Trump well-wishers such as Jeff Bezos, Mark Zuckerberg and Tim Cook, who were among the first to tweet their congratulations to the president-elect, know exactly what they are getting — a leader who is just as transactional as they are.

They know, for example, that past promises are no indication of future performance. The truth of that was all too clear in the market reaction that greeted Trump's victory, when stocks and risky assets rose while bond prices fell. This is a man who has promised across-the-board import tariffs and support for the US manufacturing sector. That would argue for lower US share prices and a weaker dollar, to make exports more competitive; investors are betting on just the opposite.



Matt Kenyon

While some of us had a dream that Joe Biden had ushered in a post-neoliberal era in economic policymaking, it's now quite clear that the US is, as it has been since the 1980s, all about shareholder "value".

A vote for Trump was a vote for the idea that low taxes, less regulation and more debt will add up to "growth" that will make the US economy — which has fared dramatically better than any other rich nation post-Covid — into something greater. A vote that a gravity-defying act will keep share prices at current record values, and avert the recession that (if you discount the V-shaped blip of the pandemic) is several years overdue by historical standards.

> It feels like a private equity firm: a highly leveraged, short-term play with a hold time of around four years.

Plenty of Fortune 500 companies have in recent years used debt and endless share buybacks to defy market gravity in the hope of keeping margins and share prices high forever. But America Inc under our brand new CEO Trump feels less like a blue-chip and more like a private equity firm: it's a highly leveraged, short-term play with an average hold time of around four years.

Like Trump, private equity is able to strip assets for immediate profit — no matter how important. The president-elect is likely to kill much of the Biden administration's clean energy strategy, leaving China to dominate the strategic sectors of the future. He will probably also roll back bank capital requirements at a time when debt, leverage and financial risk is growing.

Even Trump's proposals to round up and deport millions of migrants amount to a kind of massive lay-off strategy, the sort that activist investors tend to love. Immigrants may be perceived as a cost on Trump's political balance sheet, but they are one of the key reasons that labour inflation hasn't been higher in the post-pandemic US. Still, corporate raiders are not generally worried about human capital — just cold, hard cash.

If Trump is our CEO, is America now a distressed asset? One has to wonder. The US economy has done better in recent years than anyone could have hoped, and perhaps better than we deserved. I can't help but think that our sheer wealth — the per capita GDP of Mississippi is roughly on a par with that of France — and all the consumer distractions that it offers (particularly of the mindless digital variety) are one of the reasons we've re-elected a convicted felon to the White House.

The US has become a victim of its own success. I fear we've also bought into Trump at the top of the market. But one thing is for sure: we voted in line with our own values. A recent Gallup poll found that money, more than patriotism, religion, family or community, is the defining American value. In Trump, we have a president that represents the full horror of that — and little else.

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Mistrust between Russia and the west isn't going anywhere

Alexander Gabuev

What was said about the desire to restore relations with Russia, to bring about the end of the Ukrainian crisis, in my opinion this deserves attention at least," Russian President Vladimir Putin stated after Donald Trump won the US election. The Kremlin expects Trump's presidency will be a gift that keeps on giving — both in Ukraine and beyond.

Publicly, the Russian leadership remains guarded concerning its expectations of the new administration. If, for example, Trump pushes to bring global oil prices down to $50 per barrel, that may create long-term challenges to Putin's system of rule. But the Kremlin may hope that the disruptions that Trump will create for Washington's European allies will offset potential downsides.

The main fear in western capitals is that Trump will drastically decrease support for Ukraine against Russian aggression. He has pledged to end the war swiftly, and his close associates have floated proposals that would freeze the fighting along the current lines of contact. That would leave 20 per cent of Ukrainian territory occupied, with no meaningful assurance that Russia wouldn't invade again later.

Of course, a push for a ceasefire doesn't mean that the US would accept Putin's maximalist demand of Ukraine's de facto subordination to Russia. Even with an imperfect ceasefire in place and beyond the elusive question of Nato membership for Kyiv, the US might take steps to ensure that Ukraine survives as a sovereign state, including providing weapons and training, and investing in Kyiv's conventional deterrence capabilities. If consistently implemented over a long period once the fighting ends, these measures could make the cost of a new war against Ukraine prohibitive for Russia. That is why Putin may be willing to keep fighting.

Yet Putin may also have reasons to agree to an imperfect deal — for now. The Kremlin's war machine needs a timeout to rearm and rebuild its offensive capacity. The Kremlin may hope that once Trump is able to claim the peacemaker's mantle, his priorities will shift, his administration will be pulled in different directions, Ukraine will be left in a state of gradual implosion and Europeans will be too divided to take the lead in providing enough assistance to Kyiv.

> The truth is that the fight against the US and its allies has become the organising principle of Putin's regime

While there are too many wild cards on the table to predict the outcomes of diplomacy after Trump's inauguration, his election removes incentives for Putin to engage meaningfully with the sitting administration in the time it has left. Putin hopes to get a better deal, if not a perfect one, from Trump. The Biden administration has few if any sticks with which to force him into an agreement that is better for Kyiv than a potential deal brokered by Trump. Moreover, the interim period creates plenty of risks of its own: for example, the temptation for Putin to destroy what's left of Ukraine's energy infrastructure this winter, thereby building more leverage for future talks. Defusing this threat requires quiet diplomacy with the Kremlin that may involve both the incoming and outgoing White House teams.

Desirable as it is that the shooting in Ukraine stops, the fundamental causes of the confrontation between Moscow and the west will remain. Trump's victory has reconfirmed Putin's view that the west is so politically unstable that policies can drastically change with every election cycle. Mistrust of the west will therefore persist, particularly as the Russian system becomes increasingly populated with veterans of the conflict and Putin plans to stay in power until at least 2036.

So if Trump's team tries to offer incentives to Moscow to lure it out of Beijing's embrace, the Kremlin will gladly pocket any carrots that the US may dangle. But it will not do anything meaningful to rock its partnership with the giant neighbour, because China's authoritarian communist system, and President Xi Jinping himself, will probably outlast Trump in the White House. If anything, any overtures from Trump may somewhat strengthen Moscow's weakened hand in dealing with Beijing.

Finally, the fracturing effect in Europe of Trump's return and potential emboldening of populist right forces there is a natural gift to the Kremlin. So is the increased level of domestic polarisation and inward focus in the US that the second Trump term will bring.

The sad truth is that the fight against the west has become the organising principle of Putin's regime and has created too many beneficiaries to be abandoned any time soon. Trump or no Trump, Russia's foreign policy will be guided by anti-Americanism for at least as long as Putin is in the Kremlin.

The writer is director of the Carnegie Russia Eurasia Center in Berlin

Can India reverse its manufacturing failure?

Arvind Subramanian

India's rise as a major economy has long been held back by its failure to develop a robust manufacturing sector. The share of manufacturing in GDP has remained stubbornly low, even declining over the past decade despite the government's enormous subsidies to encourage companies to "Make in India". Can this failure be reversed, given the opportunity created by the stampede of capital away from China?

There are glimmers of hope. One state in southern India — Tamil Nadu — is experiencing a manufacturing boom, attracting the likes of Cisco, Corning, Foxconn, Ford, Google, Tata Electronics and Tata Jaguar Land Rover, and Nike suppliers. These investments are integrating India into global supply chains for electronics, automotives and footwear. What is the secret to its success?

There's scope. The state's manufacturing investments encompass a much wider range than elsewhere in India, notably including labour-intensive activities. This is puzzling, since Tamil Nadu is among the richest states in the country. So how can it attract labour-intensive manufacturing while poorer states cannot? Essentially, because factories have been willing to tap pools of lower-wage workers, such as migrants from other Indian states and women. In fact, 40 per cent of all women employed in factories in India are in Tamil Nadu.

Then there's scale. Several of the new projects will provide employment in the tens of thousands. This is astonishing in a country where the median company in labour-intensive industries employs just 21 workers, making it too small to be globally competitive.

> Tamil Nadu's success must be replicated in the poorer, populous heartland states

Tamil Nadu — unlike India more generally — has also created the perception that it is a relatively easy place to do business. The state has long had a well-developed educational system, churning out hundreds of thousands of engineering graduates every year. This made it the country's manufacturing powerhouse, especially in automobiles and auto parts, which attracted considerable FDI in the boom years of the noughties. In addition, it offers generous incentives to investors.

But such incentives are available throughout India. The state's talented engineers could be employed elsewhere. In Tamil Nadu, however, the state government has also grasped the critical importance of minimising risks to investors. There is a political consensus that once investors set up shop, they should not be subject to policy reversals, neglect, or discrimination.

Two examples are illustrative. In 2021, a food poisoning incident at an electronics plant seemed poised to become a full-scale political incident. The government swung into action, working with both capital and labour. It helped the victims speedily, thereby ensuring minimal operational disruption for the employer, and ensured that safety standards were upgraded.

Also in 2021, Ford announced it needed to shut production in the state. The Tamil Nadu government recognised market realities and helped Ford exit by resolving complex labour and land issues. That experience convinced Ford that risks of doing business there were low. So when the company decided this year to make a new investment in India, it again chose the southern state. The concept that easy exits incentivise enthusiastic entry has not been easy for Indian policymakers to grasp.

If India is to develop its manufacturing sector, this Tamil Nadu experience must be replicated in the poorer, populous heartland states of Uttar Pradesh, Bihar, Rajasthan and Madhya Pradesh, with their cheaper labour pools. To be sure, the governance challenges will be immense and India's geopolitical window will not remain open forever. But the model is there for emulation.

The writer is senior fellow, Peterson Institute for International Economics, former chief economic adviser to the Indian government and adviser to the government of Tamil Nadu

Josh Felman of Principal JH Consulting contributed to this article

Managing Climate Change

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Battle lines drawn on finance goal

COP29 A new target is critical, but how much and who should pay? *Attracta Mooney* reports



Ever more frequent catastrophic events caused by climate change include wildfires — Ueslei Marcelino/Reuters

Ministers and negotiators are gearing up for the toughest climate talks in almost a decade as representatives from nearly 200 countries meet in Baku this week, charged with agreeing a new finance target for tackling climate change.

Countries at the UN COP29 climate summit in Azerbaijan are due to replace a goal initially agreed in 2009. Back then, developed nations pledged to provide $100bn annually in climate financing for developing countries by 2020, a target they met two years late, according to the OECD.

The replacement target — the New Collective Quantified Goal, or NCQG — is viewed as critical for financing efforts to limit global temperatures to 1.5C above pre-industrial levels, the lower limit set by the landmark 2015 Paris accord. It will help ensure countries can afford to shift to greener economies and deal with the impact of climate change.

But huge divisions have emerged between countries in preliminary talks over the goal, with clashes over how much it should be, how it should be structured, and who should pay.

"It is going to be the most challenging negotiations since Paris, because it is about money," says Eamon Ryan, Ireland's environment and climate minister.

Michai Robertson, lead negotiator on climate finance for the Alliance of Small Island States (Aosis), believes the Paris agreement is under the "greatest threat" it has ever been. Countries set a "really ambitious goal in terms of action" in 2015 but failed to address how to finance it for almost a decade, he says.

Last month, the UN Environment Programme warned that the world's ability to remain within the target of 1.5C "will be gone within a few years" without rapid action, with the world on course for a "catastrophic" temperature rise of more than 3C above pre-industrial levels.

Many developing nations have called for a new finance goal of at least $1tn per year, warning that they cannot be expected to take on more debt to deal with climate change for which they are largely not responsible. They want developed nations, as the chief culprits for historical emissions, to pay up.

But rich nations, just a few years after their own budgets were stretched by the pandemic and energy crisis, are reluctant to commit to large grants — especially after they struggled to meet the initial $100bn-a-year goal.

Instead, rich countries have pushed for an expansion of the so-called donor base — the countries expected to contribute. Under long-standing UN classification, countries such as Saudi Arabia, the United Arab Emirates and China are considered developing nations and are not included.

But widening the donor base is not straightforward, says Robertson, who points out that, under some suggested metrics for expanding it, some vulnerable small islands might end up being required to pay while China could avoid doing so.

The negotiations are taking place against a backdrop of rising climate shocks, with large parts of South America dealing with droughts while Spain grapples with devastating flash floods.

Ryan says that, while there is a need to increase public finance, the EU is pushing for a "layered" finance goal, whereby a core segment of public finance would be supported by private investments.

The Arab Group of countries has called for a target of $1.1tn per year between 2025 and 2029, of which $441bn would come from public finance to help drive private investments.

A report from the Energy Transitions Commission think-tank also says different types of climate financing are needed, including capital investments averaging about $3tn a year until 2050 to create green energy systems, which, it argues, would be largely financed by private institutions, backed by multilateral development banks (MDBs).

But the report adds that up to $950bn — from grants from rich countries, domestic resources or financing from MDBs — will be required for three other areas: mitigating emissions in specific areas that might not generate returns, such as the early closure of coal plants; investments in adaptation such as coastal defences; and dealing with loss and damage caused by climate change.

In middle- and low-income countries, those costs of covering loss and damage might reach $200bn-$400bn a year by 2030, according to a 2022 report by the Grantham Institute.

Robertson argues the key focus in Baku needs to be on "provision finance", such as grants and concessional finance, rather than on private funding.

Ali Mohamed, Kenya's special envoy on climate and chair of the African Group of Negotiators on Climate Change (AGN), also says it is crucial for African countries that any goal agreed must not "not worsen our debt situation".

The continent is "bearing the brunt of climate shocks", while also shouldering an unsustainable debt burden that is hindering "the ability of African countries to achieve their climate and development goals", he adds. The AGN has called for a finance goal of at least $1.3tn a year to meet their climate targets and prepare for extreme weather events.

For now, few negotiators have high hopes. Some say they fear Donald Trump's election win will be used by fossil fuel-producing countries to derail the talks. In October, Azerbaijan's lead negotiator, Yalchin Rafiyev, said a realistic goal for what the public sector could directly provide and mobilise was likely in the "hundreds of billions", even if trillions were needed.

Several negotiators say more work is needed on the finance goal ahead of COP30 in the Amazonian city of Belém in 2025. "Not all of it will be agreed in Baku. We will have to set some things up for Belém," says Ryan.

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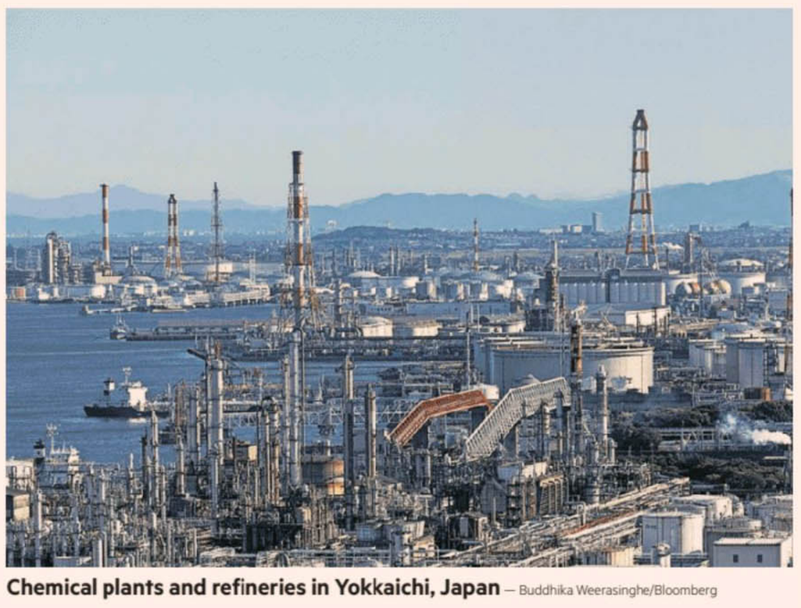
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Bilateral trades hint at carbon market agreement

Carbon credits

Dealmaking between countries is gathering pace, writes *Kenza Bryan*



Chemical plants and refineries in Yokkaichi, Japan — Buddhika Weerasinghe/Bloomberg

A breakthrough in the long-running deadlock over rules governing a global carbon market is tipped to be a key outcome of COP29 in Baku.

The existing unregulated trade in carbon credits between companies — the so-called voluntary market, which is worth around $1.5bn a year — has been beset with accounting and integrity scandals in recent years.

But a formalised carbon trading system between countries could help to raise some of the climate finance that developed countries have pledged to deliver. This would be an important win for the COP29 organisers.

If agreed, it would allow governments to claim other countries' emission cuts towards their own climate targets by trading instruments that represent one tonne of carbon dioxide removed or saved from the atmosphere.

This means countries could cut emissions "in co-operation with others", making the global race to decarbonise "more effective and faster", says Dirk Forrister, chief executive of the International Emissions Trading Association, a Switzerland-based lobby group.

Singapore, Switzerland, South Korea and Japan are among the countries that have already negotiated initial agreements or frameworks that will allow them to buy carbon reductions from developing countries — for example, from tree planting or the sale of cookstoves that use cleaner fuel.

Once this market is given a formal go-ahead, dozens of such deals could be finalised — ending a cycle of failures to resolve debates around UN accounting and reporting guardrails.

People familiar with negotiations are confident that a deal will be struck at COP29 on provisions for bilateral trading between countries, as well as for a centralised UN carbon market that companies can take part in.

They credit the positive political momentum from the hosts and technical work, in recent months, to introduce human rights and accounting safeguards that have reassured experts from the EU and elsewhere.

However, these people say there is still a risk that a final deal could be scuppered, again, if negotiators choose to hold carbon "hostage" to other key issues due to be discussed at COP29. "This is the UN process. It's a game of moving chairs," says one.

Even if a deal is struck, it could be slow to translate into a carbon-trading boom. Buying instruments meant to represent a tonne of CO_2 reduced comes with reputational risk.

More broadly, critics argue that polluters should not outsource their responsibility to cut emissions to developing countries. "It's really important this supplements strong domestic abatement by countries," said Dexter Lee, head of carbon market negotiations in the UK's at the Department for Energy Security and Net Zero, at a recent industry event.

Some environmentalists also fear that seller countries could come under pressure to store the CO_2 at the cheapest possible cost, leaving them liable if problems arise with storage — for example, if trees burn down.

International carbon trading generates a lot of "hot air" and debate, says Erika Lennon, a senior attorney at US-based non-profit the Center for International Environmental Law, but is "largely a false solution or a dangerous distraction when what we really need to do is take those [domestic] measures to reduce emissions".

Countries have promised to submit more ambitious decarbonisation goals to the UN by February 2025. If a deal is struck on a global carbon market this month, though, countries that plan to sell carbon reductions in future could be tempted to set less ambitious goals, warns Stéphannie Galdino, an analyst at carbon analytics company Veyt.

To avoid double counting, countries cannot put carbon reductions towards their climate goals if they have been sold abroad as credits. But Forrister argues that countries buying carbon reductions are likely to set more ambitious targets, as they are no longer limited to using emission cuts inside their borders.

As negotiators thrash out final details, the potential for bilateral dealmaking at the summit could help the carbon market inch further into existence. Dubai-based carbon credit developer Vahid Fotuhi, for example, has been trying to drum up interest from buyers in the first 2.5mn credits that his project to restore degraded mangroves in Mozambique could generate in the next few years. His sales pitch is that wetland ecosystems are better at sequestering CO_2 than forests.

The east African country has not yet formally agreed to sell carbon credits to a buyer country, he says. Such an agreement would reassure buyers that carbon removals will not be counted twice. So COP29 is a chance for Mozambique to finalise discussions on a carbon deal with buyer countries, Fotuhi says. If carbon deals are "like a marriage", Baku is like a "nightclub".

"Marriages are rarely forged in nightclubs," he says. "But, as discussions advance and take further shape, they lay foundations for future bilateral discussions."

Women find their voice in climate talks

Diversity

COP29 is no outlier when it comes to male dominance at events, writes *Emiliya Mychasuk*



Female leaders call for representation

More than 200 female business and policy leaders from around the world gathered at the sleek offices of wind energy company Ørsted on Madison Avenue during the recent New York climate week, in an evening that ended with a team photo of women making a fist, Rosie-the-Riveter style.

Among those backing the new women's leadership coalition to be formally launched at COP29 are climate veterans such as former UN executive secretary Patricia Espinosa, German envoy Jennifer Morgan, UK envoy Rachel Kyte and former French envoy Laurence Tubiana.

Their show of strength was motivated by the failure of the Azerbaijani COP29 presidency to include even a single woman in an initial 28-member organising committee. After a backlash, President Ilham Aliyev expanded the group to 42 to include 12 women and another two men. It has since swelled to 55 members, but has not reached gender parity. COP29 president Mukhtar Babayev's own six-person team is now evenly split, however.

This COP29 mis-step prompted 75 female leaders from business, civil society and academia to sign a letter to President Aliyev, and led to the launch of the Women Leading on Climate initiative, driven by former Canadian climate minister Catherine McKenna and María Mendiluce, head of the We Means Business Coalition.

In the past 10 years, only one woman has held the host-country-appointed position of COP president: Chile's former minister for the environment Carolina Schmidt, who oversaw COP25.

By contrast, the top UN climate role of executive secretary has been evenly shared between men and women.

It is now held by Simon Stiell from Grenada, who took over as executive secretary from Espinosa, a former foreign minister of Mexico who has also served as a COP president, having led the summit that was held in Cancún in 2010. Espinosa, herself, took the baton from Christiana Figueres, who led the COP that delivered the historic Paris agreement on global warming.

Since Stiell took on the UN climate chief role two years ago, he has had to deal with a number of serious gender-related issues among the national delegations. In his first year, female delegates at the UN climate talks in Egypt at COP27 formally complained about

Continued on page 2

Women find their voice in climate talks

Continued from page 1

being bullied, abused and sexually harassed by male negotiators, prompting a letter of protest from two dozen countries. Camila Zepeda, Mexico's head of delegation, was among those who told the Financial Times that she had suffered sexual harassment.

Further charges were made at a negotiating session in Bonn last year, where Stiell closed the talks by saying he had been "made aware that inappropriate behaviour has taken place during this session". He said: "Let me make a clear statement — harassment, be it in the form of sexism, bullying or sexual harassment, is not acceptable in the UNFCCC process."

Behind the scenes, more women than ever are now involved in country negotiations, as part of the working groups at the UN programme.

Analysis by the Gender Action Tracker campaign group shows that the percentage of women party delegates has risen to almost 48 per cent at the sessions held at the Bonn UN climate headquarters in the past year. But, at the COPs held in a rotation of national capital cities, the level is about one-third. At the head of delegation level, often a ministerial role, it falls to about one-fifth.

The essential work that the country negotiators do is exemplified by US deputy envoy, Sue Biniaz, dubbed "the closer" by the New York Times. The former lead climate lawyer for the US state department has been the right hand of many heads of delegation over the decades, including John Kerry and Todd Stern. She is regarded as a "warrior", by Canada's McKenna.

McKenna, herself, has been among the past female heads of delegation, leading the Canadian team at COP23 in Bonn as then minister of environment and climate change — a role that earned her the epithet "climate Barbie", which she has since embraced

In Baku this week, as chair of the High Level Expert Group, she will tell the UN secretaries-general, in blunt terms, what must be delivered by way of "real" climate plans from the private sector.

The first such report she delivered — at COP27 in Egypt — hit a nerve, as she identified "some companies, in particular financial institutions, that don't understand that when you make a net zero commitment it means something".

Among the background issues McKenna identifies at corporate level is an isolation of the sustainability agenda often left to women in the executive ranks. "Power can't be you doing it alone and feeling you are an outlier in your company," she says. "The more women [feel they] can step up, the more you can have transformational change."

Time is running out on climate targets

OPINION

Martin Wolf



The world is not on the path to limit the increase in temperature to 1.5C above pre-industrial levels. Its movement towards an irreversible change in the global climate does not mean the world has failed to make progress, however. On the contrary, there has been much improvement. Yet it is not enough.

The question to be addressed at the COP29 climate conference in Baku this month is how to change this unhappy trajectory.

"The last decade has seen the share of fossil fuels in the global energy mix gradually come down from 82 per cent in 2013 to 80 per cent in 2023," says the International Energy Agency in its World Energy Outlook 2024 report. "Demand for energy has increased by 15 per cent over this period and 40 per cent of this growth has been met by clean energy."

In sum, demand for fossil fuels has continued to expand and its share in supply has barely fallen; we have been running fast to stand still. Will this change quickly enough in future? No.

Yes, we have already passed peak coal and are on track to pass peak oil and gas by 2030, according to the IEA. But, under current policies, in the agency's "stated policies" scenario, known as Steps, fossil fuels would still generate more than half of all energy in 2050.

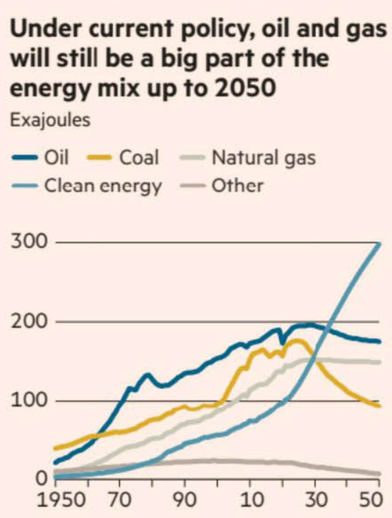
We would do far better if policymakers met their commitments, in the "announced pledges" scenario, or APS. But, even then, global temperatures would rise by some 1.7C by the end of the century. To keep below the 1.5C ceiling, "with a 50 per cent probability", faster change is required, in what the IEA calls a "net zero emissions by 2050" scenario (NZE).

To understand the prospects for achieving the NZE scenario, we need to look at the interactions between technology, economics and politics.

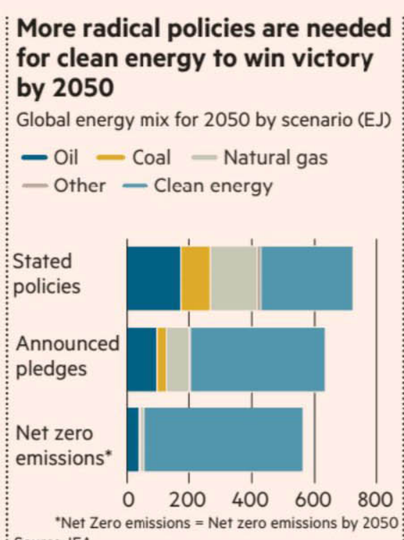
Technology has made big advances, especially in the supply of relatively cheap electricity with renewables. The world owes a great deal to China, for its huge investment in supply, especially of solar panels, which have declined greatly in price. China has made clean energy much cheaper. Significant progress has also been made in wind technologies and the cost of batteries.



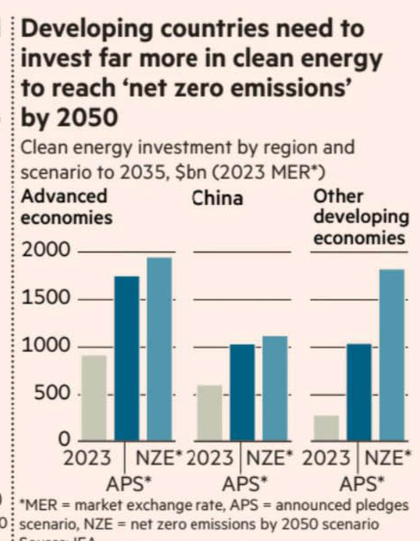
Energy goals: a faster transition from fossil fuels is required to have a chance of keeping below the 1.5C limit
Luis Sinco / Los Angeles Times via Getty Images



Source: IEA



Source: IEA



Source: IEA

Adair Turner, chair of the Energy Transitions Commission (ETC) coalition of experts, told the Financial Times in July: "If you asked whether we will get to something close to a zero-carbon economy by 2060 or 2070, I think it is inevitable that we will."

But, he added, "the difficulty is that, unless we move faster, we will get there too late".

Thus, the combination of human ingenuity with heavy investment has transformed our ability to move to a clean energy economy. There are problems with intermittency, but advances in storage technologies make that look increasingly manageable. Moreover, this new economy will be better in many ways than the one we have today, not least via huge reductions in local pollution and increased energy independence.

Now, consider the economics. Here, too, the balance is in favour of accelerated action. A recent paper from researchers at the Potsdam Institute for Climate Impact Research found that "the world economy is committed to an income reduction of 19 per cent" by 2050, with a likely range of 11-29 per cent, given uncertainty, relative to what would have happened without climate change (the word "committed" here describes the outcome of past emissions and plausible future scenarios).

Not investing in insurance against such outcomes would be economically irrational. But upfront costs of the investment and disruption are heavy.

The IEA says investment in clean energy supply needs roughly to double between now and 2035 in high-income countries and China for the net zero emissions scenario to be within reach. This is big, but feasible. But, in developing countries, other than China, investment must rise to seven times current levels, which is far less feasible.

The great obstacle to such an increase in investments in the latter is the cost of financing. Many emerging and developing countries are in desperate need of clean, cheap and reliable energy. Yet, many of their governments are already debt-encumbered and the cost of financing such projects in these countries is prohibitively high.

Finally, there are the politics. Many people are ideologically resistant to the idea that there could be such a huge negative environmental externality as climate change, as it would violate their faith in *laissez faire* economics. Others have strong interests in the fossil fuel economy, or do not want to change their established ways of life.

Beyond all this, climate change is a global collective action problem. No country can solve it on its own. It requires not just co-operation, but willingness of those with the resources (who also tend to be those responsible for the bulk of past emissions) to finance and subsidise investment in the rest of the world.

In brief, despite the many benefits of making an accelerated energy transition, the combination of "the tragedy of the commons" with what former Bank of England governor Mark Carney calls "the tragedy of the horizon" — the human inability to act in advance of distant perils — is preventing action. The election of Donald Trump as US president will make this far harder.

For all the technological advance, we seem unlikely to make enough progress on climate in time. If so, this will be a tragic, and unnecessary, failure.

> Demand for fossil fuels has continued to expand and its share in supply has barely fallen

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Bridge builder The bloc's role is key while the US is unlikely to offer much support, says *Alice Hancock*

EU braced for blows from all sides in its march to meet goals



The Oder river, which mostly flows through Poland, burst its banks last month. Flash flooding, blamed on climate change, has devastated Spain
Jaap Arriens/NurPhoto/Getty Images

The EU, traditionally among the most ambitious negotiators at the UN's COP climate conferences, faces a formidable task this year: it must continue its drive to cut greenhouse gas emissions without much support from the US, its key ally.

"The EU's push for ambitious climate outcomes at COP29 is crucial," explains Chiara Martinelli, director at Climate Action Network Europe. "The EU, as a major historic emitter, also has a responsibility to push for a bold new annual climate finance target."

Indeed, Brussels was a key force behind a deal in 2023 to shift away from fossil fuels and has long been the most significant donor of climate finance. Many of the main architects of the Paris agreement, which commits countries to keep global warming to within 1.5C of pre-industrial levels, were European.

However, these roles will be much more important at COP29 following the US election victory of Donald Trump — a climate sceptic who pulled the US out of the Paris agreement during his previous presidency.

The EU has introduced legislation to reduce emissions to net zero by 2050 but many of the laws require trading partners to adhere to the bloc's standards. And, already, the demands are sparking a backlash, as the region pushes other countries to do more on a global level.

"Recent delays to critical environmental legislation" and "debate around reversing the 2035 fossil car ban, do risk sending a signal that Europe is not walking the walk", Martinelli says.

For example, a landmark law seeking to ban products from deforested land from entering the bloc was last month delayed by a year.

In a letter to the European Commission, ministers from 18 producing countries, including Brazil, Ghana and Peru, said that many of their concerns had "not been addressed".

Closer to home, a ban on internal combustion engines from 2035 has come under fire from the industry and the Italian government, which has said that new emissions limits for cars have created a "grave crisis" for Europe.

Yet catastrophic floods in Spain this month have exposed the damaging effects of climate change in the region.

Lars Aagaard, the Danish climate minister, recently told the Financial Times that the EU was "doing more than what is recognised" in policy but "we have to do more".

EU ministers spent hours last month fighting over whether to commit to cutting emissions by 90 per cent by 2040, in its negotiating mandate for COP29. However, a push from more sceptical countries such as Poland ensured that percentage figure did not make it into the final document.

COP29 also takes place against a difficult geopolitical backdrop more widely: wars in the Middle East and Ukraine, the reinforcement by Brazil, Russia, India, China and South Africa of the Brics group of countries, and growing tension between developed and developing nations.

EU negotiators pushing to maintain the commitment from COP28 to transition away from fossil fuels have said that they face pushback from China and oil-producing states such as Saudi Arabia.

The EU's policy, which includes the introduction in 2026 of the world's first carbon border tax, is often cited as part of the problem, diplomats say.

"Unilateral measures are a favourite topic for Saudi [Arabia] and China to throw in the mix, whenever they are being asked difficult questions on mitigation," notes one.

India, too, has strongly opposed the carbon border tax at the World Trade Organization. And a group of countries, including India and China, is lobbying for EU climate rules to be scrutinised as part of the COP29 agenda.

As the main provider of climate finance globally, the EU's role is "crucial" at this summit where diplomats hope to land an agreement on a new target for funding to help developing nations cut emissions, says Cosima Cassel, senior policy adviser at the climate think-tank E3G. The bloc contributed €28.6bn to climate finance in 2023, while the US figure was about $9.5bn.

"[The EU] can and should utilise their role as a bridge builder between the poorest, most vulnerable countries and countries such as the US and China," Cassel says. "Especially in the context of the US elections, it's really crucial that we have the EU's engagement. It's really time that EU leaders step up."

> 'It's time that EU leaders step up'
> Cosima Cassel, E3G

Martinelli of CAN Europe adds: "A big thing missing from the EU is a clearer offer on the financial range they see for the goal, leaving developing countries concerned both for a lack of ambition and the ability to eventually agree and then deliver on numbers."

EU officials and diplomats have been unwilling to discuss numbers until they have more commitments from other parties on the structure of the new goal, and their own contributions. Under discussion is a concentric approach that would set a smaller goal for public finance and would aim to leverage private funds towards a much larger target.

One EU official said that, while the European Commission wanted to put forward an ambitious figure on climate finance, "our hands are held by member states that don't want to spend more", and would like to see the donor base expand to developing, wealthy countries such as Saudi Arabia and China, before committing additional funds.

But Eamon Ryan, the Irish climate minister, says that, despite the "tricky" political and economic situation, with major economies such as Germany and France stagnating, Europe should "stretch our ambition" on finance.

"Europe still has a very significant economic capability and has real interest in getting this development and climate right," he says.

China's cleantech boom fuels its confidence on the climate stage

Renewables

Green energy success helps Beijing stand up to western pressure, says *Edward White*

Chinese diplomats will arrive in Azerbaijan with a message for the UN COP29 climate conference. In the "real world", they will argue, China is racing ahead of schedule in its efforts to decarbonise its economy. It is also helping the developing world do the same via its booming renewable energy and electric vehicle industries, as well as its Belt and Road infrastructure initiative.

Chinese officials, meanwhile — in line with recent discussions with diplomats and other foreign visitors — are expected to push back at moves from Washington and Brussels that link negotiations over climate change to Beijing's industrial policy and trade practices. They will also be increasingly assertive in highlighting China's efforts to finance the green transition in the developing world, despite western calls for Beijing to be more ambitious.

And, with COP29 opening after Donald Trump's US presidential election win, expectations that the country will withdraw from the Paris agreement on climate change have been raised.

Li Shuo, an analyst of Chinese climate and energy policy, says global climate diplomacy is at risk of becoming "more politicised, more divisive" and drifting to "a rather irrelevant status" because of the US government's insistence on linking climate and trade issues.

"China's impressive success when it comes to embracing the low-carbon economy . . . is not a political story but a 'real economy' story," argues Li, director of the China Climate Hub at the Asia Society Policy Institute think-tank. "Which part of the world wins that 'real economy' competition?"

Beijing's growing confidence in climate diplomacy marks a significant change after years of pressure from western leaders, who have argued that the world's biggest polluter — accounting for about a third of global emissions — needs to act more quickly to help the world tackle global warming.

Several statistics point towards China's decarbonisation efforts outstripping Beijing's expectations, and progressing towards the dual goals of peak emissions before 2030 and carbon neutrality before 2060 that President Xi Jinping announced four years ago. Beijing achieved its target of having 1,200 gigawatts of installed solar and wind capacity — enough to power hundreds of millions of homes annually — in July, six years early. The government's original goal of electric vehicles to account for half of car sales by 2035 is on course to be achieved next year.



Beijing reached its solar targets early

At the same time, China's foreign direct investment outflows are tracking at record levels. They are underpinned by cleantech investments in the developing world and supported by one of Xi's hallmark foreign policies, the Belt and Road, which Beijing is now refocusing on green investments.

China's emissions could even fall this year: CO_2 output in the third quarter hovered around last year's levels and declined in the previous three months, according to an analysis by UK-based climate news site Carbon Brief.

This reflects, in part, both the surge in low-carbon electricity generation in China, which is home to about two-thirds of the world's solar and wind power projects under construction, and transport sector electrification. It also raises the possibility that China's total emissions peaked in 2023 — seven years ahead of Xi's 2030 target.

But Lauri Myllyvirta and Chengcheng Qiu, the Carbon Brief report's authors and analysts at the Finland-based Centre for Research on Energy and Clean Air, say there is "uncertainty" over the chances of a year-on-year emissions decline, following new economic stimulus plans announced by Beijing in September. The authors point out that policymakers are cautious about claiming emissions have already peaked.

International experts also question whether Beijing is doing enough to wean the country off coal, given signs of a resurgence in the pace of coal-fired power station builds and the slow rate of retirement of older coal-fired plants.

A report from Global Energy Monitor, an environmental research group, says China's coal industry sits at a "pivotal juncture", with a recent surge in production prompting a "significant threat to the country's dual carbon goals".

Xuyang Dong, a China energy policy analyst at Climate Energy Finance, an Australian think-tank, argues that China's renewable electricity generation, backed by huge investment in the power grid and energy storage, means coal will increasingly only be used as an emergency back-up before, "inevitably", being phased out.

However, with relations between many western capitals and Beijing at a historical low point, China's green revolution could have other effects. Distrust of China among western countries is widespread, so some might slow their own climate transition to resist using low-cost green technologies from China. Washington and Brussels are highly critical of Beijing's alleged unfair state support for its cleantech industries.

Domestically, however, Xi's dual carbon pledges, known as *shuang tan*, have fundamentally shifted the focus of officials across the country, experts say.

Jingbo Cui, co-director of the Environmental Research Center at Duke Kunshan University, near Shanghai, says the *shuang tan* policy has sparked intense competition between provincial and city governments in China.

Officials have raced to set more ambitious carbon emissions and intensity-reduction targets, while vying for investment from new cleantech industries. There has also been stricter regulatory oversight of heavy industry, aimed at reducing industrial pollution.

Cui adds that there is a sense among officials, experts and industry that, as the direction has been set by Xi, they are safe to debate openly how to achieve the policy goals. This contrasts with other issues in China, including aspects of the economy, where criticism of policies can be considered politically sensitive.

"Before this *shuang tan* policy, the pressure was on [economic] development — that is it," Cui says. "After the policy, there is this dual pressure. On the one hand, you still have development. On the other, you have to target to really cut down emissions and intensity."

Should a petrostate be able to host a COP?

OPINION

Pilita Clark



Want to have an argument about climate change? Not about the tired old question of whether it exists, which it does, or if humans are causing it, which they are.

Instead, how about an issue that has begun to divide people who otherwise fiercely agree on the need to tackle global warming: should the annual UN-sponsored climate COP conferences be hosted by a petrostate?

This question rarely arose before the United Arab Emirates, a top 10 oil producer, won its bid to host the 2023 COP in Dubai. It then took off after the UAE appointed Sultan al-Jaber, the head of its national oil company, as COP president, a move that prompted more than 100 European and US lawmakers to take the unusual step of calling (in vain) for his removal.

Critics were even more dismayed when it emerged this year's conference would be held in Baku, capital of oil- and gas-rich Azerbaijan.

"It's really ridiculous," former US vice-president Al Gore told a recent US climate event, adding it was time for the UN secretary-general to step in and help to choose each year's host country and COP president.

Normally, five regional groups take it in turns to pick a host nation from their ranks. It was eastern Europe's turn to decide this year's host and Baku's bid was accepted, late and unexpectedly, after a deal was hatched between Azerbaijan and neighbouring Armenia, two countries riven by decades of territorial conflict. EU candidate countries had faced Russian opposition because of the bloc's support for Ukraine.

The result incensed climate campaigners who say it is a clear conflict of interest to allow a country hyper-dependent on fossil fuels to host the biggest single effort to rein in global emissions on the calendar.

The point is understandable. COPs also offer an authoritarian state the chance of industrial-scale greenwashing of both its reputation and its commitment to phase out fossil fuels.

That is beyond frustrating when annual greenhouse gas emissions, which should be plunging to keep global temperatures at safer levels, instead rose to a new high last year. It is even worse at a time when biblical weather disasters are rocking cities across the world with remorseless regularity.

But don't expect a ban on petrostates hosting COPs to happen any time soon. Or ever.

"It's a complete non-starter that makes no sense legally, politically or practically," says Joanna Depledge, a global climate negotiations expert at the University of Cambridge.

A ban would create uproar among developing countries already suspicious that climate negotiations are dominated by rich western countries that don't understand their circumstances, she says — and history suggests it would fail.

In the early 2000s, Depledge adds, the UN climate secretariat tried to impose an entirely justifiable rule preventing any country well behind on its contributions to the secretariat's budget from chairing UN climate bodies or receiving funding to attend COPs. The move was quickly abandoned after protests from countries it could have affected.

Other climate experts say concern about COP hosts is selective. "This only becomes an issue when we have a COP that's in a fossil fuel producing country from the global south," says former climate negotiator Kaveh Guilanpour, of the C2ES US environmental think-tank. "We never hear when it's a fossil fuel producing country in the global north."

That is true, up to a point. Many hosts produce fossil fuels but not all depend on them as much as Azerbaijan and the UAE, where analysts say government oil and gas revenues have made up more than half total government revenue.

Still, last year's COP showed that petrostate hosts can deliver unexpectedly good outcomes. Dubai produced a formal agreement which included "transitioning away from fossil fuels" — a first for a UN climate conference, where decisions are taken by consensus and a handful of countries can easily block moves they dislike.

Outside the formal negotiations in Dubai, there was also a rare decarbonisation commitment from national oil companies, which produce a large portion of the world's oil and gas, and a series of eye-catching climate financing pledges. Moreover, the event showed how bracing COPs can be for hosts unused to western journalists directing an international spotlight on their climate and human rights records.

That pressure was evident in Dubai last year and at the 2022 event in the Egyptian resort city of Sharm el-Sheikh. We will see what happens in Azerbaijan, an autocratic state whose leader, Ilham Aliyev, has been in power since he replaced his father as president 21 years ago.



This year's conference is being held in the capital of oil- and gas-rich Azerbaijan
Aziz Karimov/Getty Images

> Last year's UAE summit showed petrostate hosts can deliver unexpectedly good outcomes

Human rights groups say a crackdown on dissent ahead of the COP could extend to event participants — and this in a country with hundreds of political prisoners.

Baku insists it is going to hold "a COP of peace" that will improve regional relations while boosting a global shift away from fossil fuels.

"Azerbaijan is demonstrating how an oil and gas producer can transition," Hikmet Hajiyev, foreign affairs adviser to the president of Azerbaijan, wrote in the Financial Times last month. "We are not only implementing the region's largest renewable projects but shifting from fossil fuel to electricity exports."

These words are welcome. Let's see what they add up to because, ultimately, what all COPs need, regardless of who is hosting them, is a sign that the slew of commitments they produce turn into much faster and more meaningful action on the ground.

Asset managers face growing scrutiny over sustainability claims

Investment

Many funds have changed their labelling in response to tighter rules, writes *Chris Newlands*

Asset managers have not always crowned themselves in glory when it comes to sustainable investing.

At best, they have been accused by environmental campaigners of an indifference towards using their influence as investors to save the planet. And, at worst, they have been called out for falsely marketing their funds as 'green' to tap into the burgeoning demand for sustainable investing when, in truth, many of those products were stuffed full of companies that pollute.

This became such a problem that financial regulators around the world had to step in to protect consumers from being misled. In 2023, for example, DWS, the investment arm of Deutsche Bank, was forced to pay $25mn to the US Securities and Exchange Commission in relation to "misstatements" over its environmental, social, and governance (ESG) investment processes.

A year earlier, Goldman Sachs Asset Management agreed to pay $4mn to the SEC to settle allegations of ESG violations.

At the same time, investment managers have been quietly dropping the word "sustainable" from the names of their funds, in response to increasing regulatory concerns about mis-selling.

In August, the European Securities and Markets Authority updated its guidelines on ESG fund naming rules, setting a November 21 deadline for compliance. Under the new rules, funds with the term ESG or sustainable in their name must ensure they have at least 80 per cent of investments tied to environmental characteristics. Equivalent rules are set to arrive in the UK in December.

Seventy-nine funds in Europe removed the word "sustainable" last year, with another 26 doing so during the first eight months of 2024, according to data from consultancy Broadridge. Many asset managers said they did so due to a lack of regulatory clarity.

By contrast, in 2022, before the increased regulatory scrutiny and as the popularity of green products was growing, 99 funds added the word.

"Some asset managers still stretch the truth to try to gain the trust and business of responsible investors," says Abhijay Sood, senior research manager at campaign group ShareAction, which has been highly critical of the industry's approach to green investing.

ShareAction published a report in June last year that found asset managers had inadequate targets to reduce emissions, were continuing to invest in companies expanding their oil and gas production, and were stalling the move to green, clean energy by not investing enough in new low-carbon energy opportunities.



Protests: some investment managers have been accused of greenwashing
Kent Nishimura/Bloomberg

The NGO, whose report was based on a survey of 77 of the world's largest asset managers, says it is "alarming" to see so many failing to adapt their investments

> 'Until 2022, there seemed to be a lot more momentum among asset managers to address climate change'

to tackle climate change. It adds that the sector needs to use the "huge power" it wields through its investments to bring about a "meaningful transition".

Sood says: "Overall, asset managers' climate scenario analysis is unrealistic — failing to account for weakening carbon sinks, tipping points or political instability. They often project that a world that is 3C hotter will not meaningfully harm their portfolios."

The research manager adds that, for an industry that "professes to reward individual boldness", asset managers are remarkably risk averse. "They do not want to stand out as doing something unusual and most don't want to be seen as either climate laggards or leaders," he says.

In fairness to asset managers, many have added their names to an industry pledge, the Kunming-Montreal Global Biodiversity Framework, to make a "positive contribution" to biodiversity through activities and investments.

Dubbed a "Paris Agreement for nature" — a hat tip to the 2015 global climate accord — the framework aims to, among other things, protect a third of the planet's lands and seas by 2030. It replaced the Aichi Biodiversity Targets set in 2010, under which just 17 and 10 per cent of terrestrial and marine areas, respectively, were under protection.

It is not legally binding, however, so critics have consequently been asking whether it just creates another way for investment companies to "greenwash" their businesses and claim they are working hard when on biodiversity without, in fact, doing much at all.

"Until 2022, there seemed to be a lot more momentum among asset managers to address climate change," says Sood. "However, our analysis shows that most of this was signing commitments, demanding more disclosure, and running projections of the future."

"This low-hanging fruit started to run out at the same time interest rate hikes made sacrificing short-term gain much harder for asset managers to justify, derailing progress."

In response to those allegations, the Investment Association, a trade group for asset managers in the UK, says the characterisation of an industry that is all "talk and no action" is not matched by the reality of the economic transformation that is taking place.

Paul Scaping, public policy specialist at the Investment Association, says: "In the UK, coal has been phased out and renewable electricity generation ramped up to take its place.

"The companies and projects that enable this transition through the supply chains, construction and management of infrastructure are frequently supported by the allocation of capital by investment managers on behalf of their clients."

Nations fear delay in loss and damage funding

Finance Fragile states worry they may have to wait years before receiving assistance, writes *David Pilling*





Dominica after Hurricane Maria in 2017, main image, Somalia grapples with drought, below left, and floods devastate Spain
Lionel Chamoiseau, Hassan Ali Elmim, Pablo Blazquez Dominguez/AFP/Getty Images

A loss and damage fund, more than 30 years after developing nations first broached the idea, is finally up and running with about $700mn in initial finance, an executive director in place, and an HQ in Manila.

The scheme, which countries agreed to establish at COP27 in Sharm el-Sheikh two years ago, is intended to act as a third pillar — along with mitigation and adaptation — in the response to climate change, say experts.

The idea, explains Ibrahima Cheikh Diong, the Senegalese American appointed in September as the fund's first executive director, is to create a vehicle for "global solidarity", in which wealthier countries that have benefited from burning fossil fuels can help those now suffering from the consequences.

In a statement following his appointment, Diong called it "a pivotal time when the climate crisis is proving to be an existential threat to lives and livelihoods, particularly of the most vulnerable communities in developing countries". The fund, he said, would "make a significant difference to those disproportionately affected".

By global diplomacy standards, the momentum since the initial agreement at Sharm el-Sheikh in November 2022 has been impressive.

But the nations that are most desperately in need of help to fight the impact of climate change, including small island nations and some of the world's most fragile states, fear they may wait years before assistance arrives.

"It's a black box," says Hodan Osman, president of the Development and Reconstruction Bank of Somalia, adding that countries like hers, perceived as high-risk, too often find themselves at the back of the queue when it comes to climate financing.

"When are we going to get this money?" she asks. "It's not flowing through in the way that it should."

Initial pledges to the fund from France, Italy, Germany, and the United Arab Emirates, plus smaller amounts from the US and Japan, will be put in trust at the World Bank, under an interim arrangement.

The first grants are expected to be made, at the very earliest, in 2025, according to the Heinrich Böll Foundation, a think-tank based in Germany.

But Osman says Somalia, which has been wracked by conflict for 30 years and severe drought for at least four, has struggled to access even the climate financing that is already available.

She estimates that her Horn of Africa country receives about $300mn in climate-related funding each year, 0.6 per cent of what Mogadishu estimated it needs. By contrast, between 2011 and 2023, Somalia received an average of $1.1bn annually in humanitarian aid, she notes.

That is bad policy and bad economics, she says, adding that money spent upfront is deployed far more effectively than funds distributed in an emergency. "Way more humanitarian aid is spent than on prevention measures, even though it's 10 times more expensive," she says.

Ritu Bharadwaj, principal researcher at the International Institute for Environment and Development, an independent research body, says that establishing the fund constitutes a "moral victory". However, she believes it lacks both adequate resources and the mechanisms necessary to ensure that finance goes to those that really need it.

"The needs for dealing with loss and damage run into trillions, but the fund is in millions," she observes. "There's a lot of zeros missing there."

Experts say climate finance tends to go to countries perceived as lower risk, or those with big populations, such as China, India and Indonesia. But this often leaves nothing for countries that need it most, many of which have small populations and weak institutions.

For example, when the category 5 Hurricane Maria struck the eastern Caribbean island of Dominica, in 2017, it wiped out the equivalent of 226 per cent of the country's GDP, according to the International Recovery Platform, a UN-led global partnership. Unlike larger islands, such as Cuba or Jamaica, Dominica — which has a population of 73,000 — can have a huge proportion of its infrastructure destroyed by such an event. The hurricane damaged the roofs of 98 per cent of the island's buildings.

"Some island nations will face complete annihilation in the next 10 years," warns Bharadwaj at the IIED. "That's no exaggeration."

Conditions can be worse for fragile states locked into cycles of poverty, hunger and violence, she adds. Her recommendation is that 40 per cent of the loss and damage fund go to such nations.

"Right now, Spain has been hit by a disaster, and people are angry and throwing mud at the king and queen," Bharadwaj notes, referring to recent flash floods in the Valencia region, which killed more than 200 people. "But, in fragile states, when people are hit by disaster, no help arrives whatsoever. Social protection is nil."

While wealthier nations such as Spain and Germany are likely to build back better, fragile states often fail to do so at all, she says, leaving them even more vulnerable next time round. "Climate change is contributing to more conflict and more radicalisation."

> A loss and damage fund promises to 'make a difference to those disproportionately affected'

But advocates of loss and damage funding argue that, in the end, rich and poor countries are in it together. They also note that flows of migrants to Europe and the US are being exacerbated by slow-onset climate events, such as rising sea levels, heatwaves, drought, desertification and salination of the soil.

Mahamoud Ali Youssouf, foreign minister of Djibouti, also in the Horn of Africa, says he welcomes the idea of a loss and damage fund with a mission to head off cycles of climate-induced poverty and violence.

"If you do not deal with the causes of migration — and one of them is climate change — then you will keep receiving thousands of youth looking for an opportunity," he warns. Failing to deal with the root causes of such mass migration, he adds, is a false economy.

India's hunger for fossil fuels drags on its push towards net zero emissions

Pollution

The growing economy sucks up more electricity than its green sources can provide, writes *Chris Kay*



Power surge: Mumbai's Trombay thermal power station symbolises India's enduring reliance on polluting energy
Dhiraj Singh/Bloomberg

The decades-old coal-fired Trombay power plant stands on Mumbai's eastern waterfront, shrouded in smoggy haze and flanked by oil refineries. The facility — a potent symbol of an enduring reliance on polluting energy — fuels the skyscrapers and homes of India's financial capital.

India's energy-hungry economy is sucking up more electricity than its green sources can provide, despite the billions of dollars invested in solar and wind farms by conglomerates such as Adani Group and Tata Sons, whose energy arm Tata Power operates the Trombay plant.

That means the world's third-largest carbon emitter, after the US and China, remains wedded to its abundant coal power for more than 70 per cent of its electricity generation.

At the same time, the country is being ravaged by weather extremes from the world's changing climate. Punishing heatwaves, for example, have prompted better off citizens to invest in air conditioners, exacerbating the problem.

"India's situation is actually highlighting the complexity of energy transition," says Nandini Das, a climate and energy economist at Climate Analytics, a research institute. "India still has a very deep focus on coal."

The problem is acute for the country as it industrialises its economy, subsidising both carbon-heavy businesses and renewable sectors to promote their growth, in a bid to become a manufacturing hub that can steal market share from its Asian rival, China.

Over the past three years, this has helped to turn solar and wind energy into its cheapest form of electricity.

The switch came about after Prime Minister Narendra Modi set out plans to reach net zero by 2070 and his administration began pushing to make renewable sources half the energy mix by 2030.

"Currently, electricity from large renewable energy plants is much cheaper than new coal-based power plants, making it a win-win for both [the] climate and the economy," says Nandikesh Sivalingam, director at the Center for Research on Energy and Clean Air, a research organisation.

However, India's increasing use of coal to make up for shortfalls in electricity drove production and imports to a record in the first half of 2024, and is a "drag" on its green ambitions, according to scientific group Climate Action Tracker. It rates the nation's climate targets and climate action as "highly insufficient".

India's share of global greenhouse gas emissions increased to 7.5 per cent in 2022, from 6.7 per cent in 2019, according to rating agency Moody's, which now forecasts that power consumption will rise 46 per cent to 2,524 terawatt hours by 2031.

The agency also estimates that India will need extra funding of up to $215bn over the next seven years to bridge its renewable financing gap so that it can install around 44 gigawatts each year to hit its target of 500GW of green energy.

Christian de Guzman, senior vice-president at Moody's, says that, while India's progress has been "tangible and . . . frankly, quite impressive given the pace of growth in this economy, they're not investing enough basically to meet their medium-term decarbonisation goals".

Modi's government, which faces multiple spending demands, cannot be expected to "fully plug" that amount, de Guzman adds.

India's green transition is also clashing with political and economic realities. Only about 2 per cent of passenger vehicles sold in India are battery-powered. They are more expensive than combustion-engine vehicles and their charging and battery-swapping infrastructure is limited, hindering the industry's growth in a country where GDP per capital is less than $3,000.

At the same time, India faces an employment crisis with a chronic shortage of formal jobs, raising questions about how it will provide work for millions, as well as support farmers. Agriculture accounts for about 22 per cent of India's emissions, which is double the world average, with livestock's methane emissions and dairy making significant contributions, Moody's says.

"The agenda of decarbonisation should not end up costing us," argues Amir Bazaz, head of infrastructure and climate at the Indian Institute for Human Settlements.

Still, the world's most populous nation faces pressure from abroad and Indian officials bristle when questioned on their climate commitments. They say developed nations are responsible for historical emissions and countries such as India are morally right to use whatever energy source is readily available so they can catch up economically.

Finance minister Nirmala Sitharaman recently denounced the EU's planned carbon tax on imports, which will be levied from 2026, as "stifling".

"We keep reminding ourselves in India that the emissions per capita is only a third of what the average emission per capita is globally," she told the Financial Times' Energy Transition Summit India in New Delhi in October.

But Das at Climate Analytics calls that mindset "very naive", given India's extreme climate vulnerability, as evidenced by increasing flooding and brutal temperatures.

In August, however, PM Prasad, chair of state-owned Coal India, which accounts for about 80 per cent of the country's output, said his "vision is to ensure that there is no shortage of coal" and that "despite the country's deep commitment to renewable energy, for climate change considerations, coal [will] continue to be pivotal for [a] few more years".

With power cuts disrupting even India's most affluent cities, Modi's government is on board with that future, too. It has drawn out the lifespan of ageing thermal plants and wants to open 100 new coal mines with a production capacity of 500mn tonnes per annum by 2030 — to achieve *Aatmanirbhar Bharat*, or 'a self-reliant India', in fossil-fuel power generation.

> 'The country's situation is highlighting the complexity of energy transition'
> **Nandini Das, Climate Analytics**

"We are going to add more carbon dioxide into the atmosphere; it's us who are going to be impacted," says Das. "It's not that by doing this we are giving [developed nations] some lesson, saying 'now it's our turn'. It's not going to work that way."

How Trump election win threatens future of Biden's climate law



OPINION

Gillian Tett

When US President Joe Biden launched the $369bn Inflation Reduction Act in 2022, it left the rest of the world blinking in surprise. Never mind that the acronym IRA is the same as that used (separately) for an Irish terrorist group and a popular type of American investment fund. And ignore the fact that the bill has little to do with inflation.

What really caused shock — and anger — was that the president's flagship climate law appeared out of the blue and seemed unfriendly to America's allies. Most notably, the subsidies it offers for green energy exclude some of America's "friends" such as the EU and South Korea.

Fast forward two years, however, and the IRA has become a symbol of both the best and worst of American climate policy — and the uncertainties that lie ahead given the victory of Donald Trump in this year's election and his pledge to roll back parts of the bill.

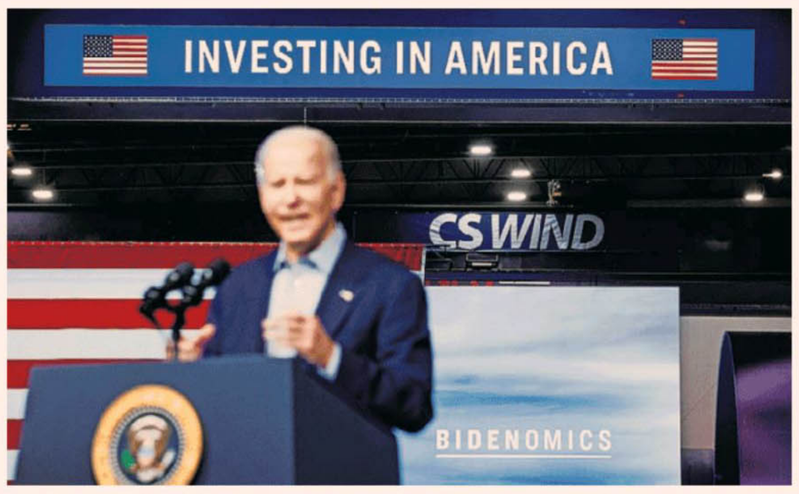
On the positive side of the ledger, these subsidies have unleashed an astonishing boom in investment in green technologies. Indeed, Heather Boushey, a member of the Biden administration's Economic Council of Advisers, says the surge in manufacturing investment is the most dramatic seen for at least four decades.

And the majority of this investment is now occurring in red — not blue — states, ie those that might be expected to be sceptical about climate change policies and have just voted for Trump. Some of those states often have looser building and employment regulations, making it easier to start investment projects there.

The other factor, Boushey notes, is that the IRA was deliberately designed to incentivise green investment in areas that were deindustrialising and/or deprived — and those areas tend to lean more towards Trump.

Better still, the IRA has also unleashed private capital fundraising, and thrown down the gauntlet to other regions of the world. The EU has been scrambling to deliver investment incentives of its own, mindful that it risks losing private investment to America. So, too, has South Korea.

However, the bad news about the IRA is that its arrival has intensified a right-wing backlash against climate policies, as epitomised by the rhetoric about the loss of jobs in legacy industries that has emanated from the Trump campaign. And, while the red state investment boom leaves many Republican governors determined to protect the IRA programme, those right-wing forces are swelling in confidence.



President's bill symbolises 'the best and worst of American climate policy' — Michael Ciaglo/Getty Images

Meanwhile, irrespective of Biden's climate goals, he has presided over a continued expansion of the fossil fuel industry. More permits for the development of oil and gasfields have been granted during the Biden era than during the previous Trump administration.

Many people, myself included, used to assume that climate policy would be an opportunity for geopolitical collaboration. But, during the Biden administration, it has turned into an area of increasing geostrategic competition, instead. Most notably, the Chinese government has seized effective control over the processing of key minerals needed for green technology, and grabbed a lead in the production of items such as solar panels and electric vehicles.

The Trump administration is threatening to take a tough line on this, slapping tariffs on Chinese imports. But China is so far ahead of the curve that America seems unlikely to catch up anytime soon. Washington now faces a nasty choice: it can either go green rapidly and cheaply by using Chinese tech, or it can forge its own path with more cost and delay. Either way, the political mood has become poisonous, and unlikely to deliver the emissions reduction that the world so badly needs.

An optimist might argue that these have been merely small setbacks on a path towards progress. After all, the IRA has demonstrated that climate policy is now at the centre of the Washington debate, arguably for the first time in American history.

Even with Trump as president, it will be very hard for right-wing forces to put this genie back in the bottle anytime soon, given private sector activity. Elon Musk, for example — a key Trump supporter — is unlikely to stop making electric cars.

Also, during the first Trump presidency, many companies and municipal governments forged ahead with their own climate change plans, irrespective of federal policymaking. This is likely to continue, especially as changes to accounting systems, such as those in Europe and California, are forcing large companies to report their emissions footprint, regardless of what the US Securities and Exchange Commission might (or might not) do.

But a pessimist would say that simply moving forward is not enough; the climate is changing so rapidly — as shown by recent extreme weather events — that policymaking needs to move at lightning speed to keep global warming in check. The most frustrating thing about the debate in the US, to non-American eyes, is that the level of climate scepticism among right-wing voters does not seem to be declining, even following recent weather disasters. Florida, for instance, has recently been battered by typhoons but is one of the most climate-sceptical regions.

Thus, the best forecast for American policymaking around the climate is that it will remain deeply contradictory — if not perverse. Maybe this is just another case where, to cite the adage often attributed to Winston Churchill, America always does the right thing, after trying everything else. But, if it doesn't, the planet will suffer; there is little time to waste.

Investment Businesses that develop technology to lower emissions are grappling with higher borrowing costs that have stifled growth, writes *Simon Mundy*

Transition to clean energy falters as funding falls short

At first sight, the outcome of last December's COP28 summit promised to give a major boost to the world's clean energy companies and their investors. Negotiators from nearly 200 countries agreed to pursue a tripling of global renewable power capacity by 2030 and to double the rate of efficiency improvement.

Meeting these targets would mean a surge in growth for the companies developing, and deploying, technology to lower global energy emissions.

Yet this upswing has proved slow to materialise. The iShares Global Clean Energy exchange-traded fund, which holds a broad basket of climate tech stocks, declined 6.5 per cent in the 12 months to November 4, against a 26 per cent rise for the FTSE World index.

In private markets, too, the numbers have disappointed. Analysis by research company Sightline Climate found that climate tech start-ups raised a total of $11.3bn in the first half of 2024 — down by a fifth from a year earlier.

Part of the problem stems from macroeconomic factors. The industry came of age in the second decade of this century, which was a period of extraordinarily low interest rates by historical standards.

Renewable energy projects were set up to build wind and solar plants using debt finance, which would then be paid off over decades as they earn cash from the power generated. But, when central banks began to increase borrowing costs in 2022 to tame inflation, developers' repayment bills soared — a major shock to their business model. They are still adjusting to that reality.

"This is the first time that large scale renewable investing [has faced] a raise in rates," points out Matthew Ridley, co-manager of Greencoat UK Wind, the UK's biggest listed green energy investment fund.

Higher interest rates have been a big factor in the slowdown in venture capital investment, more broadly. But climate tech ventures have also had to compete with a boom in artificial intelligence start-ups. In the first eight months of this year, 35 per cent of all investment in US start-ups went to AI companies, according to data provider Crunchbase.

> Start-ups that depend on debt finance to build wind and solar plants have faced their first interest rate rises

Green tech funding from the US venture capital industry has been further constrained by the US presidential election, says Sightline Climate. When Donald Trump returns to the White House in January, he is set to take a far less supportive stance on clean energy than the outgoing administration of President Joe Biden.

Some investors, nonetheless, have maintained a bullish tone, due in large part to Biden's Inflation Reduction Act, which offered an estimated $369bn in tax credits for clean energy investment.

The legislation has had a "tremendous" impact, with a positive long-term signal sent to entrepreneurs and investors, says Carmichael Roberts, who co-leads the investment committee at Breakthrough Energy Ventures — a vehicle founded by software tycoon Bill Gates and one of the world's biggest green venture funds.

However, the rise of green protectionism has added another obstacle. The US and EU have imposed steep tariffs on cleantech imports from China, citing concerns about supposedly unfair subsidies from Beijing and its hold on the green energy supply chain.

But critics have warned that these levies will push up the costs of low-carbon technology in the US and EU and slow the energy transition worldwide. The tariffs have, however, boosted some American and European companies with direct competitors in China. Shares in US solar-panel maker First Solar, for example, have risen more than 150 per cent since the start of 2022.

Globally, figures paint a mixed picture. The International Energy Agency predicts investment will rise roughly 6 per cent, worldwide, to $2tn this year from 2023, bringing it to about double that estimated in fossil fuels in 2024.



Wind in their sails: entrepreneurs need patience and a long-term view to back promising companies — Justin Paget/Getty Images

But that 2:1 ratio of clean energy to fossil fuel investment is far short of what will be required to eliminate emissions and meet the goal, set out in the 2015 Paris Agreement, of keeping the rise in the global surface temperature to well below 2C and ideally to 1.5C above preindustrial levels.

The world's biggest banks, meanwhile, continue to provide more finance to fossil fuel clients than they do to renewable energy businesses, according to research by the Sierra Club and other non-profit groups.

Financing gaps can be starkest in the developing nations that are home to most of the world's population and future needs. The IEA estimates that meeting the COP28 goals will require a doubling of investment by 2030 — but a quadrupling in emerging markets outside China.

Start-ups face a shortage of funding around the stage where they need several tens or hundreds of millions of dollars to build a first working plant based on their low-carbon innovations. Some have succeeded in attracting such finance, notably Sweden-based H2 Green Steel, which raised $5.2bn this year from an international group to build the world's first large-scale plant using hydrogen to process iron ore.

However, investors will need a strong stomach and a long-term perspective, warns venture capital billionaire John Doerr.

"It's going to take longer to build great climate companies — by five to 10 years — than companies that are not dealing with such entrenched incumbents, regulatory approval, market risk, technology risk," he says. "But I'm up for that and, more important than me, the entrepreneurs are up for that."

Record global warming risks aggravating war and violence

Conflict

In Baku, negotiators will be discussing the fate of a planet already riddled with climate-related clashes, writes *Peter Schwartzstein*

When negotiators gather in Baku for the COP29 climate conference this week, they will be doing so against a backdrop of global conflict and stalled momentum on climate action. Wars in Gaza, Ukraine and Sudan have sapped diplomatic and public attention, hobbling multilateral co-operation at a time when it was already weak, while Donald Trump's re-election as a pro-fossil fuel US president demonstrates how climate change is falling from governments' and the public's priority lists.

But largely lost amid the tendency to examine these challenges in isolation is an understanding of how intimately connected conflict and climate change are. Experts suggest that, if world leaders were to better grasp that nexus, then they would probably be more committed to reining in emissions.

Many of the countries most affected by conflict are also those that are most vulnerable to climate stresses. All of the conflict therefore comes with a weighty environmental cost. For example, the fallout from airlines' avoidance of Russian and Ukrainian airspace, as a result of the Ukraine war, has added annual emissions equivalent to those of Kenya.

And that may be just a small foretaste of what's to come. According to the UN, the world is facing the highest number of conflicts since the second world war. Yet record global warming risks aggravating existing clashes and fuelling new ones. "Things are difficult enough as it is," says Amadou Sow, a community leader in a northern Senegalese community roiled by farmer-herder conflict. "Now, the conditions are waging war on us. How are we supposed to continue like this? How can we keep the peace?"

Most climate-related violence is playing out in ways that few officials meeting in Baku will be familiar with — but it comes with profound geopolitical ramifications. For example, in rural coastal Bangladesh, pirates are preying on villagers. Many of the victims are ex-farmers who have lost their lands to rising seas and feel they have few alternatives but to seek a living fishing in pirate-infested waters.



Palestinians evacuating their homes

Pirate bands, whose numbers have surged in line with the richness of the pickings, have taken to kidnapping locals, even cutting off hostages' fingers to focus slow-paying family members' minds.

Thousands of villagers have fled to Dhaka, adding to the Bangladeshi capital's swelling numbers and its own security challenges. "With all of these people coming from the countryside, you can lose control — this has happened before," says Shakib Mohammed, a policeman in Dhaka's Paikpara neighbourhood.

Violence is also playing out in better known conflict zones, but with a bigger climate component than is popularly understood. As with many extremist armed groups, including Boko Haram and Al-Shabab, Isis in Iraq profited from collapsing agricultural conditions in the country's agricultural heartland. The jihadis enjoyed recruitment success in villages that lacked supplementary irrigation sources, such as wells, and had become extra dependent on rains that were no longer falling as reliably.

Crucially, the group cast climate and wider environmental woes as the result of a malevolent Iraqi state, rather than the logical consequence of a baking, mismanaged landscape. In some instances, recruiters claimed that empty irrigation canals were running dry because bureaucrats in Baghdad were redirecting the water.

As the world warms, inhospitable conditions risk aggravating insecurity in richer countries, too. Studies and ground research show that violence against women in Europe and North America often surges during or after extreme weather events, as happened after Hurricane Beryl in Texas in July.

The same goes for other kinds of crime. For example, as climate-induced drought intensifies around the Mediterranean, which produces almost all of the world's olive oil, prices have soared, and with them incentives for gangs and opportunistic thieves, alike. Outside Athens early this year, among the olive groves that surround the airport, a man who gave his name only as Yiannis said: "Three times this year, I've been robbed . . . All my neighbours, too. They see the trees as money."

Even extreme violence may be proliferating for reasons that include more extreme heat. In 2022, 278 out of the 324 mass shootings in the US happened between June and September, which, as with most other recent summers, was one of the hottest seasons on record.

Speaking in the run-up to COP29, the Azerbaijani hosts have insisted they are incorporating conflict considerations into negotiations. They have presented the event as a "COP of peace" and a "Truce COP", a slogan that some human rights groups have branded as hypocritical given Baku's recent war with Armenia, in which it was seen as the primary belligerent. There will be a "peace day", and a "climate and peace" initiative at the conference.

> 'Things are difficult enough . . . now the conditions are waging war on us'
>
> **Amadou Sow, Senegalese community leader**

But there are more concrete measures that could help to reduce climate's contribution to violence, according to climate finance and peace-building practitioners. For example, conflict-affected countries desperately need climate adaptation funding.

"Failing to provide climate adaptation funding in conflict-affected countries is a lose-lose-lose proposition," says Geoff Dabelko, a professor at Ohio University and a top climate security specialist. "Conflict undercuts the institutions necessary to effectively adapt to climate change, making their needs even greater. Failing to invest in climate adaptation is also failing to invest in peacemaking."

Climate mitigation is crucial, too. Without it, up to 3bn people might soon be living outside of the climatic conditions that have historically served humanity so well. In those circumstances, conflict on an unprecedented scale appears a given.

The writer is author of 'The Heat and the Fury: On the Frontlines of Climate Violence'

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Nikkei SDGs Forum Symposium

日経 NIKKEI SDGs FESTIVAL

The Autumn 2024 Nikkei SDGs Forum Symposium was held in Tokyo on September 10. Presenters and panellists offered corporate, academic, and non-profit sector perspectives on the Sustainable Development Goals and their integration into corporate governance.

Aiming contributions linked "in series" to a sustainable society

Takayuki Yokota, *Director, Representative Corporate Executive Deputy President, Azbil*



Azbil pursues "human-centred automation" and leverages its advanced measurement and control technologies—in harmony with people—as it aims to play a crucial role behind the scenes in various places and situations to help to build a sustainable society and create value by providing solutions such as realizing a carbon-neutral society. To guide its efforts to resolve social issues in this regard. Azbil has identified its four unique essential SDG goals: "Environment and Energy," "New Automation," "Supply Chain, Social Responsibility," and "Health and Well-being Management, An Organization that Never Stops Learning."

Each of these goals is associated with concrete targets. For example, with respect to "Environment and Energy," Azbil aims to achieve 3.40 million metric tons of effective CO2 reduction per year at customers' sites by 2030. Last fiscal year, the total reduction achieved was around 2.84 million metric tons—some 170 times the total CO2 emissions of the group itself. In addition, by 2030, Azbil aims to reduce Scope 1 and 2 emissions by 55% relative to the base year of fiscal 2017 and Scope 3 emissions by 33% over the same period. These targets will be achieved by making even greater use of renewable energy and leveraging Azbil's strengths in automation. Azbil has also set the goal of designing all new products to be 100% recyclable by 2030.

Similarly, the targets for "New Automation" include the creation of value by promoting digitalisation and autonomy.

To support these efforts and enhance job satisfaction and motivation for increased enterprise value, Azbil strives to improve employee engagement. The company is committed to health and well-being management and promoting diversity and inclusion initiatives to ensure employees' safety and health, work-life balance, and a comfortable workplace. The company also encourages employees to join company-wide challenges like "creation of new business" initiatives, initiatives aiming for carbon neutrality, and the company's participation at Expo 2025 in Osaka. By cultivating passion across the entire employee base, Azbil aims to contribute "in series" to a sustainable society while realizing business growth and enhanced employee well-being.

Innovating a Sustainable Future for People and Planet

Akira Shimada, *President and Chief Executive Officer,Member of the Board, NTT*



NTT has always changed dynamically with the times. In 1985, its telephony business accounted for 83% of the group's revenue; by 2023, that figure had fallen to 13% amid expansion into new businesses and sectors around the world.

Today, sustainability initiatives are a pillar of NTT's operations. The group's Sustainability Charter has three core themes: Ensuring the positive coexistence of nature and humanity, improving prosperity for all people and cultures, and maximizing well-being for all.

One way NTT pursues the first theme is by developing circular businesses that can solve Japan's food challenges. NTT Agritechnology brings IoT and AI technology to farming for environmental management, harvest forecasting, and other tasks. The company currently operates seven of its own farms producing 1,000 tonnes per year in total. Meanwhile, NTT Green & Food has also edited algae genomes so that they absorb 1.5 times the normal amount of CO2. Regional Fish, a venture from Kyoto University, has used gene editing to create fish that are up to twice their usual size.

NTT DATA is highly active in the cultural sphere, digitally archiving priceless documents and pictures from the Vatican Library to Koyasan University. This allows cultural heritage to be not only preserved and transmitted but also used to promote tourism and stimulate regional economies.

On the theme of well-being, NTT technology brought improved remote operation capabilities to the avatar robot OriHime developed by Orylab. This allows people with disabilities to participate in the workforce remotely, supporting a range of working styles. The group also supports education of underprivileged children in countries like India and South Africa, giving them experience with advanced technology.

Underpinning these efforts is the NTT Group Sustainability Conference, at which group companies gather to share their sustainability initiatives and businesses. At the most recent conference, award-winning project themes included reducing CO2 output from global data centres and using AI to support telephone helplines for children facing abuse, highlighting the diversity of ways in which NTT continues to rise to global challenges.

Changing the world one region and one company at a time

Success stories at the company and regional level are the building blocks of a worldwide sustainability transformation. Meet two Japanese companies that are helping to change society for the better based on the SDGs.



From left: **Uda Etsuko**, *CEO, Food Reborn*
Haneoka Taishi, *CEO, NOWALL*
<Moderator>
Norichika Kanie, *Professor, Graduate School of Media and Governance, Keio University*

Launched in 2015, the SDGs have a target year of 2030. That means they're already over halfway through their run. What's the state of play? "Only 17% of the goals has been on track; achieving 100% by 2030 will be difficult," said moderator Norichika Kanie.

Measures like announcing formal commitments, building partnerships, and establishing roundtables to integrate sustainability into public policy are all driving a shift from talk to action. Still, moving society away from the "dominant unsustainable pathways" to the "emerging sustainable pathways" will require transformative change.

Kanie highlighted a paradox: The SDGs may be about global change, but actual change always takes place locally, at the individual company and region level. Can Japanese businesses develop new paradigms that can be exported and expanded for the benefit of the global community?

CEO of Okinawa-based Food Reborn Uda Etsuko this year unveiled a highly productive small-scale machine that turns waste pineapple leaves into fibres for the fashion industry. "Most pineapples are grown in the poor global south. Our technology can help farmers there turn an unused resource into income," Uda said. Even the residue from the extraction process can be transformed into animal feed, sugar, bioplastics, or bioethanol.

This March, the company opened a new HQ factory in Okinawa. The focus is as much on education and tourism as manufacturing. Students can tour the factory while creators can live on-site to design and make products. Food Reborn is planning to open a second factory in Indonesia to provide locally sourced raw material for traditional Batik shirts. "We want to help invigorate local economies in Southeast Asia by exporting Japanese technology. The aim is to introduce the circular economy, one region at a time," said Uda.

NOWALL, led by Haneoka Taishi, is also focused on a specific region: Hokkaido, the one part of Japan where cattle are raised in large numbers. What piqued Haneoka's interest in the agriculture sector? "Around one-quarter of greenhouse gas emissions actually come from farming. That's the same as for electricity and heat production, but with agriculture, progress in tackling the problem is far less visible," Haneoka said.

Research has shown that a certain type of red seaweed reduces the burping of cows by 90%. This matters because cows belch up methane, a gas which traps 25 times as much heat as carbon dioxide. Haneoka has assembled a dream team to develop and manufacture his animal-feed supplement. Partners include a research facility, an animal feed company, and an engineering company to build the tanks in which the seaweed is grown.

In addition to the intrinsic merits of both companies' products, their solutions also represent an opportunity for bigger players in the fashion, dairy, or meat industries to reduce emissions in the value chain for which they are not directly responsible, so-called Scope 3 emissions.

"Introducing solutions at the local level is key, but it's so hard that many businesses shrink from the challenge. You are both producing and consuming locally and building up partnerships. I wish you well in helping to realize a happier future for us," a visibly less pessimistic Kanie said by way of summing up.

Harnessing the power of financial markets to create a better world

Yoshifumi Kishida, *Senior Managing Director, Chief Sustainability Officer (CSuO), Nomura Holdings*



The Nomura Group approaches sustainability in two ways: supporting the sustainability initiatives of clients and diverse stakeholders through business activities, and ensuring that Nomura remains a sustainable organization.

Facilitating the circulation of risk capital remains fundamental to these efforts. In September 2021, the Nomura Group set itself the target of deploying US$125 billion in sustainable financing by March 2026. In the three financial years since 2021 (FY2021/22 to FY2023/24), it has made steady progress toward this goal, with involvement in a total of US$75 billion in sustainable financing so far.

Two notable sustainable finance initiatives in FY2023/24 are the Nomura Group's involvement in "Joint Local Government Green Bonds", which are issued jointly by local governments unable to secure funds individually, and "Hitachi, Ltd.'s Digitally Tracked Green Bond", which increases transparency and confidence by allowing investors to visualise the environmental initiatives funds are used to support. In both cases, Nomura Securities acted as bookrunner and structuring agent, formulating frameworks and advising on how to gather and respond to feedback. These and other efforts in ESG finance were recognized at the Ministry of the Environment's 5th ESG Finance Awards Japan this year, where the Nomura Group won a bronze award.

The Nomura Group also strives to promote financial well-being among employees and the broader public through outreach and education. It has provided financial education to more than 1.1 million individuals since these efforts began in the 1990s, from school-age students to senior citizens.

Internally, the Nomura Group is highly diverse. 40% of Nomura Holdings' employees are female, and in all some 90 nationalities are represented in its workforce. Through human capital management with an eye to the long term, the Nomura Group has increased engagement and grown its intellectual capital.

The Nomura Group's sustainability and SDGs initiatives are the foundation for its continued support for society and the economy and represent a benchmark for the rest of the world.

Unlocking the full potential of products through repurposing

Shinichiro Fujisaki, *President and CEO, Aucnet*



In a circular economy, products are manufactured, used, and then recycled. One way to extend the second stage in this cycle is through reuse, with products used by many different consumers in turn. But once a product is no longer suitable for its original intended purpose, its useful life can often be further extended by using it for another purpose entirely. This is called repurposing.

Aucnet, which operates a B2B platform allowing products to be sold and reused, is currently exploring repurposing in the context of electric vehicles. EV batteries are highly suited to repurposing, because even after they no longer have the capacity to handle driving needs, they can still be used for other applications like street lighting.

EVs are also an excellent example of why repurposing can be preferable to recycling. An EV battery is made up of multiple battery modules, each of which contains multiple battery cells. Different manufacturers combine these elements in different ways, which makes disassembly at scale challenging. The lithium in the batteries also makes them highly flammable, increasing the risks for processors. Thus, although EV batteries contain valuable rare earth metals, the costs of recycling them are so high relative to the merits that reusing and repurposing them is a more realistic approach to creating a more sustainable society.

However, this can only be achieved if there is a way for buyers and sellers to find and trust each other. Batteries must be reliably diagnosed for functionality, and these diagnoses must be backed by guarantees. Last month, Aucnet and Mirai-Labo announced the joint development of a platform to achieve this. Mirai-Labo's battery diagnosis technology is currently able to diagnose batteries at the module level when they are removed, and progress on methods for analysing batteries while still in the original EV is underway. Both companies expect the diagnosis-and-guarantee model to be applicable to many other domains, allowing repurposing at scale to contribute significantly to global efforts to use resources more responsibly.

How Japan's young entrepreneurs are building a better future

Three young entrepreneurs discuss Japan's startup landscape, the origin stories of their businesses, and the role of social issues in their strategic vision.



From left: **Ellie Kodama**, *CEO, Rulie*
Souta Sasanuma, *CEO, Yondemy*
<Moderator>
Urara Takaseki, *CEO & Cofounder, Omotete. Co-representative Director, Anchor, Vice-Chair, Your School*

Urara Takaseki has been a serial entrepreneur since university. Her latest startup, Omotete, runs "unfre." a service that places small dispensers for women's sanitary products in toilets in buildings in partnership with some of Japan's biggest enterprises such as real estate developers. "It's a new type of urban infrastructure that helps boost women's mobility," Takaseki explained. This background made her the ideal moderator to explore the Japanese startup scene with the two panellists, both of whom also started businesses while at university.

While at college, Souta Sasanuma worked as a private Japanese tutor. His students' parents were all desperate to know what had got him interested in reading as a boy. The sheer number of inquiries prompted a realization: Online games and videos were so ubiquitous that fewer children were making the transition from having stories read to them to reading for themselves.

"We live in a world of programming, AI, English as the global language. Our jobs are mostly about reading and writing. Adults must expect to 'reskill' and learn new things throughout their lives," Sasanuma said. Children who don't enjoy reading, in other words, will end up at a disadvantage later in life—with grave implications for society.

To address this incipient problem, Sasanuma founded Yondemy, an online service which makes book recommendations through an AI teacher and "gamifies" the reading experience. While equipping children for their working futures, Yondemy also addresses social issues such as education inequality—whether between town and country or between families of different educational backgrounds.

Sasanuma was keen to stress the importance of happy accidents in Yondemy's origin story. Through his job, he happened to be exposed to a developing social problem that needed a solution; he launched in the pandemic just as online studying and AI were taking off; and he had the persistence to grow the business doggedly.

Ellie Kodama, who also launched during the pandemic, sees Japan as increasingly conducive to entrepreneurship. The introduction of inquiry-based learning into the school curriculum has spawned a can-do mindset and the internet has made distributed working and recruiting easier. Meanwhile interest in sustainability and social issues is at an all-time high among the young.

Although Kodama had always been interested in make-up, she too became an entrepreneur more by accident than intent after a visit to the high-school career guidance centre prompted her to take part in a business competition. Her company Rulie manufactures glitter eyeshadow without the use of any environmentally harmful plastics either in the product or the packaging. Despite the rapid growth of the market for such so-called "clean beauty" products designed to harm neither people or planet, the slowness of larger Japanese firms created an opening for a nimbler startup focused on a young demographic that shared Kodama's interest in sustainability. "I thought the concept of clean beauty and the SDGs were very important. That made me to want to be a pioneer," she explained.

Takaseki expressed admiration for the way both panellists had detected a real need, developed a vision, then put the two together to come up with a solution. "That is the essence of what entrepreneurs tackling the SDGs is all about," she said.

Cacao: A case study in sustainable procurement

Hideki Nakajima, *President and Representative Director, Lotte*



Cacao beans are the main raw ingredient in chocolate. They are an important crop for countries like Ghana and Côte d'Ivoire in western Africa, which currently produce 60% of cacao beans globally. However, the cacao bean industry currently faces structural challenges such as poverty, child labour, and deforestation. Compounding problems such as climatic instability, insect infestations, ageing trees, and rising costs for agrochemicals are also reducing yields. As the manufacturer of around 20% of Japan's chocolate, Lotte recognizes its responsibility to address these issues and ensure stable procurement of cacao beans to reduce management risks.

Lotte is addressing all three of the industry's structural challenges. Anti-poverty efforts are focused on agricultural training, covering topics ranging from fertiliser use to replanting aged trees. Child labour is addressed via monitoring, specifically the CLMRS approach pioneered by the International Cacao Association. This ongoing initiative involves a repeating cycle of awareness-raising, local audits, support for improvements, and follow-up. Finally, Lotte uses plantation mapping to see where its suppliers are and track deforestation in their area. This information is combined with child labour monitoring data on the blockchain to visualise risks, which can then be addressed to improve sustainability.

As a result of these efforts, in fiscal 2023, around 50% of the cacao Lotte obtained from Ghana was sustainably procured. The company aims to increase that figure to 100% by fiscal 2025.

To go beyond the boundaries of what one company can do, in August Lotte announced a collaboration with three other companies to promote the use of biocarbon across the entire cacao production industry. This biocarbon will be created from the pods in which cacao beans grow, which have until now simply been discarded. Because biocarbon is alkaline, mixing it into the acidic red soil of western Africa can improve soil health and boost production. Returning carbon to the soil also reduces airborne emissions. Through these and other initiatives, Lotte continues to pursue sustainability in the cacao supply chain and across its business portfolio.

A new approach to ethical consumption

Rika Sueyoshi, *Representative Director, Ethical Association*



"Ethical consumption" is generally understood to mean consumption with due consideration for people, the environment, society, and communities. However, the Ethical Association suggests an additional definition: consumption with consideration for a product or service's past, present, and future. Who created it, where, and how? How will it be used? And what will happen at the end of its useful life?

The Ethical Association has found that many companies believe that Japanese consumers are oblivious to ethical consumption and uninterested in buying such products or services. Consumers, on the other hand, report that they are interested, but struggle with limited choices and difficulties determining what is ethical. This creates a chicken-and-egg problem that corporations must address.

Take the problem of determining which products are ethical. Most consumers rely on certification and labelling for this information, but the dizzying array of badges on products today can be confusing. Here companies should step in as educators, explaining to consumers clearly and directly what makes their products ethical.

This would also help resolve consumer wariness of "greenwashing." The EU already bars sustainability-related product claims unless the manufacturer has a road map and vision for achieving their stated goals and regularly discloses progress. Open and honest communication, even about currently unmet goals, can help companies win consumer trust and get ahead of global moves toward similar regulation.

When consumers hear talk about "changing consumer behavior," they often become defensive, feeling that their previous behaviors and beliefs are being criticized. This is partly about the prevalent attitudes in their society. Globally, 66% of consumers believe that climate change countermeasures will make their lives better, while in Japan that figure is just 17%, with 60% of consumers believing that these countermeasures threaten their lifestyle. Companies must send a positive message, explaining that ethical consumption is about enriching our lifestyles rather than constraining them.

For the younger generation, ethical consumption is already the norm. To win over consumers and secure quality human resources in future, companies will need to be skilled communicators who can make an honest and appealing case for their offerings as sustainable, ethical choices.

Toward a sustainable capitalism

Tomoko Hasegawa, *Managing Director, Keidanren*



Keidanren sees establishing sustainable capitalism—partly through Digital Transformation (DX) and the achievement of Society 5.0 as envisaged by the Japanese government—as a central objective for the business community. As such, the Charter of Corporate Behaviour that all Keidanren members uphold stresses that corporations must "take the lead in the realisation of a sustainable society."

More than 80% of Keidanren members have engaged in SDGs-related activities such as identifying priority issues, mapping corporate activities to SDGs objectives, and reporting and communication. However, global progress toward the SDGs has been sluggish since the COVID-19 pandemic began in 2020. How is Keidanren promoting renewed efforts towards meeting these goals?

The key to sustainability is diversity, equality, and inclusion. Though none of the SDGs mention human rights directly, they are all related to human rights in some way. Corporations, too, are increasingly expected to treat human rights as an integral consideration in their business activities.

Gender diversity is one area where Japan could certainly do better. Japan currently ranks 118th out of 146 countries on gender equality, with government and economic participation by women at particularly low levels. Recognizing the gravity of this situation, Keidanren founded the #HereWeGo203030 project, hoping to see women make up 30% of Japanese executives by 2030. This is an ambitious goal, but the initiative has already received the support of more than 220 companies.

Efforts like these are most effective when accompanied by broader changes in society. One area where Keidanren supports social change is freedom of surname choice. At present, Japanese couples are required to adopt the same surname when they marry. In theory, either partner's surname could be adopted, but in 95% of cases the wife changes her name to her husband's. This means that the administrative burden and professional disadvantages of mid-career name changes fall disproportionately on women. Since increased choice for individuals is a key aspect of diversity, equality, and inclusion, Keidanren hopes to see swift movement toward a system allowing married couples to retain separate surnames if they wish.

From form to substance: Corporate governance for sustainable growth

Chieko Matsuda, *Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University*



For a decade, Japanese companies chiefly sought to strengthen the oversight function of upper management. Over the past couple of years, however, guidance from the Tokyo Stock Exchange and Financial Services Agency has urged strengthening of the executive function to bring substance to corporate governance reform. This requires rethinking old assumptions.

Under the traditional model, a company's directors responded to external issues and conducted oversight. Execution was an internal matter, subordinate to oversight. This hierarchy often discouraged debate and encouraged passivity. The new model urges companies to place oversight and execution side-by-side, as equal partners building the company's future.

Companies also need to reconsider their processes for hiring, acquiring, and promoting managers. If an employee is capable of high-level management in their thirties or even twenties, they should be cultivated for such positions through shadowing, coaching, and external evaluations as early as possible. Preventing employees from reaching their full potential is far more "unfair," and produces worse outcomes, than a system where employees must wait until they approach retirement age to be considered for such posts.

In the Corporate Governance Code, the most important responsibility of the board of directors is said to be debating management strategy—deciding what the company actually aims to achieve. However, most boards only spend 20% of their time on such matters, and the rest on discussion of project execution. This proportion should be reversed.

Additionally, more of that discussion time should be spent on sustainability. In many companies, top management see sustainability as "not their concern"—a matter to be handled by designated sustainability officers or middle managers. But we are entering an age in which management strategy must be formed with due consideration for society and the environment with the right judgments about intellectual and human capital.

In short, sustainability must be understood as part of management strategy, which is in turn a way to achieve the desired future for the company, and ultimately for society at large. Ensuring that this system runs effectively is the true role of corporate governance.

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Momentum for Green Transformation

Nikkei's Net-Zero Project, launched in April 2021, has ramped up its decarbonization drive in 2024. That is in keeping with the surging momentum for green transformation in Japan and worldwide. The Nikkei Net-Zero Project secretariat will disseminate the project's decarbonization message in November 19, 2024, at the UN Climate Change Conference (UNFCCC COP29) in Baku, Azerbaijan.

NIKKEI NET0

NIKKEI脱炭素プロジェクト

The Nikkei Net-Zero Project 2024: *What We Have Discussed, What We Hope to See Happen*

Overview

Decarbonization efforts undertaken in the name of green transformation are essential to curtailing climate change. They also figure prominently in policy for transforming industry and strengthening industrial competitiveness while ensuring reliable access to energy. Corporations play a central role in green transformation. We, the Nikkei Net-Zero Committee members and representatives of the corporate members of the Nikkei Net-Zero Project, seek to help maximize the corporate contribution to decarbonization. That will include addressing a host of related issues that confront Japan and nations worldwide in ways that increase corporate value and competitiveness over the medium and long terms.

Disclosure

We look forward, therefore, to seeing corporations become more forthright with medium- and long-term sustainability disclosure. That will propagate constructive dialogue with investors and prompt advances in sustainability management and gains in corporate value. Corporations attain through sustainability disclosure a capacity for evaluating business risk and opportunity associated with related issues and for evoking growth strategy accordingly. We hope to see auditing firms and other corporate adjudicators assist corporations in providing appropriate disclosure and assurance and thereby fortify dialogue in regard to corporate growth scenarios.

Natural Capital and Biodiversity

Stewardship for natural capital is a pressing issue for corporate management. We hope to see corporations adopt the "Nature Positive by 2030" commitment to halting and reversing biodiversity loss by 2030. Corporations that have adopted the Taskforce on Nature-related Financial Disclosures (TNFD) guidelines are taking important initiative in that regard. We note that interregional cooperation and the establishment of targets by local governments will impart momentum to nature-positive management.

Energy

The challenge of ensuring reliable supplies of energy while pursuing decarbonization is a pressing issue. In tackling that issue through operations and investment, corporate managements seek heightened visibility in government policy and government initiative in shaping a conducive business environment. They want the government to present a roadmap and a clear chronology for fulfilling its vision of achieving carbon neutrality by 2050 and for helping keep the global temperature within 1.5°C above the preindustrial level.

Decarbonizing electricity is our top priority, but we also need to place emphasis on decarbonizing the non-power sector, which accounts for the majority of energy consumption, such as fuel and heat. That should include community initiatives, which can help raise awareness of the need for decarbonization among residents and commercial consumers of energy and thus earn acceptance for related operational and cost burdens. Also important are decarbonization measures at small and medium-sized companies. Those measures will help the companies' larger corporate customers achieve emissions targets in the Greenhouse Gas Protocol's Scope 3, supply chain, category. Heightened visibility in regard to the market for renewable energies and measures for maximizing that market will figure large, meanwhile, in deploying renewable energies broadly.

Asian decarbonization is indispensable to global decarbonization, and we therefore need to position decarbonization as a worthy undertaking in Asian eyes. Asia presents daunting challenges for decarbonization, since energy demand is growing rapidly there and since it includes several nations that rely heavily on fossil-fueled power generation. We need to help sketch a master plan for addressing the local circumstances of different Asian nations in securing reliable supplies of energy while pursuing decarbonization.



The members of the Nikkei Net-Zero Committee and representatives of the corporate project members at the latest plenary session, held on October 17, 2024



The Nikkei Net-Zero Committee

Chairperson



Yukari Takamura
Professor, Institute for Future Initiatives, University of Tokyo

Members



Takeshi Mizuguchi
President, Takasaki City University of Economics



Michiyo Morisawa
Japan Senior Lead, PRI



Teruyuki Ohno
Executive Director, Renewable Energy Institute



Takejiro Sueyoshi
Special Advisor, United Nations Environment Program Finance Initiative



Kanako Tanaka
Collaborating Visitor, National Institute of Advanced Industrial Science and Technology (AIST)



Kenji Tanaka
Professor, School of Engineering, University of Tokyo



Mari Yoshitaka
Fellow (Sustainability), Mitsubishi UFJ Research and Consulting; Guest Professor, College of Arts and Sciences, University of Tokyo



Kiyoshi Ando
Senior Staff Writer, Editorial Division, Nikkei Inc.

CORPORATE PROJECT MEMBERS

Building Micro Green Transformation through Personal Participation



GreenEnergy & Company
Takafumi Suzue, *President*

GreenEnergy & Company operates on the principle that electric power, in addition to being supplied by public utilities, should also enable individuals to participate in its production. The company provides houses equipped with compact and affordable power generation capabilities, power plants, and grid-scale energy storage systems, empowering individuals, small proprietors, and companies to actively contribute to energy production and sustainability while integrating the processes of producing, using, and storing electric power. It has also begun developing green power on the expanding areas of Japanese farmland that are no longer in cultivation. The company is working to promote micro green transformation (micro GX) through grassroots engagement, harnessing community dynamism in a positive cycle.

* https://green-energy.co.jp/

Taking the Long-Term View



EY
Tokuya Takizawa, *Chief Sustainability Officer, MP-Markets, APAC Sustainability Leader, Japan*

EY is committed to driving impact for a new economy—one where business, people and planet thrive. Enabled by our investments in innovative tools and technology, we have sustained progress in absolute emissions reduction over four years, putting us on track to achieve a 40% reduction across Scopes 1, 2 and 3 in 2025. EY teams utilize deep technical skills across a breadth of business issues to help businesses create value for sustainability—while helping sustainability create value for business. We have differentiated EY offerings with a broad spectrum of sustainability services from strategy through execution, anchored in science, harnessing technology, data and ecosystem collaboration. This enables the organization to help protect and create value for all stakeholders and build a better working world.

* https://www.ey.com/en_gl/services/sustainability

Reconciling Economic, Social, and Environmental Value



ABeam Consulting
Shuhei Toyoshima, *Principal, Supply Chain Optimization Business Unit*

ABeam Consulting established the GX Concierge with Sumitomo Corporation in March 2024. The concierge supports corporate management in line with its vision of reconciling economic, social, and economic value. Its principal service offerings are threefold: green-transformation consulting, as in regard to formulating roadmaps for decarbonization; the provision of solutions for pursuing carbon neutrality; and evaluative monitoring based on digital expertise. EU regulations for reducing greenhouse gas emissions throughout supply chains are an especially challenging issue for Japanese corporations, and the GX Concierge handles a growing number of consultations about supply chain management in that regard. Its leadership wants the concierge to take part in making policy proposals for green transformation in reshaping industries and nurturing markets.

* https://www.abeam.com/jp/en/trend/gx/

Contributing to Decarbonization in Global Supply Chains



NYK
Takaya Soga, *President*

NYK is contributing to decarbonization in society by working to reduce its Scope 1, direct, emissions and Scope 2, indirect, emissions 45% by 2030, compared with 2021, and to achieve net-zero emissions by 2050. The logistics services provided by NYK are part of customers' supply chains, so NYK's reduction of Scope 1 emissions contributes to reductions in customers' Scope 3, supply chain, emissions. To achieve its goal for 2030, NYK is taking two approaches to reducing greenhouse gas emissions: maximize energy efficiency and minimize carbon intensity by switching from diesel fuel to biofuel and liquefied natural gas. It supports through the International Maritime Organization initiatives for establishing globally unified decarbonization regulations and thereby avoiding industry confusion attributable to regional differences in regulations. Thus is the company striving to reconcile continued growth with the amelioration of environmental impact.

* https://www.nyk.com/english/esg/pdf/envi_decarbonization_01.pdf

Speeding Progress in Capturing, Using, and Storing Carbon Dioxide



NGK Insulators
Shigeru Kobayashi, *President*

NGK Insulators is pursuing carbon neutrality under a roadmap articulated in an environmental vision that it formulated in 2021. The company has initiated numerous measures to contribute to decarbonization. For instance, it recently supplied storage batteries for large-scale production of green hydrogen in Germany. It is also picking up the pace in developing and commercializing technologies for capturing, using, and storing carbon dioxide. Firing ceramics accounts for most carbon dioxide emissions, but the company is moving to shift in 2025 to hydrogen and other non-fossil fuels for that firing. It is working to reduce emissions of greenhouse gases, meanwhile, throughout its supply chain. Collaboration with partners in diverse sectors is essential to achieving carbon neutrality, and open innovation is a central plank in NGK Insulators' strategy for achieving net-zero emissions of carbon dioxide by 2050.

* https://www.ngk-insulators.com/en

Tackling Global Energy Issues with Diverse Options



JERA
Hisahide Okuda, *President, Director, CEO and COO*

JERA is building a business model to create a clean energy platform that combines low-carbon thermal power and renewables. By achieving net-zero by 2050, JERA will contribute to the establishment of a sustainable society. Thermal power is essential to compensate for fluctuations in output from renewable power sources. JERA will incorporate hydrogen and ammonia as fuel for thermal power generation to shrink its carbon footprint. It has substituted ammonia for 20% of coal in a demonstration test at a commercial scale-power plant. No increase in NOx emissions occurred, and no emissions of N_2O, a strong greenhouse gas, were detected. JERA is thus moving ahead with fuel substitution on a commercial basis. It is committed to achieving energy sustainability, affordability, and stability by combing liquefied natural gas, hydrogen, ammonia, and renewables to meet needs in each nation and region.

* https://www.jera.co.jp/en/news/information/20240516_1916

Helping Pull Japan to Carbon Neutrality



Kansai Electric Power
Nozomu Mori, *Director, Representative Executive Officer, President*

Kansai Electric Power Group formulated its Zero Carbon Roadmap in 2022 to steer the company toward fulfilling its goal of eliminating carbon emissions by 2050. The company benefited from having seven nuclear power plants in operation and achieved its FY2025 target for reducing carbon dioxide emissions two years ahead of schedule. In April 2024, Kansai Electric Power Group supplemented its stated target of reducing its greenhouse gas emissions 70% by FY2030, compared with FY2013, with the additional target of reducing greenhouse gas emissions 50% throughout its supply chain. Measures for achieving those targets begin with making the most of nuclear power generation, a well-established means of decarbonization, while ensuring safety. They also include developing new sources of renewable energy and eliminating carbon dioxide emissions at thermal power plants. Management at Kansai Electric Power Group is committed to working hand in hand with all the company's stakeholders to bring about carbon neutrality.

* https://www.kepco.co.jp/sustainability/environment/zerocarbon/pdf/en_zerocarbon_roadmap_01.pdf

Supporting Decarbonization through Financial Evaluations



Rating and Investment Information
Hiroshi Yamazaki, *President and Chief Executive Officer*

Sustainable finance has assumed mounting importance as environmental challenges and other issues of transcendent concern have commanded attention. Rating and Investment Information (R&I) conducted the first external assessment of a green bond issued by a Japanese entity in 2016, and it has since developed and provided a diversity of services in connection with sustainable finance evaluations. About 30% of the balance of bonds outstanding in Japan is from industrial sectors known as large greenhouse gas emitters. The Japanese government has designated transition finance a driver in decarbonization efforts, thus bolstering the presence of sustainable finance. R&I, as an external reviewer, serves that presence in accordance with internationally accepted principles and guidelines. The agency draws on specialized understanding and a technological grasp of different industrial sectors and decarbonization initiatives in helping companies pursue carbon neutrality.

* https://www.r-i.co.jp/en/rating/esg/index.html

Moving to Deploy e-Natural Gas in Society



Osaka Gas
Masataka Fujiwara, *President*

Osaka Gas (Daigas Group) aims to achieve a transition toward low-carbon and carbon-neutral energy by implementing the strategies outlined in its Energy Transition 2030, which was announced in March 2023. The group is primarily focused on e-natural gas (e-NG), a form of hydrogen carrier and a substitute for natural gas, and is accelerating its efforts to establish the practical application of e-NG for the seamless realization of a carbon-neutral society. Additionally, the group is promoting this new energy source globally through the e-NG Coalition, an international alliance launched with major energy players in Japan, the United States, and Europe. The coalition's goal is to enhance the global recognition of e-NG and make policy recommendations through collaboration across geographical areas and business fields.

* https://www.youtube.com/watch?v=3OE4-soZIUw

Developing Timber Rental Office Buildings



Mitsui Fudosan
Atsumi Kanaya, *Managing Officer, Chief Operating Officer, Sustainability Promoting Division*

Central Tokyo's Nihombashi district is a historic business hub for real estate developer Mitsui Fudosan, and work is under way there on a Mitsui Fudosan property that will be Japan's largest and tallest timber rental office building. About 1,100 cubic meters of Japanese timber will go into the building, a lot of it from the approximately 5,000 hectares of forestland that Mitsui Fudosan owns in Hokkaido. Constructing the timber frame will emit about 30% less carbon dioxide than constructing a conventional steel frame of comparable size. This innovative architecture epitomizes the Mitsui Fudosan commitment to achieving carbon neutrality. Making the most of timber from company-owned forestland evokes the planting-cultivating-using cycle at the heart of the company's Never-Ending Forests ideal. That is a sustainable cycle that combines responsible stewardship of forest resources with regional economic vitality.

* https://www.ngk-insulators.com/en

Eyeing the Realization of a Sustainable Society



Mizuho Financial Group
Yasuhiko Ushikubo, *Senior Executive Officer, Head of Research and Consulting Unit, Group Chief Sustainability Officer*

Mizuho Financial Group promotes industrial transformation with an eye to tackling decarbonization and other transcendent issues while contributing to gains in corporate value. It is striving through dialogue with client corporations to fulfill its strategic vision for optimizing Japanese industry by 2050. The work begins with promoting carbon-neutral transition, and Mizuho is progressing steadily in deploying the ¥100 trillion that it has earmarked for sustainable finance. That includes investing in assistance for technological development in transition initiatives. Long-term priorities include asserting Mizuho's strengths in regard to hydrogen, carbon credits, and impact. Mizuho's sustainability commitment will also engender stepped-up support for circular economy initiatives undertaken from the various perspectives of achieving carbon neutrality and protecting biodiversity and other facets of the natural environment.

* https://www.mizuhogroup.com/investors/esg

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Latin America faces hydro power supply crisis

Energy Drought and floods have played havoc with production across the region, writes *Michael Stott*



The Coca Codo Sinclair hydroelectric dam in Ecuador
Federico Rios Escobar/New York Times/Redux/eyevine

It was Ecuador's biggest-ever energy project, capable of powering every home in the country, gushed then-president Rafael Correa as he inaugurated the Chinese-built $2.2bn Coca Codo Sinclair hydroelectric dam in November 2016.

The dam was one of eight planned by Correa, a leftwing populist, as he pushed for his nation to generate as much as 90 per cent of its electricity from hydro power, using billions of dollars of loans and construction expertise provided by Beijing.

Less than a decade later, that bet has gone disastrously wrong. Ecuador is experiencing power cuts of up to 14 hours a day as the government rations scarce electricity because unusually dry weather has left its hydro dams short of water.

"There's a huge deficit of around 1,000 megawatts of energy," says Nicolás Mongardini, a Miami-based entrepreneur who has just visited his parents in Ecuador.

"Part of that is because of El Niño [the climate phenomenon] and the huge drought season that has struck Ecuador in the past months," he says. "There's a lot of water missing from the rivers and that is affecting hydroelectric power production. It started with eight-hour power cuts, then it went to 10, and now it's 14, depending on the region."

Ecuador's hydropower plants have also been tarnished by construction faults. US army engineers have been called in to advise on how to save Coca Codo Sinclair from river erosion and a build-up of sediment that threaten its ability to generate power. In the meantime, the plant is running at around 30 per cent of capacity.

Neighbouring Colombia and Peru are facing drought-related problems with hydroelectric generation, as well, though not on the scale of Ecuador, which relies on water power for about 75 per cent of its electricity.

"Hydro power was the low-hanging fruit in terms of electricity development options, particularly in the Andes," says David Purkey, Latin America regional director for the Stockholm Environment Institute, a research organisation. "It was the obvious choice — there was lots of water and lots of elevation loss which you could use to generate electricity."

But, he adds, "anybody who was relying on water resources and the stability of water resources . . . got tricked by climate change".

During the 20th century, Latin America seemed the ideal location for generating hydroelectric power. The continent harbours 31 per cent of the world's fresh water in its rivers, lakes and glaciers, and has large tracts of uninhabited land that could be flooded for dams.

Multilateral development banks and governments provided assistance for a huge programme of hydroelectric plant-building between the 1970s and 1990s. Today, the region generates around 45 per cent of its electricity — some 200 gigawatts — from hydro, giving it one of the world's greenest grids.

But rising global temperatures, sharply fluctuating rainfall patterns, melting glaciers, and the increasing frequency of droughts and floods are playing havoc with power generation.

Making matters worse, more recently built dams tend to have smaller reservoirs because of environmental pressure to flood less land, meaning they are much more vulnerable to fluctuating rainfall than older projects, experts say.

The International Energy Agency warned in a report in 2021 that Latin America's average hydropower capacity could fall by as much as 10 per cent in the decades to 2060 as a result of the changing climate.

Further complicating matters for energy grid planners, the IEA said the effects of climate change would not be spread evenly across the region. Some plants, such as those in Mexico and Central America, would be much more exposed than others. In Ecuador, many of the new dams built by the Correa administration were located in the same water basin, increasing their vulnerability in the event of drought.

'Hydro power was the low-hanging fruit in terms of electricity development . . . the obvious choice'

Ecuador's long power cuts have hurt businesses, made life miserable for residents, and are complicating the electoral chances of incumbent President Daniel Noboa in February. He faces an opponent backed by Correa, who fled the country before being convicted of corruption and now lives in Belgium.

Noboa has slashed taxes on imports of diesel-powered generators and batteries, created new incentives for the private sector to invest in energy projects, and has even drafted in a Turkish barge to generate emergency power. But he faces criticism for not acting sooner to preserve dam water levels to mitigate the crisis.

Arturo Alarcón, a senior energy specialist at the Inter-American Development Bank in Washington, says Latin America needs to deal with the climate threat to its hydro dams by broadening its energy mix, while keeping carbon emissions as low as possible.

This would mean more solar and wind power generation and balancing the management of the power grid by cutting back on electricity generation from large dams during sunny or windy days, to conserve the water for use in cloudier or stiller periods.

Building more interconnectors between national grids could also help ensure greater resilience, although this is not a guaranteed solution.

Colombia recently refused to sell Ecuador power through their shared connection because it wanted to conserve power in its own dams, which were running short.

Although climate change is making it harder to guarantee the reliable production of green electricity, hydropower will remain a big part of the solution to Latin America's power needs, Alarcón says.

"We have 200 gigawatts of hydroelectric power in the system," he explains. "We can't just substitute that with other sources. You have to keep them working . . . and diversify your energy mix."

Colombia battles to diversify away from oil and gas

Energy

President Petro has pledged to end investment in fossil fuels but critics say the transition is too abrupt, writes *Joe Daniels*



Colombia still depends on oil

Colombia has been pushing to wean its economy off fossil fuels since it installed its first leftist president more than two years ago. But it has struggled to move more into agriculture, tourism, and renewable energy industries.

"Without a doubt, in order to substitute the revenues from fossil fuels, the economy must be diversified," says Andrés Camacho, minister of mines and energy.

President Gustavo Petro's administration has stopped issuing new oil drilling and exploration contracts and, in December last year, became the first significant oil and coal producer to sign up to the Fossil Fuel Non-Proliferation treaty, which promotes the elimination of fossil fuel extraction worldwide.

However, oil and coal exports still make up around half Colombia's export revenues, generating $24.7bn last year, while tourism and agriculture brought in about $17.5bn. And, even though the $7.4bn tourism industry has expanded 12.8 per cent since 2022, it remains a long way off generating an income similar to that of fossil fuels.

Some observers have questioned the government's insistence on abandoning extractive industries at a time when oil prices are high.

Other South American nations, such as Brazil and Guyana, are developing fossil fuel industries as well as promoting environmental initiatives.

"The fact is that, defending oil and gas and defending alternative energies, does not mean that you cannot develop tourism and agriculture at the same time," says Juan Carlos Echeverry, a former finance minister and president of state-controlled oil company Ecopetrol, who is now a critic of the government. "I don't see that there is a dilemma, as both things can be done, as they are in the US and Brazil."

Colombia's economy is lagging, with growth this year projected at 1.9 per cent, below the IMF's regional projection of 2.1 per cent. Year-on-year inflation in September accelerated to 6.1 per cent. Petro now plans to issue the national spending plan for 2025 by decree, following an impasse with lawmakers over budget financing.

Meanwhile, agricultural exports are set to increase 8 per cent this year, the government said in August. The forecast follows a 12.8 per cent decline in 2023. Before that, the sector had seen steady growth.

Petro, once a guerrilla member who has often criticised the country's private sector, is committed to reaching net zero emissions by 2050 and has said Colombia should export green energy.

In 2022, 66 per cent of the country's grid was generated by hydropower, 32 per cent by fossil fuels, and 2 per cent by wind and solar.

Now, the government predicts that by 2027, it will be 50 per cent hydro, 26 per cent wind and solar, and 24 per cent fossil fuels. Energy minister Camacho notes that 85 solar farms were brought online in the past year.

But critics have hit out at the government for not working with renewable energy companies to overcome issues with local communities.

Enel, the Italian utility, last year abandoned construction of a landmark wind farm project after failing to reach an agreement with local indigenous communities over the land to be used for transmission lines.

"Projects need to be sustainable not only from a social standpoint but an economic one," said Eugenio Calderón, who heads Enel Green Power in Colombia and Central America, at the time.

Some question moves to abandon extractive industries at a time when oil prices are high

The project would have added 205MW of capacity to Colombia's 21GW grid but now sits unfinished in a windy region of the La Guajira peninsula, which juts out from the northern tip of South America into the Caribbean.

However, Grupo Energía Bogotá, whose principal shareholder is the city of Bogotá, is building transmission lines that are expected to come online in two phases over the next two years, connecting other wind farms to the grid — something Camacho says reflects lessons learnt from the experience with Enel.

"We have developed a government-to-government conversation with indigenous authorities and have gained a deeper understanding of their customs, their practices, their systems of thought," Camacho explains. "It is an opportunity to develop what we have identified as a fair transition."

Alexandra Hernández, the president of Colombia's renewables association, says the country needs to continue to diversify its grid, which is vulnerable to drought as 70 per cent of energy is generated in hydroelectric dams.

The government has warned of energy shortages in 2028 if more projects are not brought online, with demand projected to outstrip supply by three times.

"That's where renewables come in because they can come online much quicker," says Hernández, adding that the country should not shift abruptly away from fossil fuel extraction.

"As long as the world continues to consume gas and oil, it is unnecessary for Colombia to sacrifice the less than 1 per cent of the global oil supply in which it participates."

Zelestra, a Spanish renewable energy group, is investing in Colombia, and in September inaugurated a $200mn solar farm with capacity to generate 100MW.

Chiara Gasparrini, the group's vice-president for business development in Latin America, says that changes to the regulatory framework under the Petro government have made it a more attractive place to invest in renewables than other solar and wind rich countries in the region, such as Peru and Ecuador.

Approvals can take too long, though. "Often, the time required for permits . . . is not exactly what would be required to make many projects viable within the timeframe of government legislation," she says. "But it is certainly something that is being worked on."

Focus shifts to the Amazon for Brazil's rainforest talks next year

COP30

Northern city of Belém is striving to be ready for next year's conference and bring its delegates closer to nature, reports *Bryan Harris*

Arriving in Belém by air, it is easy to understand why the Brazilian city was chosen to host next year's COP summit. Vast swaths of Amazon rainforest and large meandering rivers dominate the horizon — visual reminders of the importance of nature in tackling climate change.

The city, however, tells a different story. Once a booming port and a transit point for the Amazonian rubber trade, Belém flourished in the early 20th century but, today, the northern city of 1.3mn is a shadow of its former self. Among the poorest of Brazil's state capitals, Belém suffers from congested streets, decaying housing, and endemic crime.

It also lacks modern infrastructure, notably the hotels and transport systems needed to host the tens of thousands of people expected for the 15-day UN climate summit — leading to suggestions the meeting may be split between Belém and a larger location in Brazil.

And all aspects of the COP30 summit, set for November 2025, are already in sharp focus, even as this year's climate talks begin in Baku, Azerbaijan.

The central task in Brazil will be assessing whether the climate policies of almost 200 countries are on track to meet the Paris agreement goal of limiting global warming to no more than 1.5C in the industrial era. It will be the first opportunity to review progress after a February 2025 deadline for countries to formally lodge upgraded climate pledges with the UN.

Brazil has begun to steer policy plans as part of a "climate troika" with Azerbaijan and the United Arab Emirates, last year's host. The UAE prompted the initiative, to improve continuity in the COP process.

Since Brazil was announced last year as the 2025 host, the federal government has doled out more than $800mn to Belém and the state administration of Pará to boost local infrastructure ahead of the event.

"The significance of [having COP in the city] is important. There is nothing about Brazil that is talked about more in the world than the Amazon," said President Luiz Inácio Lula da Silva at the time.

"It is important that we take care of the ecosystem [and] the biodiversity, but it is very important that we take care of the people who live in the Amazon," Lula added — highlighting how poverty in places like Belém often drives citizens to environmental crime, such as illegal logging or gold mining.

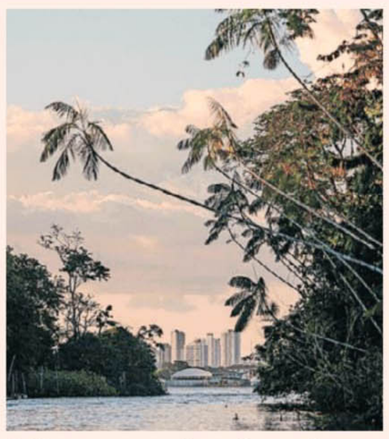
Over the past two years, President Lula has cut deforestation and announced ambitious targets to reduce emissions. But Brazil remains committed to oil production to drive economic development and alleviate poverty.

Environmental campaigners have pointed out that all three countries in the climate troika are set to increase their oil and gas production between 2023 and 2035.

"Belém, like most Brazilian capitals, has significant infrastructure problems that may make it quite difficult to host high-impact events like COP," says Creomar de Souza, founder of consultancy Dharma Political Risk and Strategy. "The works with the greatest impact should have started quite some time ago," he points out.

The summit will be the first chance to review progress on pledges made in Paris to try to limit global warming

There are big concerns about accommodation. The city has an estimated capacity of around 18,000 hotel beds, well below the 50,000 that could be needed. Regular visitors note only a handful of hotels are suitable for business travellers — and practically none for high-ranking delegations.



Belém was once a booming port

In response, local authorities have unveiled measures to handle the expected influx of guests, including the construction of several high-end hotels, converting schools into hostels, and anchoring cruise ships in the port to serve as floating residences.

Authorities have also been in talks with Airbnb and Booking.com as part of a push to encourage locals to rent out their homes during the summit, according to people familiar with the plans.

Helder Barbalho, governor of the state of Pará, has pledged that Belém will be ready by August and has championed the investments as a means to transform the city — particularly its potential for tourism.

In addition, he has highlighted how the rainforest COP will differ from previous summits.

"We don't want to hold a COP like Dubai did, with its large buildings and grand avenues," Barbalho said this year. "For those who want to see the great rivers, the large trees and the people of the forest, Belém will be hosting the COP of forests, the greatest environmental experience of all COPs."

Experts and environmentalists echo that sentiment, saying that Belém offers a chance to refocus on core issues after the extravagant COP summits of the past.

"COP has grown into a massive event," says Natalie Unterstell, president of the Talanoa Institute, a climate policy think-tank. "I believe that this scale reflects the urgency and complexity of the climate crisis, but it also raises questions about whether the COP's size hinders meaningful dialogue.

"Belém calls for rethinking the size and structure of the COP to ensure the negotiations are preserved, focused and effective."

The infrastructure challenges have prompted calls from some diplomats for the Brazilian government to split the event across two cities. They have suggested Belém for ceremonial and political events, while using São Paulo, Rio de Janeiro or Brasília as a base for the wider negotiating teams.

The government, however, has rejected that idea.

"Dividing the event will only divide the problems and increase the costs," Valter Correia da Silva, special secretary for COP30, told local media.

"COP was planned from the beginning to be held in the Amazon," he said. "The symbolism of that location is great. The president has always insisted that everything would be held in Belém, and it will be."