

FINANCIAL TIMES

MONDAY 9 JANUARY 2023

INTERNATIONAL NEWSPAPER OF THE YEAR

ASIA



North Korea is flexing its nuclear muscle
THE BIG READ, PAGE 17

The Middle East's \$240bn mystery company
COMPANIES, PAGE 8

On the move Beijing opens tourist gates

A passenger is greeted by a friend in the international arrivals hall at Shanghai's Pudong Airport after China yesterday lifted quarantine requirements for inbound travellers.

The decision ended almost three years of the country's self-imposed isolation, even though it is battling a surge in Covid-19 cases.

Beijing's relaxation of its previously strict zero-Covid policy also meant that the border between Hong Kong and the mainland could reopen. Tens of thousands of travellers flocked to cross in both directions yesterday.

The reopening of China's borders is likely to trigger a surge in outbound tourism. Many popular destinations are preparing to receive an influx of visitors; around 155m Chinese residents travelled abroad in 2019, the year before the pandemic struck.

Tourism revival page 2



Hector Retamal/AFP via Getty Images

US bolsters military ties with Japan to counter Pacific threat from China

◆ Top general says operations scaling up ◆ Security summit this week ◆ Ukraine offers model for action

KATHRIN HILLE — OKINAWA

The US and Japanese armed forces are rapidly integrating their command structures and scaling up combined operations as Washington and its Asian allies prepare for a possible conflict with China such as a war over Taiwan, according to the top Marine Corps general in Japan.

The two militaries have "seen exponential increases... just over the last year" in their operations on the territory they would have to defend in case of a war, Lieutenant-General James Bierman, commanding general of the Third Marine Expeditionary Force (III MEF) and of Marine Forces Japan, told the Financial Times in an interview.

Japan and the Philippines are intensi-

fying defence co-operation with the US in the face of mounting Chinese assertiveness. Beijing has dramatically increased the scale and sophistication of its military manoeuvres near Taiwan.

Japan and the US are set to discuss strengthening their alliance at security talks between the foreign and defence ministers on Wednesday and a summit between US president Joe Biden and Japan's prime minister Fumio Kishida on Friday in Washington.

'We are setting the theatre in Japan, in the Philippines, in other locations'

LT-Gen James Bierman

The summit comes as Tokyo embarks on a radical security policy shift that will include increasing defence spending and deploying missiles capable of hitting Chinese territory.

In a series of recent exercises, the US Marines for the first time set up bilateral ground tactical co-ordination centres rather than exchanging liaisons with allies' command posts.

In another sign of deepening co-operation, specific Japanese military units have been designated as part of the "stand-in force" alongside III MEF and US Navy and Air Force units.

Meanwhile, the Philippines plan to allow US forces to position weapons and other supplies on five more bases in addition to five where the US already has access.

"You gain a leverage point, a base of operations, which allows you to have a tremendous head start in different operational plans," Bierman said.

In preparing for scenarios such as a Chinese invasion of Taiwan, the US and its allies in Asia are emulating the groundwork that has enabled western countries to support Ukraine's resistance to Russia's invasion, Bierman said.

"Why have we achieved the level of success we've achieved in Ukraine? A big part of that has been because after Russian aggression in 2014 and 2015, we earnestly got after preparing for future conflict: training for the Ukrainians, pre-positioning of supplies, identification of sites from which we could operate support, sustain operations," he said.

"We call that setting the theatre. And we are setting the theatre in Japan, in the Philippines, in other locations."

The Marine Corps is undergoing a sweeping reform that aims to shift its focus from fighting counter-insurgency in the Middle East to operating quickly and clandestinely in the islands and straits of east Asia and the western Pacific.

III MEF is the Marine Corps' only crisis response force permanently stationed outside the US. It operates within the range of Chinese medium- and long-range missiles.

Bierman said that while the US military was paying attention to China's behaviour around Taiwan, the People's Liberation Army should not be perceived as being "10 feet tall".

Briefing

◆ **Republicans threaten new battle with McCarthy**
Rebels within his own Republican party say they may vote down measures new US House Speaker Kevin McCarthy agreed with the rightwing to win election.— PAGE 4

◆ **Netanyahu defends curbs**
Benjamin Netanyahu, Israel's prime minister, has defended his government's move to take more control over the judiciary after protests against the plans.— PAGE 2

◆ **Sweden accuses Turkey**
Sweden has said Turkey is demanding impossible conditions on deportation of alleged Kurdish terror suspects in exchange for allowing it to join Nato.— PAGE 2

◆ **Rush to issue bonds**
Businesses dashed to tap the US corporate bond market during the first week of the year as falling interest rate expectations reduced borrowing costs.— PAGE 6

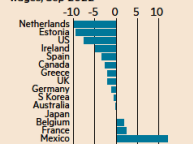
◆ **Apple plans India stores**
Apple has begun advertising for retail staff in India as it gets set to open its first flagship stores in the world's second-biggest smartphone market.— PAGE 9

◆ **Gender imbalance**
There has been slow progress in increasing the proportion of women on the boards of European financial services companies, says a report.— PAGE 8

Datawatch

Shrinking minimum wage

Annual % change in real minimum wages, Sep 2022



Source: OECD
Although most OECD countries have raised minimum wages during the past two years, increases have mostly fallen short of inflation rates, exacerbating the impact of the cost of living crisis on lower paid workers.



Battle to keep the heating and lights on in Ukraine

Power grid ► PAGE 3

Table with 2 columns: Country and Currency/Unit. Includes Australia (A\$7000c GST), China (RMB30), Hong Kong (HK\$33), India (Rupee220), Indonesia (Rp45000), Japan (¥45000c JCT), Korea (₩4,500), Malaysia (RM150), Pakistan (Rupee350), Philippines (Peso140), Singapore (S\$58000c GST), Taiwan (NT\$140), Thailand (฿140), Vietnam (US\$4,50)

Subscribe in print and online

www.ft.com/AsiaSubs
Tel: (852) 5803 3388
Fax: (852) 2905 5590
email: subsasia@ft.com

© THE FINANCIAL TIMES LTD 2023
No. 41,216 ★

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

EY earmarks \$2.5bn for consulting arm acquisitions after planned split

STEPHEN FOLEY — NEW YORK
MICHAEL O'DWYER — LONDON

EY is setting aside \$2.5bn to fund an acquisition spree for its consulting arm following its planned separation from the Big Four firm's audit business, as it presses ahead with preparations for the historic split.

The war chest will allow the new company, which EY aims to float in New York, to double the pace of dealmaking as it battles to win market share, according to people familiar with the plan. Bosses have also earmarked a budget of up to \$400m to be ploughed into building a new brand for the consulting business, which will no longer use the EY name after the split.

EY's global leaders are trying to persuade its 15,000 partners worldwide that the consulting arm and the remain-

ing audit business can both grow faster apart, freed from conflict of interest rules that restrict accounting firms when advising companies they audit.

Andy Baldwin, EY's global management partner for client service, said: "[On] every potential acquisition, on average 25 per cent of the revenue we have to say goodbye to on day two because we audit it. We won't have that conflict any more."

EY has done 200 deals in the past nine years, bringing in about \$1.5bn of annual revenue. The firm had revenue of \$45bn in the past fiscal year. In the current year it expects to buy companies worth about \$400m in annual revenue, roughly three-quarters of which will be in the consulting business.

Financial plans for the consulting business after it is floated — potentially as soon as this year, if partners vote in

favour of the proposal — include a \$2.5bn cash war chest, with a target of acquiring an extra \$1.5bn in annual revenue over the next two years, said people familiar with the preparations.

Targets would include firms that offer advice on corporate strategy, technology or environmental, social and governance (ESG) issues, as well as niche law firms outside the US.

"When we spoke with law firms that wanted to join us, conversations stopped when they learned about our independence rules, which would have meant a cut of 20 per cent of their business," said Cornelius Grossmann, EY's global law leader. "Now we can have these discussions."

Other investment plans after the spin-off include a surge in senior recruitment and a boost to technology investments for the tax advisory business.

World Markets

Table with columns for STOCK MARKETS, CURRENCIES, and GOVERNMENT BONDS. Includes data for S&P 500, Nasdaq Composite, FTSE100, Euro Stoxx 50, etc.

INTERNATIONAL

Oversight powers

Netanyahu defends plan to rein in judiciary

Critics brand overhaul an assault on Israel's checks and balances

JAMES SHOTTER — JERUSALEM

Israel's prime minister Benjamin Netanyahu has hit back at criticism of his plans for a sweeping overhaul of the country's judiciary, branding claims that it would spell the end of democracy as "without foundation".

Thousands took to the streets in the liberal bastion of Tel Aviv on Saturday to protest against Netanyahu's government, which took office last month and has made reining in the judiciary one of its priorities.

At a cabinet meeting yesterday,

Netanyahu defended the plans, which were unveiled last week and would give the government and its allies control over the appointment of judges, and allow a simple majority in parliament to override decisions by Israel's top court to strike down laws.

"We received a clear and strong mandate from the public to carry out what we promised during the elections, and this is what we will do," he said. "This is the implementation of the will of the voters, and this is the essence of democracy."

Politicians from the extreme right and ultrareligious groups with whom Netanyahu has built his ruling coalition have long demanded an overhaul of the judiciary, arguing that it had gradually assumed powers it was never formerly

granted and used them to push a partisan, leftwing agenda.

But critics of Netanyahu's government's plans — which include the opposition, legal and judicial groups, and civil rights organisations — regard

'We received a clear and strong mandate from the public to carry out what we promised'

them as an assault on Israel's checks and balances.

In a series of interviews broadcast on Saturday, Aharon Barak, who headed Israel's Supreme Court from 1995 to 2006, likened the plans to the attacks

on judicial independence carried out by governments in Poland, Hungary and Turkey, and warned that the proposed changes were "fertiliser that will lead to the growth of tyranny of the majority".

The plan to weaken the powers of Israel's top court has provoked fierce criticism, since it is one of the main checks on the government. Parliament does not have a second chamber that can review or block legislation, the president has no veto powers and most laws can be changed with a simple majority.

In an interview with Channel 12 News, Barak said that if the top court's power of judicial oversight were eroded, there was a risk that citizens' rights would be imperilled, adding that the proposals amounted to "a clear and tangible danger

to Israeli democracy. If the Knesset passes a discriminatory, racist law... then you need to have someone with the power to say that you, the Knesset, have passed a racist law that contradicts the [principles of Israel's] Declaration of Independence, which says there will be no racism".

The plans have drawn criticism from Gali Baharav-Mirra, Israel's attorney-general, who warned last month that if they were enacted, Israel would "be left with the principle of majority rule alone. That and nothing more, democracy in name only but not in substance".

Netanyahu said the proposed changes would be debated "seriously and in depth", and "all opinions — without exception — will be heard".

Alliance application

Sweden cannot meet demands of Ankara over Nato bid

RICHARD MILNE — NORDIC AND BALTIc CORRESPONDENT HENRY FOY — BRUSSELS

Sweden has said Turkey is demanding concessions that Stockholm cannot give to approve its application to join Nato as the Scandinavian country's prime minister insisted it had done all it could to meet Ankara's concerns.

Ulf Kristersson, the new centre-right Swedish prime minister, threw down the gauntlet to Turkey yesterday in the clearest language yet from Stockholm that it could do no more to help persuade Turkey to drop its opposition to Sweden and neighbouring Finland joining the western military alliance.

"Turkey confirms that we have done what we said we would do. But they also say that they want things that we can't and won't give them. So the decision is now with Turkey," Kristersson told a Swedish defence conference.

Sweden's government has said joining Nato is its top priority, and its application has been approved by 28 of the alliance's 30 members. But Hungary, whose parliament is expected to ratify Sweden and Finland's membership bids within weeks, and Turkey have yet to do so.

Turkish president Recep Tayyip Erdoğan has accused Sweden of harbouring Kurdish terrorists and alleged members of an Islamic sect blamed for an abortive 2016 coup. He also singled out journalist Bülent Kenes and demanded his deportation over his alleged role in the coup attempt. Sweden's supreme court, in December rejected the extradition request, ruling the journalist risked persecution.

Stockholm has made a number of concessions to Ankara, including distancing itself from a Kurdish militia, lifting an embargo on weapons exports to Turkey and stressing it would work to combat terrorism. Kristersson said yesterday Stockholm was meeting commitments made at Nato's Madrid summit in July but that it had to follow the law on deportations, which is a judicial process in Sweden with no government role.

Opinion polls have shown Swedes do not favour offering too many concessions to Turkey, with 79 per cent in a survey for daily newspaper Dagens Nyheter last week saying they want Sweden to stand up for the rule of law even if that delays its Nato membership.

Asked if Turkey would ratify Sweden's membership before its presidential elections in June, Kristersson said it was "impossible to know".

Pekka Haavisto, Finland's foreign minister, said it looked unlikely that Turkey would ratify membership for the two countries before the elections, leaving the Nato summit in Vilnius in July as the next possible deadline.

Speaking at the same event yesterday, Nato secretary-general Jens Stoltenberg did not directly reference Turkey's block on the process, but said he was "happy that the agreement [with Ankara] has been followed through" and was "confident that we will soon be able to warmly welcome [Sweden and Finland] as full members of Nato".

Turkey's foreign ministry did not immediately return a request for comment. *Additional reporting by Ayla Jean Yackley in Istanbul*

Investment. Residency deals

Ireland's cash-for-visa scheme proves a magnet

Opportunity seized by well-off Chinese anxious over prospects at home

JUDE WEBBER — DUBLIN

George grins broadly as he sips his pint of Guinness in a cosy Dublin pub, basking in the famous warmth of the land of *céad míle fáilte* (100,000 welcomes). As one of a fast-rising number of Chinese citizens investing in Ireland in exchange for residency, he has every reason to feel at home.

George, who asked not to give his real name, has invested €1m in Ireland and said China's uncertain economic outlook had spurred wealthy individuals like him to look for additional residency options abroad. "I'm worried about the future in China," he said.

Ireland's decade-old immigrant investor programme (IIP) soared in popularity in 2022, with the number of would-be investors from China more than tripling to 785 in the nine months to September, from 245 in the whole of 2021. Applications from all countries hit a record 812, nearly twice the annual record set in 2019.

Since the scheme began in 2012, Chinese investors, including those from Hong Kong, have accounted for more than 90 per cent of successful applicants and €1.18bn has been invested in total.

At past Chinese Communist party's national congresses, "the keyword has been 'economic growth'. But the buzzword of the 20th Congress [in October] was 'struggle'", said the head of an Irish-based fund focused on the hospitality sector, in which George has invested €1m. The fund chief executive asked not to be identified.

"The middle class and above worry what that means for them, for their wealth, career and family," he added.

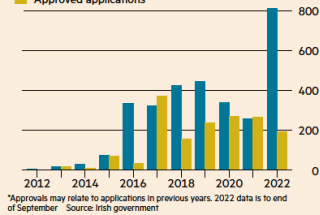
Ireland has become an increasingly alluring choice in part because of problems with similar schemes elsewhere. Brexit made the UK a less attractive option even before London in February halted its own immigrant investor programme over security concerns. The US scheme was also on hold for months.

"We've seen a huge jump [in IIP investments in Ireland] since 2017," said Niamh Walsh, who runs TDL Horizons, which focuses on hotel and tourism



Dubliners: growing numbers of Chinese are investing in exchange for residency *Deirdre/Ramy*

China investor residency applications in Ireland



property sales, in County Donegal, who has worked with IIP clients. "My gut is that this is because of Brexit."

Other factors such as education and the country's friendly reputation made the English-speaking EU member state a coveted choice for investors such as George. Nearly three years of harsh coronavirus curbs — which were relaxed

by Beijing only last month — were another factor in wealthy Chinese seeking overseas residency. "You can definitely draw a correlation there," said James Hartsorn, chief executive and co-founder of Bartra Wealth Advisors, an IIP fund whose portfolio includes social housing and nursing homes.

Many countries have schemes offering residency or even passports in exchange for investment, but Ireland's success has been to make IIP investment "a tool to channel investment into areas of the economy that really need it," said Hartsorn. "Because of the cost of capital, interest rate rises and the cost of goods going up [which could slow investment in those sectors]... the programme is more important now than it was," he added.

Applicants have four routes available: they can invest €1m into an Irish enterprise, invest €1m in an approved investment fund or invest €2m in a listed real estate investment trust — all for a minimum of three years. Or they can donate €500,000 — or €400,000 if applications are made jointly by five

"Buzzword of the party congress was struggle. The middle class and above worry what that means for them"

people — to an arts, sports, culture or education project.

Peter Fitzpatrick, a member of Ireland's Dáil parliament from County Louth and a former Gaelic footballer, has raised almost €15m from Chinese IIP investors to build the first Gaelic games stadium in his county in 60 years.

"We got an agent who had contacts in Asia and got 37 applicants willing to invest €400,000," he said. "We probably could have raised the money [without IIP] but not as quickly. It's a dream come true."

Both George, who has been managing his environmental monitoring business in China remotely, and Helen, a lawyer who also asked not to use her real name and who invested €500,000 to the same fund, say education was a big motivation. George has a son in high school and Helen has one at university in Ireland.

Walsh said "a huge benefit" was that investors had to spend only one day a year in Ireland. They did not lose residency in their home countries.

But the IIP programme does not grant investors the right to a passport. Investors needed to maintain the investment for at least three years. After that they could sell their investment and keep residency status, but had no further obligation to invest, said the hospitality-focused fund chief executive.

Although Chinese demand is driving IIP, applications from the US have also increased. "It has surprised everyone," said Hartsorn. "The main reason I have heard is to do with the political situation in the US. [Former president Donald] Trump rattled a lot of people, there's polarisation and concern about where things are going. There are huge historical connections between Ireland and the US so it allows Americans to get back to their roots," he said.

The number of US applicants more than doubled to 11 so far last year. The programme has had 31 successful US applicants since 2012 and 1,511 from China, with a sizeable number also from Vietnam, Saudi Arabia and South Africa.

Chinese investors, coming from a country with no Google, no Facebook and news largely from official sources, "really appreciate the freedom" that Ireland offered, said the hospitality-focused fund chief executive. He added: "Ireland used to be a hidden secret in Europe... now it has been discovered."

Pent-up demand

Hotel, airline and luxury sectors set for China tourism revival

THOMAS HALE — SHANGHAI

As China reopens to the world for the first time in almost three years, 24-year-old Miao Liang is wasting no time in planning her first trip.

The student, based in the city of Nanjing, hopes to travel to Hong Kong as soon as this month and has already budgeted Rmb5,000 (\$730) for high-end cosmetics.

Since early 2020, the world's largest tourism population has been cut off from the world by China's apparatus of zero-Covid restrictions.

Over the weekend, as Beijing finally dismantled the last of those measures, that looked set to change. Around the world, airlines, hotels and luxury businesses are bracing for the return of tens of millions of tourists and their hundreds of billions of dollars — though

The earliest impact is likely to be felt in Hong Kong, where tourism accounted for 4.5 per cent of the economy in 2018. The city's government has unveiled a quota of about 60,000 daily arrivals in each direction when it reopened the border yesterday.

For major global destinations such as Europe and the US, limited flights and a backlog of visa applications mean the impact of China's reopening could take some time to materialise. The China Outbound Tourism Research Institute estimates 18m Chinese tourists will travel abroad in the first half of the year, followed by 40m in the second.

"There is a lot of pent-up demand from the Chinese to travel but the problem is how agile are we going to be in accommodating them by issuing visas and creating extra flight connectivity," said Eduardo Santander, chief executive

In Japan, where Chinese tourists account for 50 per cent of overseas arrivals before Covid, their return will be critical to hitting a \$37bn annual target for the industry.

But with Japan joining countries including the US, UK, France, Italy and Spain in imposing border controls and compulsory testing on visitors from China, analysts said it could take up to two years for arrivals to regain pre-pandemic levels.

In the US, where China was one of the biggest sources of inbound tourists pre-pandemic, companies also need to pre-



pare. Expedia, the travel website, said searches for flights from China to the US climbed 40 per cent following Beijing's decision two weeks ago to remove inbound quarantine rules.

The speed of the policy reversal, which came even as China is engulfed in its worst outbreak of the pandemic, surprised onlookers. Michael Yu, a 30-year-old office worker in Shanghai, was already arranging a September trip to Italy for a wedding, despite the restrictions then in place. "At that time, [I] predicted that the reopening would happen in the first half of 2023, but I didn't expect it to be so soon," Yu said.

In many cases, enforcement of zero-Covid rules was effectively dropped after the relaxation was announced, long before the Sunday deadline.

When Zhao Xiaobao, a 26-year-old student in Zurich, flew back to Shanghai

Advertisement for Financial Times subscription, featuring images of FT and FT Weekend magazines and contact information for subscriptions and advertising.

INTERNATIONAL

Kyiv battles to keep lights and heat on as Russia targets grid

Engineers try to predict the air strikes and learn from those that succeed

JOHN PAUL RATHBONE — KYIV

On New Year's eve, Andrii Touinda looked out of the window of his Kyiv apartment at the Russian cruise missiles flying overhead and wondered if he would have to spend another night repairing damaged electricity stations to keep the Ukrainian capital's lights and heating on.

"I've got all my team ready at the other end of my phone," said the maintenance engineer at DTEK, Ukraine's biggest private energy company. "It's our job to bring light to people, doing the impossible."

For the past three months, since Ukrainian counter-offensives pushed back Russia's ground forces in the north-east and south, Moscow has opened a deadly second front: relentless volleys of cruise missiles and drones that aim to destroy Ukraine's electricity grid and plunge millions of civilians into freezing winter darkness.

General Valery Zaluzhnyi, commander of Ukraine's armed forces, said in an interview with *The Economist* in December that destruction of the power grid could erode public morale and Ukraine's ability to keep fighting. One intense wave of air strikes on November 23, when Russia dispatched 70 cruise missiles, even led to rolling blackouts in neighbouring Moldova, which is connected to Ukraine's grid.

"The attacks are planned and implemented not only by the Russian military but also by Russian energy specialists," said Volodymyr Kudrytskyi, chief executive

of Ukrenegro, Ukraine's state-owned power company.

Russian engineers knew Ukraine's grid "like the back of their hands" because it was connected to their country's system before last February's invasion, Kudrytskyi said. But Ukrainian engineers now better understand the Russian strategy and could take measures "aimed at minimising the consequences" of the attacks, he added.

Ukrainian officials say Russia has pursued a systematic campaign, focused on destroying the transformers that sit at key nodes of the electricity grid's distribution system, rather than power plants themselves. The aim was to break the grid into isolated islands and prevent power from flowing between regions, energy experts said.

"All the equipment is located in the open air, so it's quite easy to hit," said Maxim Timchenko, DTEK's chief executive. "If there is a direct hit, there is no chance the equipment can be saved."

Moscow claims Kyiv has targeted infrastructure in occupied regions. As Russia ended a self-declared ceasefire to observe Orthodox Christmas on Sunday, the Kremlin said Ukrainian missiles had hit two power plants in the eastern Donetsk region.

Keeping the system going as winter sets in has become a race against time for Ukraine and its allies. The first step was to protect 50 crucial sites with western-supplied air defence systems, such as Nasams surface-to-air-missiles.

The strategy is a trade-off, as the resources could otherwise be deployed



More than 40 per cent of Ukraine's energy infrastructure has been damaged, but engineers have had some success in shunting power around disabled parts of the grid. Ed Ramo/Getty Images

to protect frontline troops. Older second world war-style approaches, such as using machine guns to shoot down drones picked out with spotlights, have therefore also been used. "It is a simple defence system but it can be effective against slow-flying drones," one Ukrainian defence adviser said.

The second prong of Ukraine's strategy is anticipating the attacks and learning from those that succeed. Industry executives hold daily video calls with the energy ministry and other government counterparts to keep abreast of the fast-moving conflict.

To reduce the system's vulnerability, the grace period of up to 60 minutes provided by Ukraine's warning systems are used to power down the system with temporary blackouts, Timchenko said. If any missiles get through, "we adjust the system and air defences . . . so that we are more protected".

The third dimension is repair. Much of Ukraine's grid uses the old Soviet system. This operates at higher voltages than the EU's, making it incompatible

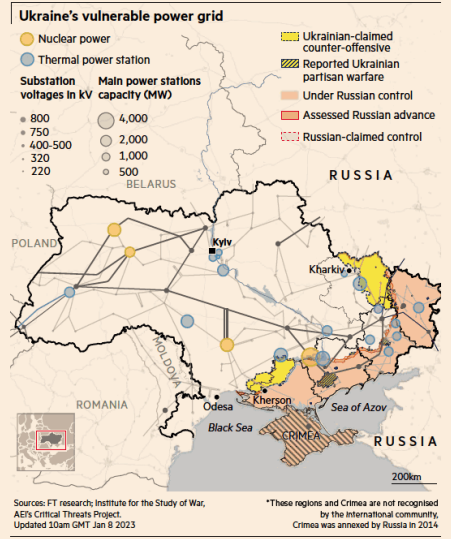
with much western equipment, which cannot then be used to replace damaged gear.

The shortages are most severe with 750kV transformers, which weigh up to 200 tonnes each. Although some replacements have been sourced from formerly communist countries such as Lithuania, most of those destroyed have to be rebuilt. "For the first eight months of the war, Ukraine didn't suffer so much as we had a big stock of [spare] transformers," Kudrytskyi said. "Now they are a crucial need."

More than 40 per cent of the country's energy infrastructure has been damaged in the Russian attacks. But despite blackouts, Ukraine's engineers have proven highly skilled at shunting power around disabled parts of the grid.

At night, those Kyiv restaurants that remain open throw pools of light across dark streets. Some industrial users in the centre of the country, such as iron ore producer Ferrexpo, have even partially restarted production.

"I've been uber impressed at how the



"The electricity grid is like a body: it's all connected and if one part is damaged that is felt everywhere"

Andrii Touinda

country has been able to keep the system running," said Denys Sakva, energy analyst at Kyiv-based Dragon Capital, an investment management company.

However, after a mild December, temperatures are dropping sharply. On Friday, Ukrenegro appealed to civilians to save electricity. With three months to go until winter officially ends on April 1, the government has said emergency blackouts may be reinstated.

Meanwhile, Moscow continues to adapt its strategy. Ukrainian president Volodymyr Zelenskyy has warned Russia may use swarms of drones to "exhaust" Ukraine's air defences, and it could also shift launch sites to bypass established defence lines. Western intelligence services have warned Iran could supply Russia with ballistic missiles and more Shahed drones to replenish Moscow's depleted stocks of precision weaponry.

"If one part [of the grid] is damaged that is felt everywhere," Touinda said. "I am not afraid, but it's getting harder to deal with all the damage."

Flic Financial Literacy & Inclusion Campaign
Supported by the Financial Times

A RARE OPPORTUNITY TO GRILL US

FT FLIC charity lunch auction

Bid for the chance to enjoy a lunch with FT editor Roula Khalaf or one of her top team of FT journalists.

To bid, scan the QR code or go to ft.com/appeal



INTERNATIONAL

Legislation package

McCarthy faces backlash over concessions

Speaker under attack by fellow Republicans after deal with rightwing rebels

LAUREN FEDOR — WASHINGTON

Kevin McCarthy will face a tough first week in his new job as Speaker of the US House of Representatives with some members of his own party already threatening to vote against a deal he struck with rightwing rebels to gain their support.

McCarthy, a Republican, was elected Speaker of the House in dramatic fashion in the early hours of Saturday morning after several days of wheeling and dealing to win the backing of a small but

powerful group of conservative critics. After four days and 15 rounds of voting, McCarthy seized the Speaker's gavel after six members of his own party voted "present" rather than voting against him. He became the first Speaker in 100 years to require more than one ballot to be elected.

Critics questioned whether McCarthy had severely weakened his own hand and traded away too much power in pursuit of the speakership after agreeing to a package of changes to House procedures demanded by the rebels.

McCarthy will lead the lower chamber of Congress with Republicans in control by an exceedingly narrow margin after eking out a victory in November's mid-term elections. The situation means

that a handful of Republican rebels can stand in the way of any single piece of legislation. There were already concerns at the weekend that the sweeping rules package, which sets parameters for the new session of Congress, could be held up by a small number of objectors when it is put to a vote today.

Nancy Mace, a moderate Republican congresswoman from South Carolina, told CBS News yesterday that she was "on the fence" about whether to vote for the package.

Mace said she wanted to know more about any backdoor deals that McCarthy had struck with rightwing Republicans to secure their support in the Speaker vote.

Tony Gonzales, a Republican con-

gressman from Texas, has also threatened to vote against the bill. He told CBS yesterday that he took issue with hawkish budget proposals that could result in big cuts to the US defence budget — something he called a "horrible idea".

He said: "When you have aggressive Russia and Ukraine, you've got a growing threat of China in the Pacific. ... how am I going to look at our allies in the eye and say, I need you to increase your defence budget, but America is going to decrease ours?"

But McCarthy allies projected confidence that they would secure enough votes to pass the rules package by a simple majority.

Jim Jordan, a Republican congressman from Ohio poised to become chair

of the House judiciary committee, told Fox News yesterday: "We'll see tomorrow. But ... I think we'll get the 218 votes needed to pass the rules package."

On Saturday, McCarthy demurred when a reporter on Capitol Hill asked him whether he had the votes to pass the rules package, saying only: "It's my day off, OK? Give me a break."

The White House said President Joe Biden, a Democrat, congratulated McCarthy on Saturday afternoon to congratulate him on his election as Speaker.

In a statement released earlier in the day, Biden said he was ready to work with Republicans on legislation but warned that he would oppose efforts to cut federal funding for social security, Medicare and the military.

Growth outlook

India central bank warns on South Asian debt distress

JOHN REED AND CHLOE CORNISH
NEW DELHI

India's central bank government has expressed concern over growing debt distress among regional trade partners and has said he is alert to possible risks to his country's economy from a global slowdown.

Shaktikanta Das said in an interview with the Financial Times that he was optimistic about India's growth and financial stability despite the deteriorating global economic outlook. The IMF expects recession to affect one-third of the global economy this year, it said recently.

Analysts forecast that India will be a bright spot but the Reserve Bank of India governor said there was "no room for complacency".

"Net-net, India is far better placed than almost all other countries," he said. However, "the global challenges are building up," he added, saying they "will have their spillovers and will have their impact on India".

Of India's regional neighbours, Das said: "We are quite concerned about the debt distress in all these countries because we have a lot of trade relations with these countries. It's a matter which we are looking at with a lot of interest."

Das declined to specify which countries he meant, but Sri Lanka last year became Asia's first country in decades to default.

Meanwhile Pakistan, India's nuclear-armed western neighbour and traditional foe, is down to \$5.6bn of foreign exchange reserves, equivalent to about one month's imports.

Bangladesh's export-led economy has been hit by slower demand, rising fuel prices and power cuts, leading its government last year to seek IMF help.

By contrast, regional power India was one of the world's fastest-growing large economies over the past year.

Das attributed India's resilience partly to Narendra Modi's government's "calibrated, prudent" fiscal response to the Covid-19 pandemic and partly to the RBI's monetary policy response, which was time-limited and targeted to specific sectors. India's substantial foreign exchange reserves boosted international investor confidence, he said.

India's relatively conservative approach to Covid-19 stimulus spending had helped to keep a lid on inflation, Das said. Although the RBI forecasts India's inflation for the current fiscal year will be 6.7 per cent — above the 4-6 per cent band that the RBI targets — it is lower than in many other leading economies.

Many economists expect New Delhi to increase spending in next month's annual budget, ahead of 2024's general election. But Das said he had "no reason to doubt" the government's commitment to curbing its fiscal deficit.

India's foreign exchange reserves, which peaked at \$642bn in 2021, have fallen to about \$563bn after spending to stabilise the rupee and revaluation because of the strengthening dollar.

Das described this as a "very comfortable level", equivalent to nine months of India's projected imports and 92 per cent of its external debt.

He rejected the idea that India "burnt up" reserves during 2022.

The RBI governor was scathing about cryptocurrencies, arguing that the RBI had helped to shield investors from the recent meltdown in the sector by advising the government against regulating — and therefore legitimising — digital assets.

Regime resilience. Opposition disarray

Maduro strengthens hand as Venezuela president

'Interim government' ends along with Washington's effort to maximise pressure

MICHAEL STOTT — BUENOS AIRES

Juan Guaidó proclaimed himself Venezuela's rightful president to the cheers of crowds and the acclamation of the US, Europe and much of Latin America.

Four years later, the end came quietly, behind closed doors and at the hands of his own side.

Members of Venezuela's opposition decided at an online session by 72 votes to 29 on December 30 to scrap Guaidó's "interim government", belatedly recognising its failure to unseat the South American country's socialist president Nicolás Maduro.

On January 4, it appointed a new leadership triumvirate of exiled lawmakers.

Guaidó's political stunt, sponsored by the Trump administration and backed up with crippling economic sanctions on the Maduro government and Venezuela's once-mighty oil industry, instead turned into a US foreign policy failure.

The result was an exodus of refugees and the devastation of the South American nation's economy.

"This marks the end of the US strategy of 'maximum pressure' on Venezuela," said Francisco Rodriguez, professor of public affairs at the University of Denver. "The great majority of the opposition understood that it would lead nowhere. The interim government was clearly weakening with fewer and fewer countries supporting it."

Now approaching a decade in power with continued backing from Russia, China, Cuba and Iran, Maduro looks stronger than ever as he approaches the next presidential election, scheduled for 2024.

"It's time for ... a new geopolitics to redistribute power in the world," Maduro proclaimed in a television interview at the start of the year. "That war in Ukraine is part of the birth pains of a [new] world which is rising. Have no doubt that we will be there ... in the vanguard."

The US-backed opposition, meanwhile, is in disarray. "By overturning the Interim Presidency, these deputies have committed an unconstitutional historical mistake that only benefits the dictatorship," Carlos Vecchio, who must vacate the Venezuelan embassy residence in Washington after the demise of the interim government ended his role



Centre stage: President Nicolás Maduro raises a fist as he participates in a rally commemorating former leader Hugo Chávez (Leandro Fernández Vialón/Reuters)

as its ambassador to the US, said in a statement.

Damaged by the failure of the interim government, most Venezuelan opposition leaders are polling worse than Maduro, whose popularity has recovered somewhat as the economy pulls out of a nosedive that destroyed about three-quarters of gross domestic product. The IMF estimates that Venezuela's GDP expanded 6 per cent last year and forecasts similar growth this year, although inflation is accelerating again.

Washington is now trying to press Maduro to resume internationally sponsored talks in Mexico with the Venezuelan opposition to guarantee free and fair elections in 2024, offering the carrot of sanctions relief. The Maduro government left the talks in October 2021 and has yet to restart formal discussions, despite an agreement to do so last year.

Some experts believe the Mexico talks could deliver significant change in Venezuela, particularly if the US, the EU and Latin America keep up pressure on Maduro.

"Since there is — finally — the potential of progress in Venezuela and greater focus on the negotiations and the 2024 presidential elections, now is the time to start to broaden the discussion among stakeholders within Venezuela and out-

side," said Christopher Sabatini, senior fellow on Latin America at Chatham House.

Sabatini said the private sector could help. "They are one of the few remaining sectors (with the exception of Cuba, China, Russia and Iran) with any pull with the Maduro government," he said. "The trick is to engage them now to use it for positive outcomes."

Tamara Taracuz Broner, acting Americas chief for Human Rights Watch, added a note of caution. "The Maduro government has no incentive on its own to restart negotiations," she said. "It's extremely important that the governments who want to see a democratic transition support the opposition."

Among the few things that the Guaidó administration did control were Venezuelan oil industry assets in the US, central bank gold stored in the UK and diplomatic buildings in Washington.

Its demise leaves them in limbo amid legal battles on both sides of the Atlantic as the Maduro government seeks to reassert control. The opposition on Thursday appointed a commission to control the assets but it is unclear whether courts will recognise it.

Washington granted a six-month licence to Chevron last November to

resume pumping oil from its Venezuela oil operations, in an attempt to encourage political dialogue.

Investors are hopeful that the move may herald a broader economic opening in Venezuela. It could also improve the chances of restructuring about \$60bn of outstanding government and state oil company debt, currently trading at less than 10 cents on the dollar.

But for now, the fear of falling foul of US sanctions act as a powerful deterrent to foreign investors doing business in Caracas. "Anyone coming to Venezuela now will find great deals," one lawyer in Venezuela said. "But while the sanctions are in place, people will think twice about committing funds."

US officials insist that, following the Chevron move, no further sanctions will be lifted unless Maduro plays ball.

With the opposition weakened, the economy improving and the political tide in Latin America turning in his favour with the election of a new crop of leftist leaders, Maduro may feel little need to make concessions.

"Today, Maduro has no credible threats on the horizon," said Luis Vicente León, president of the Caracas-based polling and research firm Datanálisis. "I am not expecting Maduro's exit from power in 2024."

"Those deputies have committed a historical mistake that benefits the dictatorship"

resumes pumping oil from its Venezuela oil operations, in an attempt to encourage political dialogue.

Investors are hopeful that the move may herald a broader economic opening in Venezuela. It could also improve the chances of restructuring about \$60bn of outstanding government and state oil company debt, currently trading at less than 10 cents on the dollar.

But for now, the fear of falling foul of US sanctions act as a powerful deterrent to foreign investors doing business in Caracas. "Anyone coming to Venezuela now will find great deals," one lawyer in Venezuela said. "But while the sanctions are in place, people will think twice about committing funds."

US officials insist that, following the Chevron move, no further sanctions will be lifted unless Maduro plays ball.

With the opposition weakened, the economy improving and the political tide in Latin America turning in his favour with the election of a new crop of leftist leaders, Maduro may feel little need to make concessions.

"Today, Maduro has no credible threats on the horizon," said Luis Vicente León, president of the Caracas-based polling and research firm Datanálisis. "I am not expecting Maduro's exit from power in 2024."

Poisoning claim

Boss of South African state power monopoly says he survived murder attempt

JOSEPH COTTERILL — JOHANNESBURG
DAVID PILLING — LONDON

The chief executive of South Africa's Eskom state power monopoly survived an alleged attempt to kill him with cyanide-laced coffee last month, shortly after submitting his resignation.

The alleged plot to poison André Ruyter took place before it was widely known that he had resigned, according to people familiar with the details. De Ruyter drank a cup of coffee laced with cyanide on December 12, they said.

Pravin Gordhan, the minister overseeing Eskom and other state companies, said on Saturday that De Ruyter had informed him of the alleged plot.

De Ruyter, who will stay as Eskom chief executive until the end of March while a replacement is found, did not respond to a request for comment.

The timing of the incident indicates that those allegedly seeking to warn De Ruyter, or to kill him, may not have known he had already quit. The coffee machine at Eskom's Johannesburg headquarters was out of service, according to people briefed on the incident, but he was served the drink from a different source using his usual mug. He immediately felt nauseous and confused, forgetting familiar words.

De Ruyter had sought to turn round Eskom by taking on alleged criminal syndicates that have been draining the

The alleged poisoning underscores the threat to the government's campaign to root out corruption from South Africa's state-owned companies. Ramaphosa strengthened his grip on the ruling African National Congress in December with his re-election as leader despite a damaging scandal over a theft at his private game farm.

The main opposition Democratic Alliance said yesterday that "not only has de Ruyter been left out to dry amid ANC shenanigans but now criminal syndicates within Eskom are palpably hell-bent on cementing their stronghold on Eskom that is destroying the economy ... firm and decisive action needs to be taken now".

on January 5 2023, and the case can be assumed to be under investigation." Eskom's crisis is seen as the biggest threat to South Africa's economy and to the ANC's decades-long grip on power ahead of national elections next year.

In 2022 South Africans endured twice as many power outages as the year

before as breakdowns increased at Eskom's fleet of ageing coal power stations. Newer coal-fired plants also constantly malfunction. The power cuts continued throughout South Africa's holiday season and into the new year.

De Ruyter made many enemies after his appointment in late 2019, as he launched investigations into alleged criminal syndicates that he accused of worsening the blackouts by pilfering supplies from coal power stations and sabotaging attempts to fix problems. He is protected at all times by a bodyguard, as are other executives and some power station operators at the company.

"Make no mistake Mpumalanga is a gangster province," de Ruyter told the

battle between those who want South Africa to work and thrive, and those who want to corruptly enrich themselves," Gordhan said.

A plan to split Eskom, which is heavily in debt, into separate generation, transmission and distribution units has been opposed by some members of the ANC who see it as a way of reducing state control and privatising the energy sector.

In delayed annual statements released last month, the company's auditors warned of "significant control deficiencies" in the supply of coal, fuel and parts to power stations. In one incident, they added, key documents that they had requested "were purposefully destroyed in a fire".



Don't hold your breath Despite the FTX fallout, there is no guarantee of US regulatory action on the tech sector **OPINION**

Companies & Markets

Race is on to tap US bond market's easier conditions

- Investors trim expectations for rates
- Credit Suisse and Ford among issuers

KATE DUGUID — NEW YORK

Companies have rushed to borrow money in the US corporate bond market in the first week of the year, taking advantage of easier financial conditions as investors scale back expectations for the path of future interest rates.

In the first seven days of 2023, companies ranging from Credit Suisse to Ford issued \$63.7bn worth of US-marketed debt, compared to data from Dealogic, compared with a total of \$36.6bn in the last five weeks of 2022.

While this week's issuance is lower than the \$73.1bn that it issued in the first

Issuance is typically high in January because demand is lower in December as many investors go on vacation. December was particularly slow in 2022 because the holidays were immediately preceded by a high-stakes Fed meeting at which the central bank changed the pace of its monetary tightening.

In the minutes from its December meeting released this week, Fed officials warned that "unwarranted easing in financial conditions, especially if driven by a misperception by the public of the committee's reaction function, would complicate the committee's effort to restore price stability".

Several issuers this week, including Société Générale and UBS, had initially begun to feel out interest at the beginning of December only to find a very slow market, according to an investor who wished to remain anonymous because of the confidential nature of the discussions. The majority of issuance this week was investment grade, with offerings from foreign banks with big businesses in the US and just one high-yield offering from Ford, which ranks high on the spectrum of junk ratings.

Corporate yields have fallen further than those on Treasuries, with the difference between the two — the premium that investors demand to hold riskier corporate bonds over risk-free Treasury bonds — also shrinking since October. That is typically an indication that investors see lower risk of default, suggesting some have scaled back expectations for the magnitude of the slowdown in the US economy this year.

But some investors who are persuaded that a recession is coming said the lower premiums companies were paying to borrow were not enticing enough for investors. "Spreads are very tight for where we are in the economic cycle so you need to be selective," said Monica Erickson, head of investment grade credit at DoubleLine Capital.

'If the 10-year Treasury stays at these levels for an extended period of time, you will see more issuance'

week of January 2022, interest rates have jumped from near zero to a range of 4.25-4.5 per cent since then. This has raised the cost of borrowing with more tightening yet to come from the Fed.

Although the cost of borrowing is far higher than it was a year ago, it has dropped since peaking in October as cooling inflation has tempered expectations of how long the Fed will have to keep interest rates high.

This is despite the central bank's insistence that it will keep interest rates elevated until it reaches its target 2 per cent inflation rate. Treasury yields have fallen as investors bet that interest rates will peak at about 5 per cent in June.

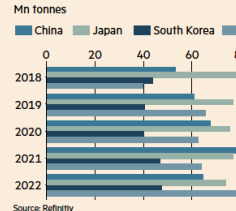
"If the 10-year Treasury stays at these levels for an extended period of time, you will see more issuance come to market," said Will Smith, director of US high-yield credit at AllianceBernstein. "And if it's just lower levels, it is lower volatility. The more volatility there is in rates, the less corporate issuance."

Gas quest Europe takes lead in LNG imports to replace dwindling Russia pipeline supply

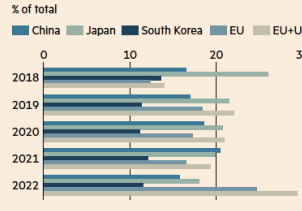


EU countries imported 101mm tonnes of LNG last year, 58 per cent more than 2021 — Loc Venance/AP/Getty Images

EU outstrips rivals on LNG imports



LNG imports by proportion of global volumes



SHOTARO TAMI — LONDON

Europe was the largest customer in the global liquefied natural gas market in 2022, with the region importing substantially higher volumes than rival buyers as it seeks to replace dwindling Russian pipeline gas supplies.

In previous years, the EU lagged behind Japan and China on LNG imports, but Russia's weaponisation of energy since its invasion of Ukraine has forced the bloc to seek alternative fuel supplies.

With Europe's need to import greater volumes to fill up its storage facilities in 2023, the LNG market is set to remain tight, potentially pushing up prices for gas users worldwide.

EU nations imported 101mm tonnes of LNG in 2022, 58 per cent more than the previous year, data from Refinitiv show. The bloc accounted for 24 per cent of global LNG imports during the period.

Europe's quest was aided by a

reduction in demand in China, said Namit Sharma, global co-leader of oil and gas at consultancy McKinsey. Beijing's strict zero-Covid policy led to a deceleration in the economy and reduced demand for energy. "Had China purchased more LNG, it would have been difficult for Europe to actually source that gas," Sharma said.

China's LNG imports in 2022 totalled 64.5mm tonnes; in 2021 it was the largest importer globally with 79mm tonnes. The country also re-exported some excess LNG to Europe this year, helping to top up the bloc's gas storage.

The EU's LNG import last year is equivalent to 137bn cubic metres worth of natural gas, close to the about 140bn cm of pipeline gas it received from Russia in 2021.

Analysts warn, however, that Europe will need to import more LNG in 2023, as it starts the year largely void of Russian pipeline gas, as Moscow moved to halt supplies.

Meanwhile, China has also dropped

its zero-Covid rules, which analysts expect will lead to a revival of LNG demand — albeit not to the same level as 2021, as Beijing has deployed huge amounts of renewable energy and is building its domestic gas supply.

LNG now makes up about 35 per cent of Europe's gas supply, up from 20 per cent last year, according to data from think-tank Bruegel.

The International Energy Agency warned in December that the EU could face a potential gas supply-demand gap of 27bn cm in 2023 in a scenario where Russian pipeline gas deliveries drop to zero and China's LNG imports rebound to 2021 levels.

Improvements in energy efficiency and a more rapid development of renewables would help to fill the gap, the IEA said. These shifts will be needed "to satisfy the conditions of refilling gas storage levels to 95 per cent and maintaining gas supply security through to the spring of 2024 without excessive strains on markets and European consumers".

Ma gives up control of Ant after Xi crackdown

CHENG LENG — HONG KONG
RYAN MCMORROW — BEIJING

Chinese billionaire Jack Ma is to relinquish control of Ant Group, the fintech company revealed on Saturday, as its founder continues his withdrawal from his online businesses following Beijing's tech crackdown.

Ma will see his voting rights shrink from above 50 per cent to 6.2 per cent, according to calculations based on a statement from the online payments and loans provider. The planned change of control, first reported last July, would help release the company from the limbo it has experienced since an intended IPO was pulled at the last minute in November 2020.

A change in control starts the clock on Ant having to wait a year before it can attempt a fresh listing in Hong Kong, or two years for the high-tech star board in Shanghai. But the timeline could be delayed if other regulatory requirements are not met.

Ma also co-founded leading e-commerce company Alibaba and separated the Ant payments business from it in 2011. Ma's status in the companies has been in jeopardy since he gave an ill-timed speech criticising Chinese regulators and the country's state-owned banks on the eve of Ant's IPO.

The speech led President Xi Jinping to force the abandonment of Ant's listing and triggered a regulatory crackdown on the country's largest tech groups. Ma was compelled to retreat from the limelight. He has increasingly spent his time outside China, most recently living in Tokyo for many months.

The changes mean Ant will have no ultimate controller, the company said, adding that independent directors — who include Laura Cha, the Hong Kong stock exchange chair — would make up more than half of the board.

"As a result of the adjustment, the shareholding structure of Ant Group will be more transparent and diversified, which will facilitate the steady development of the company," it said, adding the changes would not affect its daily operations.

Duncan Clark, founder of the Beijing-based BDA Consultancy, said the government had been working to reassert control over the sector. "Jack ceding control is likely the culmination of the campaign," he said. "The need to restore investor confidence and stimulate growth will now outweigh everything."

FT Weekend

Italian lemons the size of adult hands hang abundantly

The real poetry of property is what we find within its walls

So beloved is Tiramisu that it has its own World Cup

Financials. Soured bet

Apollo and rivals set for Carvana showdown

Pandemic darling with a model billed as revolutionary now faces fight for survival

SUJEI INDAK AND ORTENCA ALIAJ
NEW YORK

The last time Apollo made a big bet on the US car sector, it walked away with hundreds of millions in profits, courtesy of Hertz. This time it is forced to band together with Wall Street rivals as they brace for a showdown with Carvana, the pandemic darling that promised to revolutionise how Americans bought cars but now faces a fight for survival.

The group last April bought just over \$800m of junk bonds issued by Carvana, betting it could regain some of the \$50bn equity valuation it reached in 2021 before crashing as interest rates rose and consumers cut spending.

Apollo belived in Carvana's plan to sell cars online and thought the 10.25 per cent annual coupon on offer in the \$3bn bond issuance offered plenty of protection. The firm was reassured by a study into Carvana's model in which other investors, had commissioned from Bain in early 2022. Apollo, considered by many to be the canniest credit investor, had been a longtime investor in the online car retailer's debt.

"Apollo was drunk on the Manheim

the dollar. The paper losses imply a \$400m loss for Apollo, but that had been mitigated by coupon payments and hedging activities, said a person familiar with the position.

Apollo and other bondholders are gearing up for a potential clash with the company and the founding Garcia family, which holds shares controlling 84 per cent of votes.

Carvana was built out of DriveTime, an Arizona used-car business owned by Ernie Garcia II, and pitched itself as the disrupter of used-vehicle dealerships. The group, which went public in 2017, sells hundreds of thousands of vehicles each year and is run by Ernie Garcia III. Apollo, Carvana and the Garcia family declined to comment.

In December, Apollo and at least six other firms that together hold 80 per cent of Carvana's more than \$5bn in debt formed a pact to pre-empt the company from leaning on individual bondholders and pitting them against each other. The "co-operation agreement" rules out side deals and stands for at least six months. The group of bondholders "locking arms", as one member put it, included Ares Management, Pinco, BlackRock, Knighthead Capital, Davidson Kemper and Oaktree. All of the firms declined to comment.

The bondholders had chosen to organise after they learned that Carvana was working with law firm Kirkland &

was also part of Apollo's foray into the US vehicle sector when the former co-ed an equity investment to successfully buy Hertz out of bankruptcy in the summer of 2021. Apollo had purchased \$1.5bn of Hertz preferred stock, paying a 9 per cent annual dividend. Late in 2021, months after emerging from bankruptcy, the car rental group decided to repay the pricey Apollo stock for a contractually agreed 25 per cent premium, or \$1.875bn.

Like Hertz, Carvana had found itself propelled by consumers flush with stimulus cash and a dearth of vehicles, which sent rental car rates and used car prices soaring. Carvana had never turned a net profit. By early 2022 it was not only facing plummeting demand but was weighed down by the \$2bn acquisition of Adesa, a company with a network of physical car auction sites. Carvana, which bought at the top of the market, had struggled to raise financing to close the deal. When it sold bonds in the spring, in part to fund the Adesa deal, it also sold \$1.3bn of stock, a third of

which went to the Garcia family. Since then, the stock has fallen 94 per cent from the \$80 stock price offering and Carvana's market cap has shrunk to about \$1bn. Even while having the capacity to issue secured bonds, it is labouring under hundreds of millions of dollars in annual interest payments.

In the third quarter of last year, Carvana announced its first year-on-year decline in vehicle unit sales. Despite the headwinds, Garcia III said it had enough near-term liquidity between \$300m in cash, \$2bn of revolving credit capacity, as well as \$2bn in equity investment that could be borrowed against. People involved in the organised debt group said the bondholders had not yet formed any specific strategies nor had seriously engaged with Carvana. They said options include committing more capital in the form of debt or equity but that the company had little ability to pay more interest or issue new shares at its current valuation.

Several Carvana creditors said they thought the company, with fresh capital, could further slash costs and turn cash-flow positive. The Garcia family remains a wild card. The elder Garcia has no official role at the company but has sold billions of dollars in Carvana stock in recent years.

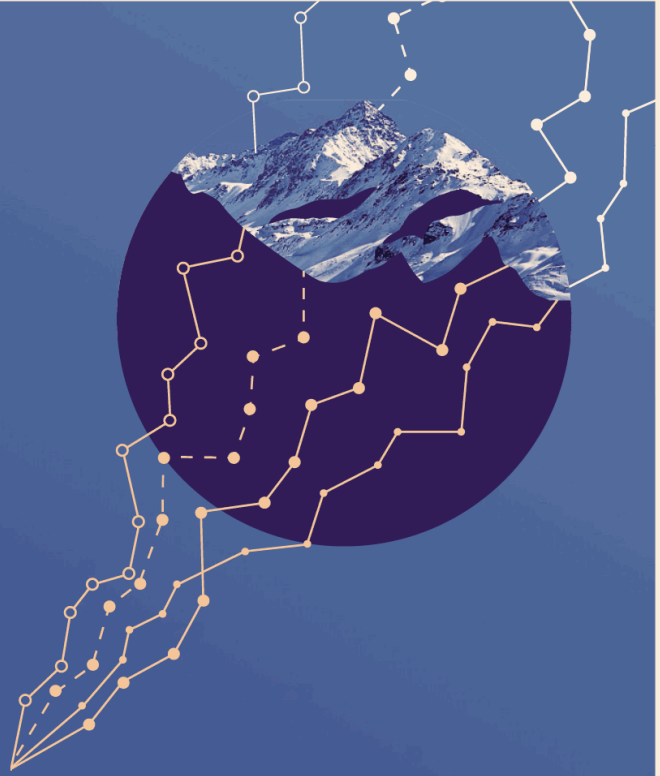
John Colantuoni, at Jefferies, said Carvana's survival came down to "access to capital over the next five to 10



FT AT DAVOS

FT Live events taking place around the World Economic Forum's Annual Meeting

16 – 20 January 2023 | #FTDavos



Live from Davos, alongside the World Economic Forum Annual Meeting, FT Live will host a number of events gathering leaders in policy, business and finance to share insights into the big issues being debated and the solutions that may pave the way to renewed growth, stability and resilience. Join our top journalists and leading speakers for drinks, panel discussions and digital broadcasts.

Monday 16 January | Drinks Reception

CRYPTO'S GREAT RESET

Can it move from speculation to real-world utility?

17 – 19 January | Live Broadcast

THE DAVOS DAILY SHOW

Insider insights from the World Economic Forum's Annual Meeting 2023 hosted by Andrew Hill, the FT's Senior Business Writer

Tuesday 17 January | Digital Event

GROWTH IN AN AGE OF UNCERTAINTY

How can European companies capitalise on disruption and boost competitiveness?

Tuesday 17 January | Digital Event

A NEW WAY TO ATTRACT AND RETAIN THE BEST TALENT

The skills-based organisation: a radical transformation in hiring, development and retention

Wednesday 18 January | Drinks Reception

CYBER SECURITY: A LEADERSHIP PRIORITY

Evaluating risk, strengthening governance and resilience

Find out more about all the events



COMPANIES & MARKETS

UAE group worth \$240bn rises out of the blue

Bankers baffled by growth of IHC, an Abu Dhabi-listed group whose share price has gone up 42,000% since 2019

ANDREW ENGLAND AND SIMON KERR
ABU DHABI

Three years ago, International Holding Company was a little-known banker when it ran fish farms and food and real estate businesses. It employed just 40 people. Today, the Abu Dhabi-listed group's market capitalisation of \$240bn is more than double that of global giants Siemens and GE and it has a headcount of 150,000.

It is an extraordinary transformation that has largely gone unnoticed outside the United Arab Emirates and is little understood, even by bankers based in the region. "Nobody knows," said one Gulf-based international banker when asked to explain IHC's dramatic growth.

It is a common response to questions about the conglomerate, despite it accounting for a third of the FADX 15, the benchmark index of the Abu Dhabi Securities Exchange. As its share price has soared more than 42,000 per cent since 2019, it has become the second largest listed company in the Middle East after Saudi Aramco, the state oil company.

Even Syed Basar Shueb, who took over as IHC's chief executive in mid-2019, acknowledged that "it's amazing".

In an interview with the Financial Times, he insisted there were simple explanations for the company's growth — the transfer of more than 40 companies, which combined were worth \$4.7bn according to IHC, from Royal Group, another Abu Dhabi conglomerate. The majority of the businesses were transferred at nominal value of one dirham each, Shueb said.

Yet that explains only part of the story: IHC's assets rose from \$215m at the end of 2018 to \$54bn in the third quarter of 2022, to trade at 21 times book value, according to Refinitiv. IHC says this is due to the growth of the businesses it now controls. "We don't give any dividend, the profits we made in 2020, 2021 are mainly... invested back," Shueb said. "We are trying to create a giant here... a global giant."

Others view IHC as an example of the



increasingly blurred relationship between business and power in Abu Dhabi, the UAE capital and wealthiest member of the federation.

It has also sparked questions about transparency. "It's probably the biggest threat to the ADX because we don't know what's happening," said the banker. "There's a lot of great things happening on the ADX, and then there's this thing that nobody knows."

Such is the concern about the spectacular growth of IHC's market capitalisation that officials in neighbouring Dubai no longer consider the possibility of

reviving discussions on a future merger of its stock market with the ADX, people with knowledge of the matter said.

Ernst & Young said its review of IHC's latest financial statement, for the third quarter of last year, was "substantially less in scope" than an audit along international standards and therefore it was unable to obtain assurance "of all significant matters".

IHC said: "Due to the limited amount of information that is required to be presented in an interim financial statement... external auditors typically do not conduct a full-fledged audit of these

'We don't give any dividend. We are trying to create a giant here... a global giant'

financial statements." The company's transformation can be timed to the period Sheikh Tahnoon bin Zayed al-Nahyan, one of the most powerful figures in Abu Dhabi, took over as chair in 2020. As well as being the UAE's national security adviser, he is the full brother of its president, Sheikh Mohammed bin Zayed al-Nahyan, and he oversees an expanding business empire.

In addition to his role at IHC, he chairs ADQ, a new and increasingly active state investment vehicle, First Abu Dhabi Bank, the UAE's largest lender, and Group42, an Abu Dhabi-based artificial intelligence and cloud computing company. He also controls Royal Group, a holding company that owns 62 per cent of IHC. About 24 per cent of IHC's shares are freely floated, with more than 90 per cent of investors from the Gulf.

Shueb said Sheikh Tahnoon's vision for IHC "was limited to creating value for the shareholders". He dismissed scepticism about what had driven the rapid share price growth, saying it was a "little bit of ignorance of the bankers who are not looking at it properly".

He added: "The investor who is willing to invest at this market cap, it is only because they have done their homework well because they can see those assets have a significant value. I believe people are anticipating that those certain assets that are still outside [with Royal Group] will come to the IHC

Sheikh Tahnoon bin Zayed Al Nahyan, left, and Syed Basar Shueb
FT PHOTOGRAPHERS © IFC

group... which I'm not denying, it's likely they will come."

Shueb sought to explain the group's goal as "one simple thing... [to] create value for our shareholders by investing in different portfolios, not one stream of investment". For example, he said if IHC bought a telecoms company it would integrate it on the services side of IHC, and expand into "solutions" and "hardware sales". In agriculture, the plan was to supply food from "farm to table".

He added that the company had a \$10bn war chest for investments and was targeting group revenue growth from \$7.7bn in 2021 to \$27bn in 2023, largely through acquisitions. "Our five-year plan is to reach 11m dirham [\$27bn] in revenue at least, in acquisitions, and our own businesses are doing very well," Shueb said.

Deals by IHC in 2022 include investing \$2bn in three Mumbai-listed companies that are part of the empire of Gautam Adani, Asia's richest man, \$500m to buy a 50 per cent stake in a Turkish clean energy company and a \$2bn offer to buy up to 51.25 per cent of Colombian food group Grupo Nutresa.

Shueb attributed IHC profits of \$6.5bn in the first nine months of 2022, a 256 per cent rise compared with the same period in 2021, largely to investments, including in the Adani companies.

Shueb said IHC's focus was on tech, healthcare, real estate, construction, food and agribusiness and general investment. Geographically, its attention was on Asia and Latin America and it was looking for deals in markets as diverse as Turkey and Indonesia.

"These are progressing economies; they have population; they have reasonable systems to support all this growth and at the end of the day, because we are from Abu Dhabi and UAE population is only 10m, I cannot... reach 100m through these companies," he said.

He added that IHC was also "looking at certain deals" in the US, where it already had some holdings, including a stake in Elon Musk's SpaceX. But he viewed Europe as "a very uncertain market right now", adding: "We are getting a lot of very good deals [in Europe], but [we] don't know if these good deals will stay good."

Asked why there was no independent research on the group despite its size and dominance of the ADX, Shueb said "it's up to them if they want to do it or not. When I go to the market for any IPO for my companies, I get enough questions from the local investor base... they have enough research on our financials. Our books are very open."

IHC has had discussions with a credit agency about a rating, but that process hit a stumbling block when the agency asked what to compare the group with, Shueb said.

He said IHC had debt of about 10bn dirham, excluding operating debt at portfolio companies, and would look to increase borrowing as it expanded. He said the group was developing relations with international banks, including securing a loan of "several billion dollars" from Standard Chartered and was engaging with Goldman Sachs and UBS.

Others still need convincing of the group's strategy. "I don't understand it because it's a \$200bn market cap company that files less disclosure than entities significantly smaller than that, and the whole complex of listed and unlisted subsidies that are highly active," said another Gulf-based banker. However, "it's such an important source of deal flow that I'm sure some banks are examining what they can do," to get involved, he added.

FT LIVE

In partnership with



CYBER SECURITY: A LEADERSHIP PRIORITY

Evaluating Risk, Strengthening Governance and Resilience

18 January 2023, 17:15 - 19:00 CET

In-person panel discussion and networking drinks reception
Hard Rock Hotel Davos

Join the Financial Times in partnership with Assured Cyber Protection and EY, where we will bring corporate leaders together to discuss ways to assess the risks, build resilience and safeguard assets, employees and customers. This high-level event will take place on the side-lines of the World Economic Forum Annual Meeting in Davos.



Mitchell Scherr
Chief Executive Officer
Assured Cyber Protection

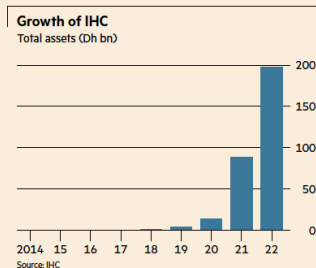


Jeanne Boillet
Partner | Global Account
Committee – Assurance
Lead, EY



Gideon Rachman
Chief Foreign Affairs
Commentator
Financial Times

Apply to attend at
cybersecuritydavos.live.ft.com



Financial services

Women still under-represented at board level

SIDDHARTH VENKATARAMAKRISHNAN AND EMMA DUNKLEY — LONDON

Europe's financial services companies are making slow progress on gender diversity, with women still accounting for little over 40 per cent of board seats despite filling half of the appointments made at that level in 2022.

The data, in a report released by EY, underlines the significant road ahead for employers seeking to improve female representation, which campaigners said was only part of the process for a more equitable financial sector.

"While having half of board seats filled by women last year is a notable milestone... quotas by themselves do

not guarantee progress. It's about groups in the second half of the year, up from 37 per cent when the same research was completed for the first time in June. Across the FTSE 100, the average was nearly 40 per cent in 2022, according to previous research by EY and Cranfield School of Management.

There was a divergence in performance between sectors, with wealth and asset managers sliding marginally backwards in contrast to banks and insurers,

which increased their numbers. Dian-dra Soobiah, co-chair of the 50% Club, a campaign aimed at helping more women reach board level positions, said: "Low female representation across leading financial organisations is concerning and the lack of progress in improving the situation is hugely frustrating."

"While new policies and recruitment practices are welcome, more needs to be done to shake off legacy issues that have long hindered the industry from progressing on diversity."

Gender diversity in boardroom appointments rose significantly in 2022, with 50 per cent of roles taken by female candidates — an 8 percentage point

COMPANIES & MARKETS

Technology

Apple to open first flagship stores in India

Expansion effort comes as part of drive to diversify manufacturing operations

PATRICK MCGEE — SAN FRANCISCO

Apple has started hiring retail store workers in India and posted plans to fill many other roles as it prepares to open its first flagship locations in the world's second biggest smartphone market as soon as this quarter.

On Friday, Apple's career page listed openings for 12 different job functions it seeks to fill in "various locations within India", including technical specialist,

business expert, senior manager, store leader and "genius".

Many of the job descriptions refer directly to flagship retail operations. "The Apple Store is a retail environment like no other — uniquely focused on delivering amazing customer experiences," says one.

Apple, which did not immediately comment, has not confirmed plans to open its first stores in the country. But in February 2020 CEO Tim Cook told investors Apple Store would expand to India the following year, saying he was not content to leave retail sales to franchise partners.

"I don't want somebody else to run

the brand for us," Cook said at the 2020 annual shareholders meeting.

The expansion would be important for Apple as it attempts to diversify manufacturing from China and give momentum to its nascent production operations in India. Supply chain experts say Apple has a "silicon to storefront" ambition of controlling all aspects of the customer experience — from Apple-designed chips in its phones to Apple Store retail clerks. "The stars are finally aligning for Apple in India," said Neil Shah, analyst at Counterpoint, a market intelligence group.

Cook personally visited and met prime minister Narendra Modi in 2015,

reportedly lobbying to open an Apple Store in the country. But protectionist rules require that foreign companies selling goods directly to consumers must source 30 per cent of components locally.

However, the rules have been relaxed in recent years, and in 2017 Apple suppliers began assembling iPhones in India. This allowed it to avoid 22 per cent tariffs, which helped to buoy sales. New Delhi has since given incentives to smartphone makers to shift more production to the country, resulting in major investments from Taiwanese contract manufacturers Foxconn, Wistron and Pegatron.

India's Tata Group, which makes castings for iPhones in the southern state of Tamil Nadu, plans to scale up its operations to provide a broader range of components for Apple, according to three people familiar with its plans, on which the Indian industrial group has not commented.

Last year, about 200mn smartphones were made in India, 10 times the number assembled in 2014, according to Counterpoint. And while Apple's market share in India is just 5 per cent, it is growing quickly and leads the premium segment with two-fifths of all sales.

Additional reporting by John Reed

Pharmaceuticals

Korea vaccine maker plays down prospect of job supply to China

SONG JUNG-A — SEOUL

South Korea's leading vaccine producer says it is unlikely to supply Covid jabs to China due to Beijing's "national pride" and insistence on using domestic shots, even as the country is hit by its biggest outbreak of the pandemic.

In a Financial Times interview, Jaeyong Ahn, chief executive of SK Bioscience, said it was "unrealistic" to supply Covid vaccines to China in the near future.

"China is now at the heart of the pandemic. It is a matter of speed, but it won't be easy for us to supply vaccines there unless dramatic talks take place," he said, adding that it was "about [China's] national pride and justification as well as science".

He said SK, which produces Covid vaccines for AstraZeneca and Novavax, is monitoring whether any variants are emerging from the country.

The World Health Organization has accused China of underrepresenting the severity of its outbreak and the real number of deaths. Beijing has not approved the use of foreign-made vaccines, saying it has "ample" supply of domestically produced jabs.

SK Bioscience developed its own Covid vaccines last year and won domestic approval in June for their use. It is now awaiting approval from the WHO and the EU, which it expects to receive in the first half of this year.

The company, one of the world's lead-

'It is a matter of speed, but it won't be easy for us to supply vaccines there unless dramatic talks take place'

ing contract manufacturers, has produced a large volume of vaccines for global customers. It is keen to accelerate its overseas expansion on the back of rapid growth during the pandemic, with sales quintupling between 2019 and 2021 to Won529bn (\$732mn).

It is now in acquisition talks with several foreign companies, Ahn said, as it tries to sustain growth in the post-pandemic era by developing new vaccines and expanding into cell and gene therapies.

"We are seeing the best M&A environment in 14 years in terms of valuations, although financing conditions have deteriorated," he said. "We have the financial firepower and investing will be our most important agenda [item] to boost our corporate value."

SK's share price dropped 67 per cent last year over concern about its post-pandemic growth prospects. The fall was partly due to a global biotech rout after sector stocks soared to record highs in 2021 during the coronavirus outbreak.

Its operating profit has more than halved to Won106bn in the first nine months of 2022 compared with Won220bn a year earlier, with sales down 54 per cent year on year at Won316bn, due to vaccination programmes maturing in many parts of the developed world.

With its Won1.5tn cash pile, SK is hunting for vaccine companies with technologies that can overcome mRNA's weaknesses, such as the need for storing at ultra-low temperatures.

Week ahead. Market Questions

Investors bet on slower US consumer price growth

Will US consumer price growth have cooled again in December?

Investors and economists are betting that the Federal Reserve's aggressive monetary campaign will have slowed consumer price growth once again in December.

The Bureau of Labor Statistics will release its consumer price index data for last month on Thursday, with market participants surveyed by Refinitiv expecting prices to have risen 6.6 per cent year-on-year in December, down from an increase of 7.1 per cent in November. That would mark the slowest pace since October 2021.

Month over month, consumer prices are expected to have remained flat, compared with an increase of 0.1 per cent in November.

The drop is expected to have been driven in part by a fall in energy prices, which included petrol that was 13 per cent lower in December, said Jon Hill, a strategist at Barclays.

Core CPI, which strips out the volatile food and energy components, is expected to have risen 5.7 per cent year-on-year, versus 6 per cent in November. These moves would come at the end of a year in which the Fed lifted interest rates from near zero to a range of 4.25-4.5 per cent.

The effects of the historic pace of increases were somewhat slow to take hold: inflation peaked in June, but continued to run above 8 per cent until September.

December's inflation data will be a crucial piece of information for the Fed when it meets from Jan 31 to Feb 1, and could help decide whether the central bank will lift interest rates by 0.5 percentage points, matching last month's increase, or slow the pace further.

Kate Duguid

What will production data reveal about Europe's factories?

Last year was tough for many European manufacturers, and conditions were unlikely to have improved much in November, when industrial production was expected to have suffered its second consecutive monthly decline.

The energy crisis caused by Russia's invasion of Ukraine, on top of continued disruption to global supply chains and weakening economic growth, contributed to make 2022 a difficult one for many industrial groups in Europe.

Economists polled by Reuters expect overall eurozone industrial production



In a spin: the energy crisis, plus further disruption to global supply chains, made last year challenging for many European factories, such as this one in Ditzingen, Germany
Thomas Kierulff/Getty

to have fallen 0.2 per cent when those figures are released on Friday. Earlier in the week, the national figures for Germany, France and Italy — the bloc's three largest economies — are also expected to reveal slight contractions in industrial output.

The gloomy outlook for the German industrial sector was underlined last week, when factory order data for November revealed a much bigger than expected drop of 5.3 per cent from the previous month.

Economists, however, believe it will take some time before the sharp fall in demand hits production because of the large backlogs of orders built up since the coronavirus pandemic hit in 2020. Underlining this, turnover in German manufacturing remained buoyant in November, rising 2.1 per cent.

"Weaker demand is only likely to have a muted impact on production," said Ralph Solvén, an economist at German bank Commerzbank. "After all, most industrial companies have a

considerable backlog of orders, which they can now work off." Martin Arnold

Has the UK economy contracted further?

The UK economy is expected to have continued to struggle at the end of last year under the weight of high inflation and rising borrowing costs. Economists polled by Reuters forecast UK GDP to have slipped 0.5 per cent between October and November, when data is released on Friday.

Sandra Horsfield, economist at Investec, noted that the UK economy has trended lower since May 2022, when inflation started surging. The government has offered help to households and businesses facing a cost of living crisis, which may have supported the economy in November.

The reversal from November onwards of the national insurance rise that took effect in April 2022 left post-tax pay cheques a little higher than in October, and should also have sup-

ported consumers' ability to spend. Moreover, power generation losses likely to have rebounded to some extent after weakness in October, as higher than normal wind speeds should have fed through to industrial production.

But Horsfield said those factors and other government help have also been only part of the hill.

"Add to this the restraining impact on activity of higher interest rates, and the likelihood is that GDP will trend lower for some time further — all the more so at a time when widespread [industrial] strikes cause some additional disruption," she said.

The economy contracted in the third quarter of 2022 and November data will provide more information about the final quarter. Many economists expect the UK to have already entered a recession that will last for most of 2023.

"The silver lining to this particular cloud is that we expect it to help in quelling price pressures," said Horsfield.
Valentina Romei

Scepticism over pledge to

support internet groups after brutal regulatory crackdown

ELEANOR OLCOTT — TOKYO

QIANER LIU — HONG KONG

Investors are sceptical about Beijing's recent pledge to support China's biggest technology companies in the coming year, following a bruising regulatory campaign that has tamed internet titans such as Alibaba and Tencent.

During an annual policy meeting that set out the agenda for 2023, China's leaders pledged last month to support digital companies to "fully display their capabilities" in promoting economic growth, according to a readout of the

ing hours and nearly wiped out the edtech sector when it banned for-profit tutoring for core curriculum subjects.

Alibaba's market capitalisation has fallen by about 70 per cent and Tencent's by about 50 per cent since both companies' share prices peaked, in October 2020 and February 2021 respectively.

The lingering concerns were validated last week when China's securities regulator took aim at two Nasdaq-listed online brokerages, Futu Holdings and Up Fintech, which allowed Chinese investors to buy overseas stocks and operated in a regulatory grey area.

The China Securities Regulatory Commission banned the companies from signing up new Chinese users and said it would place supervisory teams in their offices, sending both groups'

from the same period in 2021, despite government efforts to bolster investor confidence in recent months.

"The regulatory crackdown has shaved hundreds of billions off the market capitalisation of China's internet giants," said Duncan Clark, founder of the Beijing-based BDA Consultancy. "Investors will not forget this in a hurry."

A Hong Kong-based tech investor at a large international bank said foreign capital was reluctant to dive back into the internet space, with the near-total annihilation of the edtech sector last year proving to be particularly scarring.

That culminated in the collapse of several smaller tutoring groups and sent valuations of larger groups such as New Oriental tumbling more than 90 per cent. "The sense of gloom is hard to dis-

Instead, officials emphasise the importance of stimulating growth to counter rising unemployment.

Yi Lianhong, the new provincial party secretary of Zhejiang, last month urged Alibaba to "unleash innovation" during a visit to its headquarters in Hangzhou, the first such meeting in two years.

"The visit signals that officials are recommitted to growing the economy,"



said Clark. But he added that investors remained nervous because the shift appeared to be driven by the weakening short-term economic outlook. "To what extent is the regulator over, or is the change being driven by the need to do CPR on the economy?" he asked.

Some industry insiders argue that Beijing's campaign has tamed its internet giants. After being hit with a record \$2.8bn anti-monopoly fine, Alibaba was forced to stop strong-arming some merchants into exclusively selling products on its platform, a tactic it used to cement its dominance.

The Hangzhou regulator said conditions for merchants had improved since taking action against Alibaba. "Alibaba had turned into the bully rather than the helper. The situation has improved now," the regulator said.

40 per cent more merchandise in October and November compared with the same period in 2021.

But the campaign also triggered a sharp slowdown in financing, which has prevented the growth of new start-ups.

Shaun Rein, managing director of the China Market Research Group, said venture capital and private equity funds were wary of diving back into internet companies. "They see China becoming more socialist," he said. "Entrepreneurs are worried the government won't let companies make fat margins, so the pool of potential deals is smaller."

But Rein added that hedge funds, with their shorter investment horizons, were "getting interested again", following recent news that the US audit regulators had gained sufficient access to the financial books of Chinese tech groups listed

MARKET DATA

WORLD MARKETS AT A GLANCE



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

Table of stock market indices across various regions: AMERICAS, EUROPE, ASIA, and others. Columns include Country, Index, Latest, Previous, and % change.

STOCK MARKET: BIGGEST MOVERS

Table listing top stock market movers with columns for Stock, % Change, and Price.

UK MARKET WINNERS AND LOSERS

Table listing UK market winners and losers with columns for Stock, % Change, and Price.

CURRENCIES

Table showing currency exchange rates for various countries including Australia, Canada, China, etc.

FTSE ACTUARIES SHARE INDICES

Table of FTSE Actuarial Share Indices with columns for Index, % Change, and Price.

FTSE 100 INDEX

Table of FTSE 100 Index with columns for Index, % Change, and Price.

FTSE GLOBAL EQUITY INDEX SERIES

Table of FTSE Global Equity Index Series with columns for Index, % Change, and Price.

FTSE SECTORS: LEADERS & LAGGARDS

Table of FTSE Sectors: Leaders & Laggards with columns for Sector, % Change, and Price.

FTSE 100 SUMMARY

Table of FTSE 100 Summary with columns for Index, % Change, and Price.

UK COMPANY RESULTS

Table of UK Company Results with columns for Company, Turnover, Profit, etc.

UK RECENT EQUITY ISSUES

Table of UK Recent Equity Issues with columns for Company, Issue Size, etc.

UK STOCK MARKET TRADING DATA

Table of UK Stock Market Trading Data with columns for Index, % Change, and Price.

UK STOCK MARKET TRADING DATA

Table of UK Stock Market Trading Data with columns for Index, % Change, and Price.

UK STOCK MARKET TRADING DATA

Table of UK Stock Market Trading Data with columns for Index, % Change, and Price.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table listing FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap. Includes companies like ANZ Bank, BHP Group, Microsoft, Amazon, etc.

FT100: THE WORLD'S LARGEST COMPANIES

Table listing FT100 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap. Includes companies like AstraZeneca, AstraZeneca, AstraZeneca, etc.

FINANCIAL TIMES

Table listing various financial indices and market data with columns for Index, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: TOP 20

Table listing the top 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: BOTTOM 20

Table listing the bottom 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

COMMODITIES

Table listing commodity prices for various metals and energy sources with columns for Commodity, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

BONDS: HIGH-YIELD & EMERGING MARKET

Table listing high-yield and emerging market bond data with columns for Bond, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

BONDS: GLOBAL INVESTMENT GRADE

Table listing global investment grade bond data with columns for Bond, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: TOP 20

Table listing the top 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: BOTTOM 20

Table listing the bottom 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

INTEREST RATES: OFFICIAL

Table listing official interest rates for various countries with columns for Country, Rate, %Chg, High, Low, YTD, P/E, Mkt Cap.

BOND INDICES

Table listing bond indices for various regions with columns for Index, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: TOP 20

Table listing the top 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: BOTTOM 20

Table listing the bottom 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

COMMODITIES

Table listing commodity prices for various metals and energy sources with columns for Commodity, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

BONDS: HIGH-YIELD & EMERGING MARKET

Table listing high-yield and emerging market bond data with columns for Bond, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

BONDS: GLOBAL INVESTMENT GRADE

Table listing global investment grade bond data with columns for Bond, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: TOP 20

Table listing the top 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: BOTTOM 20

Table listing the bottom 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

COMMODITIES

Table listing commodity prices for various metals and energy sources with columns for Commodity, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

BONDS: HIGH-YIELD & EMERGING MARKET

Table listing high-yield and emerging market bond data with columns for Bond, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

BONDS: GLOBAL INVESTMENT GRADE

Table listing global investment grade bond data with columns for Bond, Price, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: TOP 20

Table listing the top 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

FT500: BOTTOM 20

Table listing the bottom 20 FT500 companies with columns for Stock, Price/Share, %Chg, High, Low, YTD, P/E, Mkt Cap.

MANAGED FUNDS SERVICE

SUMMARY

Table with columns for Winners - US Fund Mid-Cap Value, Losers - US Fund Mid-Cap Value, Morningstar Star Ratings, and Global Broad Category Group - Alternative. Includes fund names, ratings, and performance metrics.

Advertising Feature

McInroy & Wood Portfolios advertisement featuring a line chart showing performance from Jan 2020 to Jan 2023. Includes text: 'Information reproduced courtesy of Morningstar...' and '© 2023 Morningstar. All Rights Reserved.'

Performance



Weightings - As of 31/12/2022



Risk Measures - As of 31/12/2022

Table comparing risk measures for Alpha, Beta, Information Ratio, R Squared, Skewness, and Std Dev. Values are provided for both the Fund and the Category.

Top 10 Holdings - As of 30/11/2022

Table listing the top 10 holdings as of 30/11/2022, including Sector, Weighting, and Holding names like Technology One Ltd and US Physical Therapy Inc.

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

Table listing various fund categories and their performance metrics, including Atlanticas Sytic, Chartered Asset Management, and others.

Algebris Investments advertisement featuring the company logo and the text 'BLUE WHALE GROWTH FUND'.

Consistent Unit Tr Mgt Co Ltd (2000F) advertisement with contact information for the fund manager.

Dragon Capital advertisement featuring the company logo and website information.

FOARD ASSET MANAGEMENT advertisement featuring the company logo and website information.

Fidelity Investments International advertisement featuring the company logo and website information.

Guinness Global Investors advertisement featuring the company logo and website information.

Blue Whale Investments ICAV advertisement with detailed information about the fund and its manager.

CP Global Asset Management advertisement with contact information for the fund manager.

CP Global Asset Management advertisement with contact information for the fund manager.

CP Global Asset Management advertisement with contact information for the fund manager.

CP Global Asset Management advertisement with contact information for the fund manager.

CP Global Asset Management advertisement with contact information for the fund manager.

Brown Advisory advertisement featuring the company logo and website information.

Brown Advisory advertisement featuring the company logo and website information.

DWS advertisement featuring the company logo and website information.

DWS advertisement featuring the company logo and website information.

DWS advertisement featuring the company logo and website information.

DWS advertisement featuring the company logo and website information.

Artemis advertisement featuring the company logo and website information.

Artemis advertisement featuring the company logo and website information.

Artemis advertisement featuring the company logo and website information.

Artemis advertisement featuring the company logo and website information.

Artemis advertisement featuring the company logo and website information.

Artemis advertisement featuring the company logo and website information.

Ashmore advertisement featuring the company logo and website information.

Ashmore advertisement featuring the company logo and website information.

Ashmore advertisement featuring the company logo and website information.

Ashmore advertisement featuring the company logo and website information.

Ashmore advertisement featuring the company logo and website information.

Ashmore advertisement featuring the company logo and website information.

MANAGED FUNDS SERVICE

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes MNP Investment Management Limited and Marlborough Investment Management POC Limited.



KEEP THE SPOT-LIGHT ON YOUR FUNDS

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Oasis Crescent Global Investment Funds (UK) (ICVC) UK.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ram Active Investments SA and Royal London.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Omnium Fund Ltd and Marwyns Asset Management Limited.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Royal London and Ruffer LLP.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Mifflint International Managed Investments (ICAV) (IRL) and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Mifflint International Managed Investments (ICAV) (IRL) and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Mifflint International Managed Investments (ICAV) (IRL) and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ministry of Justice Common Investment Funds (UK) and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Mirabaud Asset Management and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Mirabaud Asset Management and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Mirabaud Asset Management and Mirabaud.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Ruffer LLP and Rubrics.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Slater Investments Ltd and Stewart Investors.

Table with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr. Includes Troy Asset Management.

Guide to Data

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

WORK & CAREERS

How to be a better authority figure

Good management is a balancing act between firm leadership and providing support, writes *Naomi Shragai*

Relationships between bosses and employees are often fraught with tensions and misunderstandings, and not only because of the intrinsic power imbalance.

Workers expect their managers to be empathetic, while having the authority to lead and look after the staff's interests. Team leaders, on the other hand, expect underlings to be self-motivated while doing what is asked.

To add to the complexity, we all have hidden motivations we bring to the workplace as we unconsciously seek to resolve early conflicts with authority figures in childhood through our relationship with managers.

So how can leaders find the right balance between exerting enough authority to help people feel well led, while allowing enough autonomy to obtain the best from people? Understanding the basic dynamics between those in authority and their employees is a start.

We all carry an internal authority figure – someone we relied on in early life, usually our parents, and then project these on to unsuspecting figures at work. Our current experience of dependency evokes feelings of the original one. The imagined is then combined with the real, to create a reality of sorts that can at best boost one's career and the success of one's company, but at worst can undermine both if situations are misinterpreted and confused with the past.

Mark C Crowley, author of *Lead From the Heart*, was in his thirties when he was confronted by a critical and erratic boss who evoked painful memories of his abusive father. Although Crowley was doing precisely what was asked of him, his boss criticised him endlessly. He says: "The charge was profoundly painful. I was re-experiencing the same 'what the hell is going on here?' [as with



Adria Vella

his father]. When your father finds fault with you, and says so in malicious ways, it directly affects your heart and soul. Many days, I would go to work with tears in my eyes."

Crowley found that his colleagues found the boss just as volatile as he did but none had experienced the same emotional charge. "If you didn't have my upbringing and you were working for an unpredictable person you might say, 'that's just how it is, right? I was simply unable to do that. I suddenly faced the father I [had] felt I was entirely free of'."

We need to face reality, acknowledge everyone is imperfect – and take responsibility for ourselves

A common tendency among workers is to believe that leaders are omniscient. It relieves our dread of uncertainty and catastrophe. It makes us feel protected, fortunate and optimistic. Being close to them makes us feel great by association.

Yet such idealisation distorts what a leader is actually capable of. Their failings, or even misconduct, can be conveniently ignored. It can be a mutual dance with distortions on both sides – a leader's demand for excessive admiration, and followers who have an unreasonable need to see people with power over them as perfect.

As children, seeing our parents as perfect helps to cushion us against life's blows. As we mature, however, we need to face reality, acknowledge that everyone is imperfect – and take responsibility for ourselves. But for those who experienced

neglect, chaos or abuse in their early years, shedding these fantasies exposes the truth that their parents have harmed them. The unconscious holds repressed memories of the actual parent, while the imagined "perfect" one is projected on to the boss.

Ironically, the idealised leader can have similar psychological injuries from early neglect and/or abuse. Both worker and boss attempt to distance themselves from painful memories differently – one by believing they are perfectly protected and the other by ensuring a continuous flow of admiration towards them.

Those who experienced only fleeting love in their early years are often left craving more. The desire to capture the boss's attention in order to attain that lost love can be compelling. And, more worryingly, it can make one an easy

target for a narcissistic boss who will make you feel special – as long as you follow their every whim.

Paradoxically, having loving parents can sometimes leave one longing for more. One woman working in a London hedge fund was disappointed to discover that no boss would be as interested in her success as her mother had been. The woman's craving for her boss's validation was all-consuming, but ultimately she saw that it was infantilising. "You want it so much you become too rigid," she says. "It prevents me thinking that I should go for something else, rather than pleasing my boss."

This woman's parents were from eastern Europe and survived extreme economic hardship during the communist era. They stressed the value of becoming financially secure. The mother structured her daughter's time and

ensured she was successful in school. As a result, the woman came to rely on praise from her family as an expression of love.

"There was pride in how my parents spoke about me to their acquaintances and our relatives. It [then] became exceptionally important for me to have my boss's approval, that they see me as their right hand. I feel intense professional jealousy towards other people occupying the second-in-command position."

Understanding how she attempts to recapture her mother's love through her boss, and inhibiting her tendency to please, has helped this woman move forward.

With the balance of authority tilting away from managers to employees post-Covid, some managers I see in my practice have expressed their confusion about how to assert their authority.

One important aspect of leadership is managing people's anxieties – too much control and people feel infantilised, but if you do not project enough authority, they become anxious.

So how should bosses respond to the longings, fears and fantasies that employees project on to them?

Manfred Kets de Vries, a psychoanalyst and Insead business school professor, agrees that leaders can become emotional dumping grounds for people's unresolved feelings towards their parents, both positive and negative, and often flipping between both. He suggests bosses should listen with empathy and avoid knee-jerk reactions if they think they are being maligned. He says: "If you strongly believe in something, keep saying it – repetition is important. Even when things are bad, it is important to see some light in the tunnel."

Leaders need to remember how special they can be to people and that what they say sticks.

As for employees who struggle with confused feelings towards authority, perhaps the best advice is to remember that at work, you want a good boss, not a good parent.

Naomi Shragai is a business psychotherapist and author of 'Work Therapy'



It all started with a choice to dive deeper into the entrepreneurship ecosystem and its infinite creative potential by developing ESCP's European incubator, the Blue Factory.

Maëva Tordo
Alumna & Director of ESCP's incubator

BECAUSE OUR WORLD CAN'T WAIT, ESCP EDUCATES PURPOSE-DRIVEN LEADERS WHO CHOOSE TO ACT FROM DAY ONE OF THEIR STUDIES.



IT ALL STARTS HERE

BERLIN | LONDON | MADRID | PARIS | TURIN | WARSAW

ARTS

Works from cosmetics heir Ronald Lauder's collection, on show in New York, reflect his idiosyncratic taste, writes Ariella Budick

You have unlimited funds and an equally expansive desire to accumulate one of the world's great art collections: how do you choose what to buy? Do you acquire what the market booms or fashion promotes...



Left: Giovanni di Paolo, 'St Clare Rescuing the Shipwrecked'. Below left: Gustav Klimt, 'Portrait of Adele Bloch-Bauer I' (1907)

Through the eyes of a billionaire



and delicate statuettes. In this hard-won acquisition, you see the collector as subject, spirit and guiding hand, immersed in an environment of her own creation.

women are not always representative of a sensibility that gravitates to the perfectly imperfect, a mixture of sublimity and gnarled realism that transcends period or style.

portrait of a dour, double-chinned mother with her two doleful daughters. Her Scrooge-like demeanour, combined with the painter's decided obscurity, entranced him then, and its radiant weirdness beguiles me now.

of person you might avoid on the street, but never forget. Another early purchase, the 16th-century 'Portrait of an Abbot', directs us to the man's irreducible specificity. Despite all his gorgeously rendered accoutrements...

To February 13, neugalerie.org



Carl Moll, 'White Interior' (1905)



Enjoy HTSI magazine, free with FTWeekend on the following dates:

UPCOMING 2023 ISSUES

FT.COM/HTSI

Table listing upcoming HTSI issues by month from January to December, including dates and special features like 'Women's Fashion' or 'Property Special'.

PODCASTS

Fiona Sturges



When Zeinab Sahafy was a child in Iran, she would go to her grandmother's house to watch football on television. One day, her uncle asked if she would like to see the players in person...

months of anti-government demonstrations in Iran, triggered by the death of the Kurdish woman Mahsa Amini in September 2022 in police custody. More recently, protesters have been executed.

episode is about Sahar Khodayari, who was arrested in 2011 and faced the possible six-month prison sentence after sneaking into a football match. Rather than doing so, she set herself on fire in protest.

3ofor3podcasts.com/pinkcard

Exiled Iranian football fan Zeinab Sahafy watches a match between Iran and Cambodia in a café in Istanbul





16 HTSI

FINANCIAL TIMES
HTSI

Cara comes with an impressive pedigree. It is written and presented by the American-Iranian producer Shima Oliaee, who co-created *Dolly Parton's America* and *The Vanishing of Harry Pace*, two of *Radiolab's* finest mini-series. The timing is also striking: three years in the making, the series arrives in the wake of



The FT View



FINANCIAL TIMES

"Without fear and without favour"

ft.com/opinion

First lesson: learning the value of maths

Britain is belatedly waking up to the central role of numeracy in modern life

Not bad, but must try harder is probably how UK prime minister Rishi Sunak reads the country's mathematics report card. Just half of England's 16 to 19-year-olds study the subject at some level. And while competence in arithmetic is seen as a marker of academic rigour in a lot of countries, the English often wear their struggles with algebra, times tables and trigonometry as a badge of honour. To get more serious, Sunak last week called for maths education to be compulsory until 18 – which is what most developed nations already do. Indeed, a thorough grounding in mathematics is critical to equip today's students for the future.

Numerical dexterity is an essential skill for adult life. Everyday routines from managing budgets, bills and taxes through to dieting, fitness and time-

keeping require an understanding of basic arithmetical concepts. Employment and salary outcomes are also closely linked to mathematical proficiency. Even beyond well-paid occupations with a direct requirement for higher-level numerical skills, such as accountancy and engineering, most jobs require some ability to analyse data, assess trends and make measured decisions, for which a low level of numeracy is a poor starting point.

At its core, a solid grasp of mathematics inculcates skills in problem-solving, systems learning and abstract thinking: Albert Einstein described the discipline as "the poetry of logical ideas". Such skills are vital to navigate the new challenges and opportunities wrought by rapid economic and technological change – which will continue to transform working practices and jobs.

Research by McKinsey identifies logical reasoning, data literacy and computational thinking among the key foundational skills citizens will need to thrive

in the future of work. Developments in big data, artificial intelligence and quantum computing, and the surge in demand for coders, quants and data analysts reflect this.

So Sunak's announcement is a step forward for England – even if the timing, amid a collapsing health service and strikes, was odd. The country performs respectably on international rankings of primary and secondary school numeracy but greater challenges come in sustaining confidence in numerical skills through to adulthood. Extending maths learning to 18 is one way towards changing that – though it will require rapidly finding more maths teachers. Another is to consider how the subject is taught, including through the use of technology in classrooms. Many countries look to emulate the highly numerate east Asian nations – such as Japan, Singapore and China – where the development of high-quality teachers, hands-on and pictorial learning, and class-wide maths mastery play a part.

Teaching will need to evolve in lockstep with innovation to ensure students have the right arithmetic and financial literacy tools

A lot also comes down to culture and mindset. Attitudes towards learning in general can be shaped by upbringing and experiences in early life. Some studies suggest cultures with a greater focus on effort and long-term values, which may for example place less emphasis on the role of innate ability, perform better at maths. Others point to the role of placing pupils into sets based on ability from an early age – which is more common in the UK – as possibly fomenting negative feelings towards the subject in later life.

Changing education systems and attitudes overnight is not easy. And even the most numerate nations cannot rest on their laurels. Teaching will need to evolve in lockstep with innovation to ensure students have the right arithmetic and financial literacy tools to thrive. Government, employers and society also have a key role in reinforcing numeracy skills in adulthood. Rather than having a single solution, this maths problem will be iterative.

Opinion Society

Japan's reckoning with religious threats

Maria Herguata



Leo Lewis

place on Santa's naughty list. Abduction and worse by Black Anns, El Cucu, and other folklore ghouls. An eternity of torture in the fires of hell.

Childhood misbehaviour is universal, and so is the parental urge to conjure up a consequence fearsome enough to stop it. But how far should that go and how far is all of it protected by freedom of religion?

The sudden questioning of the legal limits of invisible terror has pitched Japan more deeply than it perhaps intended into a debate about faith, imagination and coercion.

The issue is among the still-rare collection of legislative and political ramifications of the assassination last July of the former prime minister, Shinzo Abe. Under any circumstances Abe's murder – the gunning-down of the country's longest-serving leader in front of TV cameras, campaign crowds

excesses of "spiritual sales" – religious items presented as indispensable and sold for exorbitant sums.

But there are other prongs to the government's attack. The deadline has just passed for the Unification Church to respond to a second round of government questions over how the organisation runs its finances, based on a large number of civil court rulings that found it had acted illegally in fundraising operations. Ultimately, the inquiry could see the Unification Church stripped of its tax-efficient status as a religious corporation.

A more intriguing corollary of the affair arose at the very end of last month when the welfare ministry sent a new set of guidelines to local governments around the country clarifying where religious doctrine could be justifying child abuse. It urged them not to use freedom of religion arguments to look the other way.

Using religious threats to forbid a child from reading manga comics or playing video games, under the new guidelines, could be considered psychological abuse. Critically, that could also now include a parent warning their child that they will go to hell (or similar) if they do not do as instructed. Various faiths will argue that parents have the right to warn their children of any unworkable threat – from the agitating torments of Naraka, the Buddhist version of hell, to navel-stealing ogres – in which they themselves believe. And even if they do not.

Clearly, the new legislation, inquiry and guidelines have the Unification Church squarely in their sights. The tone throughout has been that it represents a specific concentration of alleged coercion, brainwashing and financial sharp practice, and that there are straightforward ways of breaking that down.

However, well intentioned the project, the risk is that in its rush to enact something, Japan has skipped some nuanced theological questions and created potential trouble for a larger circle of organisations and activities that it has bargained for. If these troubles come to include, however obliquely, Japan's mainstay religions of shinto and Buddhism, and even the substantial Christian presence here, the political backlash could be more severe than the one it was meant to head off. The concept of fair value, for example, in the sale of any spiritual goods – from the lucky wooden arrows sold on New Year's Day to the Omamori charms used to ward off car accidents – is meaningless if their worth to the buyer lies in

Letters

Russia must also end its occupation of Donbas and Crimea

The Financial Times leader "Turning the tide in Russia's war on Ukraine" (FT View, January 5) contained much robust good sense. But it did not follow through its own logic.

You started by saying: "The goal for 2023 must be to give Kyiv all the aid it needs to bring the conflict to an end – on its terms."

By the end, however, you state that "the objective should be to push Russia back at least to pre-February 24 lines".

President Volodymyr Zelenskyy, with overwhelming support from the brave people of Ukraine, has been very clear that Ukraine's goal is to recover all of its territory within its internationally recognised borders.

As you say, the conflict has, in truth,

run since 2014. There is no logic, nor justice, in arguing that Ukraine should recover the areas occupied since February 24, but not those occupied since 2014.

The Ukrainians of the Donbas and Crimea should not be abandoned to suffer further misery and horrors under Russian occupation.

I have no doubt about the continuing

determination of Ukraine and its people to win this war, which Russia has visited upon them.

I wish I could be as sure about the determination of Ukraine's international supporters to see this grim business through to the end. Robert Brinkley, British Ambassador to Ukraine 2002-2006, Banfffoot, Perth and Kintross, UK

How to stop Sturgeon's bid to break up the union

Nicola Sturgeon's op-ed in the FT last week on Brexit in justifying Scotland's independence ("Scotland can no longer rely on Westminster's economic stewardship", Opinion, November 16). There are, however, surely several important other ways in which concern in Scotland about the union with England and the rest of the UK could be addressed by a real sense of partnership could be enhanced.

First, we need to reverse an underlying failure in the way devolution works. This was not of course intended. But devolution from an existing polity can imply that someone is the donor and someone is the supplicant. Scots don't like being seen as supplicants any more than the English like being seen as donors. So why not admit that this aspect of the union is not working as it should and start a conversation between Scots and English – Welsh too – on improvements, and in ways which would remove the charges made of imperialistic condescension against the English, and inflating comments against the Scots?

Recent initiatives here suggest grounds for hope: both Gordon Brown's constitutional convention idea, and the statements by Sir Keir Starmer that the future policy of the Labour party would be informed by this. A purposeful start in the direction of meaningful change would certainly help.

Second, there is Brexit. Perhaps the Conservative party might remember that it used to be known as the Conservative and Unionist party. However, the refusal so far to give ideological red lines drawn by hardline Brexiters is in reality giving oxygen to Scots who want to break that union.

Few people across the UK are going to demand that we should apply now to rejoin the EU. But many are asking why we cannot enjoy closer relations, which would undo some of the post-referendum economic pain and sense of isolation from our neighbours. Is it too much to ask our government to move in that direction, and soon? Otherwise the Scots really could run out of patience and separate: pain and all.

Sir Andrew Large, Talybont-on-Usk, Powys, UK

Taiwan 'has never been a part of communist China'

While Rana Forooshah's views about the USA should be noted with the rise of China in her article "We need to talk about Taiwan" (FT Swamp Notes, FT.com, January 2) might be debatable, her claim that Taiwan is "a tiny, Asian country that has done almost



Cryptos have a role when dollars dry up, as happened in Egypt last month

member of the G20 by all criteria.

Furthermore, it is an objective fact that Taiwan has never been a part of communist China. Taiwan's success in progressing into a mature democracy and a free and liberal economy is also indisputable and internationally recognised.

Taiwan has always been committed to bolstering its defence capabilities in order to deter China's military aggression and safeguard its values and way of life. Over the past seven decades, Taiwan's dedication to strengthening its defence has been proportional to the growing threat from China.

The inscription extension recently determined by the government of Taiwan provides yet another clear example of its resolute commitment.

Forooshah says she hopes the year of 2023 will see less talk about any possible military ventures in Taiwan. Taiwan shares her hope more than any other country in the world.

I am sure she also shares Taiwan's hope that 2023 will see less, or no, military, political and economic coercion from authoritarian China. Keli Wu-chiao Hsieh, Representative, Taipei Representative Office in the United Kingdom, London SW1, UK

The office 'meeting bloat' has a simple solution

One reason for this so-called meeting bloat that Emma Jacobs describes ("The great meeting bloat deserves this Shogun purge", Work & Careers, January 5) is that when people work remotely, every single contact, question or what would otherwise have been a casual corridor conversation turns into a meeting.

You wait five days for a gap in everyone's schedule, five additional

Cryptos serve useful social role, particularly in EMs

Fabio Panetta of the ECB is correct that unbacked crypto assets will not disappear and should be regulated to protect investors and society just like any other financial asset (Markets Insight, January 5). But his comment that cryptos do not perform any socially or economically useful function – they are rarely used for payments and do not fund consumption or investment – is incorrect.

Particularly in emerging markets where a large percentage of the population is unbanked, crypto wallets facilitate transactions via mobile phones both in and between countries. Frequently, there is little trust in the local currency due to inappropriate monetary policy.

Formerly transactions typically took place in US dollars. But what happens when the supply of US dollars dries up in Egypt, or in South Africa? Cryptos provide an alternative. Think only of the Ukrainians who fled to the EU with crypto wallets rather than hryvnia. Certainly they found their cryptos socially useful as they were able to sell them to house and feed their families.

Nigel Williams, Chairman, Royalty Partners, Luxembourg City, Luxembourg

Comparing hospital bed data by country is tricky

In "Multiple maladies leave NHS in critical condition" (Report, January 4) you use OECD international comparisons of total hospital bed numbers as part of the explanation for the NHS's woes. This appears to show that the UK has two beds per 1,000 people, four times fewer than Germany and six times fewer than Japan!

Ask yourself, is this plausible? As someone who has studied in hospitals in both the UK and Japan, I can tell you it is certainly not.

Japan does not have six times as many hospitals, nor are they six times as large, and the number of doctors per capita is actually lower than in the UK. What the data reflect is very different ways of counting hospital beds.

The UK only counts the number of beds that could all be in use at once – that are fully staffed – and it clearly separates hospital beds from residential social care. Equivalent standards are not followed in all countries included in the chart. This is acknowledged by the OECD but not by everyone who rouses this information.

While too few hospital beds is indeed an issue, these dodgy data may lead to an unfortunate misdiagnosis of the key problem. As noted by Adrian Boyle, president of the Royal College of Emergency Medicine (quoted in

University philanthropy is increasingly cross-border

While it is true to say that philanthropy represents a tiny proportion of higher education funding both in the UK and internationally, it is set to increase in step with the rise of high net worth wealth and the boom in the global foundation sector (Report, January 4).

As philanthropy becomes more institutionalised and professionalised, the risk is a role in reinforcing by universities. Viewed as key to both individual opportunity and national development, education scores highly in giving preferences.

Perhaps the longer-term challenge for UK universities is that philanthropy is increasingly cross-border, meaning that donors are giving more internationally, including to regions such as Africa where the financial and social impact of a donation is greater and far reaching. For instance, over half of the students at the University of Cape Town are drawn from extremely poor households and need full bursaries. Poverty and inequality are South Africa's biggest challenges and the transformative power of education is a potent philanthropic investment.

Sarah Archer, Executive Director, Development and Alumni, University of Cape Town, Cape Town, South Africa


Title sums up quandary faced by Murdoch heirs

The elegant review by Andrew Edgecliffe-Johnson of Paddy Manning's book *The Successor: The High Stakes Life of Lachlan Murdoch* (Life & Arts, November 19) refers to an idea that Lachlan Murdoch's siblings might steer the company "in a way that enhances democracies around the world rather than undermining them", should they and not him inherit the business.

May I recommend to your readers a book by David Colon, with a title that faces at once the problem of the Murdoch empire: *Rupert Murdoch, L'empire des médias qui manipule le monde* (Paris: Tallandier, 2022). The work begins with an account of how Donald Trump after his election waited nervously for a visit from Rupert Murdoch, who was several hours late. From what Edgecliffe-Johnson says, an English translation of Colon's work for areas of the globe where Murdoch Sr has most influence might not be welcome to some parts of the family. Rowan Watson, London N7, UK

Defining an average year

Given the prognoses of the economists polled (Report, January 5), it seems as if 2023 was about an average year. By this, of course, we understand that it

 allow victims to recoup money from religious organisations and to restrict various practices such as insisting that followers take out loans or sell property to fund donations. In particular, the law seeks to codify whether donors are under "mind control" at the point of donation and to clamp down on the

the blessing placed on them. Nobody is suggesting that sales of arrows and charms are coercive, but nobody wants, either, to start questioning how the priests at Tokyo's Meiji Shrine calculate the mark-up.
leo.lewis@ft.com

nothing to do with its own military position . . . [and] used to be part of China" is factually wrong. Albeit small in size, Taiwan has a population of 24mn and ranks as among the world's largest economies. A common sense perspective would suggest that Taiwan is eligible to be a

people snow up and it takes five times as long. The simple innovation of having most people, most of the time, in physical proximity during the working day would go a long way to solving this.
Jonny King
Tokyo, Japan

the article), increasing the capacity of social care would be the way to boost the number of beds available most quickly, even though this would not be counted as adding beds (in the UK at least).
Ewan Gray
Manchester, UK

was worse than 2021 but not as bad as 2023 threatens. And, of course, "2022 an average year" would have made a better headline.
Bernard H Casey
Social Economic Research, London, UK and Frankfurt, Germany