

The spectre of Trump haunts Europe again GIDEON RACHMAN, PAGE 19

Big Pharma rejoins race for Alzheimer's drug

## Jenin flare-up Israel strikes refugee camp

A Palestinian man looks out of the window as smoke billows from a refugee camp following an Israeli drone strike in the occupied West Bank city of Jenin yesterday.

At least eight Palestinians were killed and more than 50 others wounded after the Iewish state deployed armed drones and hundreds of troops in one of the largest operations in the occupied West Bank for two decades.

The assault on the Palestinian refugee camp was the latest flare-up in a year of spiralling violence that has fuelled fears that the Israeli-Palestinian conflict is on the brink of a broader escalation.

Israeli officials said the raid targeted the Jenin Brigades militant group as part of a "counter-terrorism effort"

A spokesman for Palestinian president Mahmoud Abbas described the attack as a "new war crime". West Bank assault page 2



# Apple slashes forecasts for Vision Pro headset as 'growing pains' curb output

◆ High hopes for mixed reality device ◆ Design poses production puzzle ◆ Cheaper version delayed

QIANER LIU — HONG KONG PATRICK MCGEE — SAN FRANCISCO KANA INAGAKI — TOKYO

Apple has been forced to make big cuts to production forecasts for its mixedreality Vision Pro headset, unveiled last month after seven years in development and hailed as its most significant product launch since the iPhone.

The complexity of the headset design and production difficulties are behind the scaling-back, while plans for a more affordable version of the device have been delayed, according to multiple people with direct knowledge of the manufacturing process

Apple has already flagged that the \$3,500 "spatial computing" headset device will not go on sale until "early next year", a lengthy gap from its June 5

as being more to do with supply chain problems than allowing developers time to create apps for the Vision Pro.

Two people close to Apple and Luxshare, the Chinese contract manufacturer that will initially assemble the device, said it was preparing to make fewer than 400,000 units in 2024. Multiple industry figures said Luxshare was Apple's only assembler of the device.

Separately, two China-based sole sup-

'This is the most complex consumer device anyone has ever made'

Jay Goldberg, tech consultant

pliers of certain components for the Vision Pro said Apple was asking for only enough to make 130,000 to 150,000 units in the first year.

Both projections imply a significant cut to production from an internal sales target of 1mn units in the first 12 months. The forecasts for low volumes reflect Apple's lack of confidence in scaling production, say analysts and indusexperts, following years of missed deadlines in launching the device.

Analysts' forecasts for sales of the Vision Pro vary widely, from the low hundreds of thousands to several million in its first year. When the headset was unveiled, US-based investment firm Wedbush predicted Apple would ship around 150,000 units in the first year, while Goldman Sachs believed it

could reach 5mn shipments in 2024. In comparison, Apple sold 1.4mn iPhones in its first year on the market.

Apple's market valuation closed above  $\$3tn \ last \ week, cementing \ its \ position \ as$ the world's most valuable company three weeks after its headset launch.

Among the biggest hurdles is the manufacturing of the device's sleek screens. They consist of two micro-OLED displays – one per eye – and an outward-facing "lenticular" lens. The inward displays offer a resolution exceeding anything on the market.

The micro-OLED displays for the prototypes in the June demonstration were supplied by Sony and chipmaker TSMC, according to two people familiar with the situation. Apple has been unhappy with suppliers' productivity, said those

OLEDs. The displays are the most

expensive component in the Vision Pro. "A lot of this is normal growing pains," said Jay Goldberg, founder of tech consultancy D/D Advisors. "This is the most complex consumer device anyone has ever made.'

Despite the setbacks, market intelligence group Canalys believes Apple will surpass a user base of 20mn within five years of launch. "Given the limited production numbers, it will be flying off the shelves," said analyst Jason Low.

Apple declined to comment on the Vision Pro while Luxshare did not respond to a request for comment.

Sony and TSMC declined to comment on any role in the Vision Pro-China limits chipmaking metals page 10

#### Briefing

Bullish bets on sterling hit highest level for 9 years Speculative investors such as hedge funds have ramped up bullish wagers despite recent signs that the currency's strong rally this year is flagging.— PAGE 6

#### Kyiv calls for cash pledges Finance minister Serhiy Marchenko has urged Ukraine's other backers to make multiyear promises after the EU pledged

€50bn over four years.— PAGE 2 ▶ Yellen in Beijing mission US Treasury secretary Janet Yellen will visit this week, the second Biden cabinet member to

#### go to China as the countries seek to stabilise turbulent ties. - PAGE 4 ▶ Shipping levy irks China Beijing has urged poorer nations

to oppose emissions targets for one of the most polluting sectors. criticising wealthy countries for setting "unrealistic" goals.- PAGE 4

#### ▶ Indian mobile to cost \$12 Tycoon Mukesh Ambani has launched an internet-connected handset that targets the 250mn users reliant on non-smartphone "feature" phones .- PAGE 6

▶ Rail chemicals warning The European rail industry has warned that production of trains and equipment will fall unless regulators delay a planned ban on "forever chemicals" - PAGE 3

#### Datawatch Forced to flee



2010 2022 1992 2000

100

An estimated 108.4mn people were forced to flee last year as a result of conflict, persecution, human rights violations or public order crises. That represented more than one in every 74 people on Earth, up from one in 142 a decade ago

#### Same-sex crackdown in Italy is 'cancelling lives'

Austria	€4.50	Morocco	Dh50
Bahrain	Din1.8	Netherlands	€4.30
Belgium	€4.50	Norway	NKr45
Croatia	Kn33.91/€4.50	Oman	OR1.60
Cyprus	€4.20	Pakistan	Rupee350
Czech Rep	Kc125	Poland	ZI 25
Denmark	DKr46	Portugal	€4.20
Egypt	E£80	Russia	€5.00
France	€4.50	Serbia	NewD530
Germany	€4.50	Slovenia	€4.20
Greece	€4.20	Spain	€4.20
Hungary	Ft1450	Switzerland	SFr6.70
India	Rup220	Tunisia	Din7.50
Italy	€4.20	Turkey	TL80
Luxembourg	€4.50	UAE	Dh24
Malta	€4.20		

#### Subscribe In print and online

www.ft.com/subscribetoday email: fte.subs@ft.com Tel: +44 20 7775 6000 Fax: +44 20 7873 3428

© THE FINANCIAL TIMES LTD 2023 No: 41,366 ★

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



# Saudi Arabia and Russia deepen oil production cuts in effort to lift prices

Saudi Arabia and Russia will extend or make extra cuts to oil production in August, the two most powerful members of Opec+ said yesterday, as they attempt to boost the price of crude.

Saudi Arabia's state news agency said the kingdom would extend the 1mn barrels a day production cut for July into August, while Russia's top energ cial Alexander Novak said Moscow would make a "voluntary" supply cut of an additional 500,000 b/d next month. Oil prices rose slightly on the news.

The move by the Opec+ leaders, made outside of a formal meeting of the group, comes as they struggle to boost the price of oil that has fallen sharply from its peak last year in the aftermath of Russia's invasion of Ukraine.

Having briefly risen above \$130 a bar-

rel last March, oil is trading closer to \$75 a barrel, despite a series of announced production cuts that started in October last year, with traders focusing on high inflation and a potential recession in

Prince Abdulaziz bin Salman, Saudi Arabia's energy minister, has been at the forefront of efforts to raise the oil price as the kingdom attempts to transform my through programme whose funding requires high crude revenues.

Russia also desires a higher price to fund its war in Ukraine, having lost a large part of its gas export revenues to Europe after cutting supplies last year. It is facing a western-imposed price cap on a significant portion of its oil sales as part of retaliatory measures for the war.

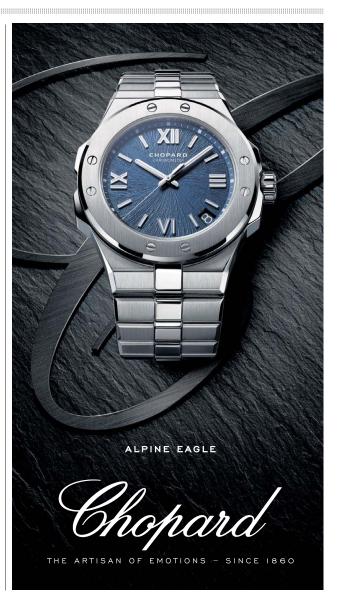
The Opec+ cuts have raised tensions in the past between Saudi Arabia and the White House, with President Joe Biden keen to keep pump prices low ahead of next year's US election while putting the squeeze on Moscow's revenues. But relatively low prices in recent months have tempered White House responses to one of its oldest allies in the Middle East, having at first accused Opec of in effect supporting Russia against the west.

Oil prices have Opec+ group and many traders that had bet on them rising, with forecasts of a significant tightening of the market in the second half of this year as China's economy recovered from Covid-19.

Brent crude initially jumped 2 per cent yesterday following the announcement but by lunchtime it was up less than 1 per cent at \$76 a barrel. US benchmark West Texas Intermediate was up a similar amount, near \$71 a barrel.

#### **World Markets**

STOCK MARKETS				CURRENC	CIES					GOVERNMENT BO	ONDS		
	Jul 3	Prev	%chg	Pair	Jul 3	Prev	Pair	Jul 3	Prev	Yield (%)	Jul 3	Prev	Chg
S&P 500	4452.12	4450.38	0.04	\$/€	1.091	1.091	€/\$	0.917	0.917	US 2 yr	4.91	4.88	0.03
Nasdaq Composite	13781.69	13787.92	-0.05	\$/£	1.269	1.271	£/\$	0.788	0.787	US 10 yr	3.84	3.81	0.03
Dow Jones Ind	34448.70	34407.60	0.12	£/€	0.860	0.858	€/£	1.164	1.165	US 30 yr	3.86	3.86	0.00
FTSEurofirst 300	1827.69	1831.87	-0.23	¥/\$	144.465	144.535	¥/€	157.562	157.688	UK 2 yr	5.33	5.25	0.09
Euro Stoxx 50	4397.89	4399.09	-0.03	¥/£	183.320	183.754	£ index	82.290	81.773	UK 10 yr	4.49	4.44	0.05
FTSE 100	7527.26	7531.53	-0.06	SFr/€	0.977	0.976	SFr/£	1.137	1.137	UK 30 yr	4.42	4.39	0.03
FTSE All-Share	4097.65	4096.26	0.03	CRYPTO						JPN 2 yr	-0.07	-0.08	0.00
CAC 40	7386.70	7400.06	-0.18	CRIPIO		I.	1 3	Prev	%cha	JPN 10 yr	0.40	0.39	0.01
Xetra Dax	16081.04	16147.90	-0.41	Bitcoin (\$)		31007		0622.60	1.26	JPN 30 yr	1.24	1.24	0.00
Nikkei	33753.33	33189.04	1.70	Ethereum		1962		1937.00	1.32	GER 2 yr	3.25	3.19	0.06
Hang Seng	19306.59	18916.43	2.06	Enterenti		1902	.50	1937.00	1.32	GER 10 yr	2.43	2.39	0.05
MSCI World \$	2966.72	2933.86	1.12	COMMOD	ITIES					GER 30 yr	2.39	2.38	0.01
MSCI EM \$	989.48	987.07	0.24			Ju	ıl 3	Prev	%chg				
MSCI ACWI \$	682.84	675.90	1.03	Oil WTI \$		71.	.01	70.64	0.52				
FT Wilshire 2500	5758.30	5692.90	1.15	Oil Brent \$	3	75.	.85	75.41	0.58			Prices are lates	t for edition
FT Wilshire 5000	44883.70	44379.30	1.14	Gold \$		1912	.25	1899.60	0.67			Data provided by	Morningstar



#### INTERNATIONAL

# Kyiv urges allies to follow EU on funding

Brussels pledge of €50bn sets the pace for others, says finance minister

BEN HALL AND MARTIN SANDBU LONDON

Ukraine has urged its supporters to make multiyear commitments of financial aid, pointing to the EU's four-year pledge worth €50bn.

Serhiy Marchenko, finance minister. said it was a "good signal for all other G7 nations that the EU has already stepped in". "What is your position? Where is your support?" he asked of the US and other powers.

After a scramble for cash last summer to keep the government afloat after Russia's full-scale invasion, Ukraine's finances stabilised in 2023. Kyiv is now looking for longer-term pledges to fund its recovery and reform plans.

Marchenko commended the EU package for its size and flexibility, for the fact that it was a medium-term commitment and because it provided cash as an incentive for specific reforms.

"As finance minister I understand it's good to do reforms but it's better to do reforms with some incentives.'

Kyiv will have to meet specific EU conditions to receive the money. That is on top of requirements from other backers such as the IMF, which has a fouryear \$16bn lending programme with Ukraine, potentially adding to its compliance burden.

G7 governments have set up a "donor platform" to try to co-ordinate their aid and recovery efforts. But Marchenko said that since Ukraine's overarching goal was accession to the EU, he hoped the EU programme would act as a reform "master plan" for all supporters. "Sometimes our American colleagues

'I understand it's good to do reforms but it's better to do reforms with some incentives'

want us to include some specific reforms in the list of their priorities," he said. "We would like them to agree with Europeans first."

Marchenko cautioned that a lot of the financial aid to Ukraine was in loans according to Brussels up to one-third of the promised €50bn will be in grants. Since that would place a burden on Ukraine was able to "influence" how the money was used. "We have to be careful of that kind of support," he said.

Asked if he thought the EU would in future have to carry more of the financial weight of helping Ukraine and the US less, Marchenko said it was "not a proper discussion — not yet". It was US leadership that allowed Ukraine to survive, he said, and natural that the US role should be on a par with the EU's.

The minister said he would press ahead with a plan to reinstate Ukraine's prewar tax regime, in line with the IMF's demand, but wanted to retain room for "carefully crafted" fiscal incentives to encourage investment.

Marchenko expressed frustration that multilateral development banks were not doing more to help and were even competing with Kyiv to raise cash from donor governments

Much of the \$23bn disbursed by the World Bank since February last year was US grant funding. Marchenko suggested Kyiv would prefer to receive it directly from Washington.

"It is [the US's] preferred way of doing business. We are OK with it. But it takes a lot of time to match this with our reality." His "most important battleground" was competition with multilateral development banks for resources.

"You use our problems to attract attention to increasing your capital stock. So now is the right time for you to spend money on the priorities Ukraine needs, not what you want to spend the money on," he added.

Gideon Rachman see Opinion

**Maintenance dispute** 

## Germany and Poland fall out over tank repair hub

RAPHAEL MINDER — WARSAW LAURA PITEL — BERLIN

Germany has delayed a decision about whether to extend the stationing of Patriot missiles in Poland amid a dispute with Warsaw about joint repairs of Leopard tanks engaged in Ukraine.

Boris Pistorius, German defence minister, visited Poland yesterday but did not explicitly address a request from Warsaw to keep the Patriots in place for at least another six months, even as he underlined that Berlin considered they were making an "essential contribution" to regional security.

Instead, Pistorius called on Warsaw to

resolve within 10 days a dispute about a new joint repair hub for German Leopards in Poland, announced in April at an estimated cost of €150mn.

Mariusz Błaszczak, his Polish counterpart, said the Patriots should stay until at least the end of the year. "We appreciate the presence of these batteries on Polish soil," Błaszczak told a joint news conference with Pistorius.

The repair hub project has been hit by financial and operational disagree ments between Rheinmetall and Krauss-Maffei Wegmann, the German tank makers, and Polska Grupa Zbrojeniowa, the Polish state-controlled arms producer, Der Spiegel reported.

'Germany is ready to take responsibility, one way or the other, and that is why we believe that the talks should be concluded within the next 10 days, if possible, so that we know which direction to take," Pistorius said. "Let us be clear, repair is an essential part of sustainable support for Ukraine.

Błaszczak said that from the Polish side, there was "full openness... because we want to support Ukraine, to co-operate in this field with our German neighbour".

The dispute adds to a long list of recent disagreements between the neighbours. This comes at a time when western powers want to display unity to thwart Vladimir Putin, whose full-scale invasion of Ukraine is forcing Nato to bolster its eastern flank.

Germany is committed to stationing permanently 4,000 troops in Lithuania. A discussion on the alliance's next eastern reinforcements is expected during a Nato summit in Vilnius this month.

Last year, Poland was one of the countries that raised the pressure on Germany to deliver its Leopard tanks, also to help replace Soviet-made tanks sent to Ukraine. The Polish campaign irked officials in Berlin who argued that they needed to act cautiously on a decision that could provoke Moscow.

The Patriot deployment has itself been the subject of tensions. German officials were irritated last year when, after offering Patriot systems to Poland, Błaszczak said that they should be given to Ukraine instead.

German-Polish military co-operation has also been overshadowed by broader political feuding, amplified after War-saw in October filed a claim against Germany for €1.3tn in reparations for damages and losses inflicted by the Nazis.

To modernise and replenish its own military, Poland has ordered billions of dollars of weapons from the US and South Korea. Last week, it received the first 14 of a large batch of Abrams tanks

bought from the US. Additional reporting by Barbara Erling

# Ukrainian writer dies after missile attack on restaurant

CHRISTOPHER MILLER - KYIV

Ukrainian writer Victoria Amelina, who succumbed to injuries she sustained in a Russian missile attack on a crowded restaurant last week, was an acclaimed novelist and poet who began documenting Russian war crimes after Vladimir Putin launched his invasion.

Amelina, 37, died on Saturday after suffering a severe head injury when a highprecision Russian Iskander missile struck Ria Pizza in the eastern city of Kramatorsk, trapping people under the building's rubble.

With her passing over the weekend, the death toll from the attack rose to 13people, including twin 14-year-old sisters, according to Ukrainian authorities. At least 60 other people were wounded in the attack.

"With our greatest pain, we inform you that Ukrainian writer Victoria Amelina passed away on July 1 in Mechnikov Hospital in Dnipro," PEN Ukraine human rights group and war crimes research group Truth Hounds said in a statement released on Sunday.

Amelina was the author of two novels, including the award-winning Dom's *Dream Kingdom*, and a children's book. In 2021, she received the Joseph Conrad-Korzeniowski literature prize. The same year, she founded the New York Literature Festival in the eastern Ukrainian town of New York, near Bakhmut.

She had been dining at Ria Pizza with a delegation of Colombian writers and journalists when the missile struck. "They clearly knew that they were shelling a place with many civilians inside," PEN Ukraine said of Russian forces.

Ukraine's domestic intelligence service, the SBU, said it had arrested a local man who allegedly helped co-ordinate the strike and sent video footage of the pizzeria to the Russian military.

Once a city of 150,000, Kramatorsk has seen its population drop by about half since the Russian invasion began. Roughly 25km from the front line, it is a crucial hub for humanitarian assistance and military logistics, making it a key target of Russian attacks. A Russian missile strike on the city's train station in April last year killed 63 civilians.

Many of Kramatorsk's businesses, including hotels and restaurants, have closed since the fighting intensified. Ria

Pizza was one of the few to stay open. Amelina was dining with journalist



Killing zone: Ria damaged in the strike that claimed the life of Victoria Amelina, below

Catalina Gómez, writer Héctor Abad Faciolince and Colombia's former high commissioner for peace, Sergio Jaramillo, who had come to Ukraine as part of a campaign to underscore Latin America's solidarity with the country.

"I was sitting right next to Victoria. We had just finished a day in the field, talking to people about the Russian invasion. As the food was brought to us,

that moment, the missile struck," Jaramillotoldthe Financial Times. "Victoria, who had been sitting upright, was badly hit at the back of the neck," he added. "But I was OK. Then

> ambulance and paramedics." Since Russia's invasion in February last year, Amelina had worked with Truth Hounds to document Russian war crimes, criss-crossing the country and visiting the front lines in eastern and southern Ukraine.

the whole room fell to pieces and time

stopped. I stayed with her and called an

I bent down to pick up a napkin and, at

Friends and other authors paid tribute to Amelina following the news of her death. "Victoria Amelina has been among the most powerful voices telling international audiences about Ukraine's literature and Russia's war crimes," said the Ukrainian Institute in London.

Amelina was set to begin a year-long writer's residency in Paris this month. She was also compiling stories of women enduring the conflict and researching war crimes for a book War and Justice

'Victoria, who had been sitting upright, was badly hit at the back of the neck. But I was OK'

Diary: Looking at Women Looking at War Born in the western city of Lviv on New Year's Day in 1986, Amelina spent part of her childhood in Canada with her father before returning to Ukraine, the PEN statement said. Amelina also wrote and recited poetry, delivering what would be her final performance at a literary festival in Kyiv three days before the missile attack

One of her latest poems, titled "Sirens", laid bare the everyday reality of Ukrainians facing Russian missiles: "Air-raid sirens across the country/It feels like everyone is brought out/For execution/But only one person gets targeted/Usually the one at the edge/ Today it's not you; all clear."

"Victoria Amelina was an extraordinarily courageous woman, who put her successful writing career on hold to document war crimes, and ended up being the victim of a Russian war crime her-self," Jaramillo said.

Amelina is survived by her young son Additional reporting by John Paul Rathbone in London



FINANCIAL TIMES

**Subscriptions & Customer service** Advertising
Tel: +44 20 7873 4000, advertising@ft.com
Letters to the editor
letters.editor@ft.com

Executive appointments Tel: +44 20 7873 4909 www.exec-appointments.com

Published by: The Financial Times Limited, Bracken House, 1 Friday Street, London EC4M 9BT. Tel: +44 20 7873 3000; Fax: +44 20 7407 5700. Editor: Roula Khalaf.

Germany: Demirören Media, Hurriyet AS-Branch Germany, Demirôren Media, Hurriyet AS-Branch Germany, An der Brucke 20-22, 64546 Morfelden-Walldorf. +49 6105 327100. Responsible Editor, Roula Khalaf Responsible for advertising content, Jon Slade. Italy: Monza Stampa S.r.I., Via Michelangelo Buonarroti, 153, Monza, 2090, Millan. Tel. +39 039 28288201 Owner, The Financial Times Limited; Rappresentante e Direttore Responsable in Halia: IMD.SrI-Marco Provasi-Via G. Puecher. 2 20037 Paderno Dugnano (MI), Italy, Milanon. 296 del 09/IG/08. Poste Italiane SpA. Sped. in Abb.Post DL. 353/2003 (conv. L. 27/02/2004-n.46) art. 1 comma 1 DG Milano. 28821, Coslada, Madrid. Legal Deposit Number (Deposito Legal) M-32596-1995; Publishing Director, Roula Khalaf; Publishing Company, The Financial Times Limited, registered office as above. Local Representative office C/ Infanta Maria Teresa 4, bajo 2, 28016, Madrid. ISSN 1135-8740.

1135-8262.

UAE: Masar Printing & Publishing, P.O. Box 485100, Dubai. Editor in Chief Roula Khalaf. France: Publishing Director, Jonathan Slade, 46 Rue La Boetle, 75008 Paris, Tel. 435 (01) 3376 8256; Fax +33 (01) 5376 8255; Commission Paritaire N° 0919 C 85347; ISSN 1148-2753.

1148-2753. Turkey: Dunya Super Veb Ofset A.S. 100. Yil Mahallesi 34204, Bagcilar- Istanbul, Tel. +90 212 440 24 24. Sweden: Responsible Publisher - Christer Norlander

© Copyright The Financial Times 2023. Reproduction of the contents of this newspaper in any manner is not permitted without the publisher's prior consent. Financial Times' and 'FT' are registered trade marks of The Financial Times Limited.

The Financial Times and its journalism are subject to a self-regulation regime under the FT Editorial Code of Practice: www.ft.com/editorialcode

Reprints are available of any FT article with your company logo or contact details inserted if required (minimum order 100 copies).

One-off copyright licences for reproduction of FT articles are also available.
For both services phone +44 20 7873 4816, or email syndication@ft.com

**Palestinian tension** 

# Israel launches West Bank assault but denies wider plans

JAMES SHOTTER — BETHLEHEM

Israeli forces killed at least eight Pales tinians and wounded dozens more as the Jewish state deployed armed drones and hundreds of troops in one of the largest operations in the occupied West Bank for two decades.

The assault on a Palestinian refugee camp in Jenin, which began early yesterday, was the latest flare-up in a year of spiralling violence that has fuelled fears that the Israeli-Palestinian conflict is on the brink of a broader escalation.

Israeli officials said the raid was launched to target a "joint operational command centre" of the Jenin Brigades militant group as part of an "extensive counter-terrorism effort". However, Israel denied it was planning a broader operation in the West Bank as a whole.

A spokesman for Palestinian president Mahmoud Abbas described the attack as a "new war crime".

Jamal Hweel, a political analyst who lives in Jenin, said the raid was "the biggest since 2002" when Israeli forces launched an assault on the refugee camp during a Palestinian uprising known as the second intifada.

Yesterday's raid, which involved between 500 and 1,000 Israeli security personnel, was the second time in as many weeks that Israel had launched drone strikes in the West Bank, and underscored the growing firepower its military was using to target Palestinian militants. Israel had not deployed armed drones in the West Bank since

The Palestinian health ministry said that in addition to the fatalities, at least 50 people were wounded, 10 of them seriously. Hweel said electricity in the camp had been cut, and that the internet was not working.

The refugee camp in Jenin, a city in the West Bank's north-west, is densely populated with about 14,000 people and has become a key militant stronghold. News agencies reported that multiple drones were seen flying overhead as sounds of gunfire and explosions could be heard.

This year is on course to be the bloodiest for more than a decade in the West Bank, where Israeli forces have been conducting near-nightly raids since a spate of Palestinian attacks on Israelis that began last spring.

According to UN data, which does not include the most recent violence, Israeli forces have killed 114 Palestinians in the West Bank so far this year, while Palestinians have killed 16 Israelis in the ter-

Palestinians want the West Bank to be the heart of a future state, but Israel has occupied the territory since 1967, and Prime Minister Benjamin Netanyahu's far-right government has advanced plans to increase settlements across the territory since it took office in December.



Running for cover: Palestinians seek shelter in Jenin city yesterday

The majority of the international community considers the settlements to be illegal.

Netanyahu's government includes religious Zionist settlers who want Israel to annex the West Bank and who have been urging the military to take a more aggressive approach in the territory.

As well as the Israeli raids in the West Bank, there has been an increase in violence between Palestinians and Jewish settlers.

Two weeks ago, hundreds of settlers set alight Palestinian cars and houses in the West Bank as part of a series of vigilante attacks after Palestinian gunmen killed four Israelis and injured four more in an attack near a settlement.

That was the deadliest against Israelis since a shooting in a settlement in East Jerusalem in January, and came a day after Israeli forces killed seven Palestinians, including a 15-year-old, and wounded more than 90 during a raid on

 $The \, Is raeli\, of fensive \, triggered\, a\, multi$ hour gun battle, during which the Jewish state deployed helicopter gunships over the West Bank for the first time since the second intifada.

#### INTERNATIONAL

# Italy crackdown on same-sex parents is 'cancelling lives' amid legal limbo

Conservative values imposed by Meloni's rightwing coalition lead to annulling of birth certificates

Sara Della Villa and Silvia Mao, two Italian nurses, fell in love after meeting at work seven years ago in a small town near the northern city of Padova.

They bought a house, got a dog and decided to have a baby. As Italy does not allow same-sex couples to undergo in vitro fertilisation, they flew to Spain for the procedure. Mao, 29, provided the eggs and Della Villa, 36, carried the pregnancy. In January their son was born.

Now, the two women and their baby are entangled in a bitter ideological battle over who should raise children, as Prime Minister Giorgia Meloni's rightwing coalition tries to impose its conservative moral values on an evolving

Last week the birth certificate recognising both Della Villa and Mao as their son's legal parents was annulled by the Padova city prosecutor, who simultaneously invalidated the birth certificates of 33 children born to 17 lesbian couples in the city since 2017.

The prosecutor, whose action came after the government repeatedly expressed disapproval of LGBT+ couples raising children together, said Italian law did not allow children to have

Eugenia Roccella, the minister for family and birth rates, endorsed the move, saying it affirmed that "there are only two ways to become a parent either biologically or through adoption".

Mao now faces the prospect of a long legal fight - or a complex and costly  $\operatorname{court}$  adoption  $\operatorname{process}$  — to  $\operatorname{establish}$ herself as the legal parent of her own genetic child. Italian family law was never updated in light of IVF technology and recognises only a woman who gives birth, in their case Della Villa, as a

"We don't want anything more than what all Italian citizens have - rights so that we can be comfortable and raise these children in complete serenity,' Mao said in an interview. "Society is ready, the government isn't."

Meloni, a mother herself, has never made a secret of her belief that parenthood should be a privilege reserved for heterosexual couples, and before coming to power railed against what she called "the gay lobby". Her coalition partner, Matteo Salvini, leader of the far-right League, calls gay parents

Their government has been on the offensive against gay parents, with the interior ministry ordering city mayors to stop issuing birth certificates recognising same-sex couples as children's legal parents. Instead, the ministry instructed cities to grant parental rights to a single biological parent, leaving the other partner to undergo a lengthy "special adoption process" to secure recogni-

Meloni's arch-conservative Brothers of Italy party is also pushing to make it a criminal offence for Italians to have  $babies\,through\,surrogacy\,abroad, which activists\,say\,would\,shut\,down\,gay\,men's$ only potential path to parenthood.

"We want a nation in which — what



Letters of the law: mothers in Padova pin mail from the authorities, which denies them rights to be recognised as families, to dolls. Below, Sara Della Villa, left, and Silvia

Mao with their

baby son

ever each person's legitimate choices and free inclinations — it is no longer a scandal to say we are all born from a man and a woman," Meloni said at a recent forum on Italy's languishing birth

Meloni denies being "homophobic" but wrote in her autobiography that "every child has a right to have a father and a mother" and that she — raised by a single mother herself – wants to safeguard those rights.

However, LGBT+ activists and opposition politicians say her policies amount to harassment of Italy's nontraditional families, including an esti-

"It is not only the law that lives in the past, but also politicians want us to live in the past, cancelling our lives or making them so hard that we stop having families," said Cathy La Torre, a prominent attorney and LGBT+ rights

"They say, 'We want a traditional family — that's all'," she added. "It's very fascist behaviour not to accept that there are other models of families.

After years of legal and political battles, Italy in 2016 legalised same-sex civil unions, granting gay couples most of the rights and protections as married couples. By the end of 2021 - the latest data available, 13,168 same-sex couples had made such long-term commitments, according to Italy's statistics

But civil unions still do not provide gay couples a legal path for starting a family together. Gay couples are barred from adopting children or accessing assisted reproductive treatment like IVF — and surrogacy has been illegal in Italy since 2004, forcing same-sex couples to go abroad.

This offers mayors plenty of leeway vhen same-sex couples seek to register their children in Italy.

"Mine was a choice of conscience," said Padova mayor Sergio Giordani, a centre-left leaning independent, who

'It's very fascist behaviour accept that there are other models of families'

issued the now annulled birth certificates recognising lesbian couples as their children's co-parents. "I didn't want to create a disparity on children's rights. If just one mother remains, it means the other mother can't go to the hospital with their child, or can't take them to kindergarten," he said. "How can you do something like this?" With more legal cases involving same-

sex parents winding up in court in recent years, judges have called for new legislation that reflects social and technological developments.

But so far lawmakers — of all political persuasions — have ignored such pleas, allowing the existing family law to

"Society is moving on, technology is moving on, but our politicians don't want to recognise that," said Francesca Benciolini, a Padova city councillor. "It's a very conservative way of thinking always being afraid of what is new."

Meanwhile, Mao and Della Villa insist their ambiguous legal status will not affect their commitment to raising their son together as a family.

"We are two people who love each other and who wanted a baby," said Della Villa. "In the end, we are two mothers – no one between us is more a mother than the other one; we are

Additional reporting by Giuliana Ricozzi

## French unrest eases after teenager's fatal shooting stokes anger

IAN JOHNSTON AND ADRIENNE KLASA PARIS

The number of arrests in France dropped for a second consecutive night on Sunday in a sign that the violence that erupted on the streets in response to the death of 17-year-old Nahel Merzouk might be abating.

During a sixth night of unrest after the fatal police shooting of the teenager last week, France's interior ministry said yesterday that 157 people had been arrested, compared with 773 on Saturday night and 1,311 on Friday night, with a total of 3,354 people arrested since

Despite calls from some to announce a state of emergency, interior minister Gérald Darmanin said large-scale arrests had reduced tension without resorting to this measure. About 45,000 police officers were on active duty for the past three nights and Darmanin pledged that the same force would again be present last night.

Disorder "will be met with strength, arrests and appearance before the courts", he told broadcaster BFMTV. 'We will not let anyone take a dagger to the republic."

President Emmanuel Macron met

ministers on Sunday to chart a political way out of the crisis.

As the scale of arrests and violent incidents eased, he also met leaders of the Senate and the national assembly yesterday and will gather more than 220 mayors from across France today, a person present at the government's crisis meeting on Sunday said.

Protests, riots and vandalism have rocked France since a police officer shot Merzouk, a teenager of north African descent from the Parisian suburb of Nanterre, during a traffic stop last Tuesday. The response was sparked by a video that captured the shooting, which quickly went viral.

Darmanin said a third of those arrested were minors and he called for parents to stop the violence. "The average age of those we have arrested is 17, with sometimes children of 12 or 13 who are pyromaniacs and have attacked the authorities and elected representatives," he told BFMTV yesterday.

Three police officers were injured on Sunday night, compared with almost 50 the previous night. A 24-year-old firefighter died overnight while fighting a blaze in the northern Paris suburb of Saint-Denis. The incident has not yet been linked to the unrest.

Meanwhile an attack on Saturday on the house of a Vincent Jeanbrun, centreright mayor of the southern Paris commune of L'Haÿ-les-Roses, in which his wife was injured, was condemned by politicians. Municipal buildings, town halls, schools and other public facilities have been targeted by rioters.

"We are all very affected," Jeanbrun said of his family on BFMTV. "Young people need to be told: There is a repubican order, laws and authority . . . These are not dirty words. Because these things exist, we can then

See Inside Business, FT View, Opinion

Space technology

# Satellite lightning detector boosts storm alerts | Rail industry alarmed at EU chemical curbs

**CLIVE COOKSON** — LONDON

Meteorologists have hailed a new space-based detector for its ability to predict severe storms, after spectacular first observations were released showing lightning flashing many times a second over Europe and Africa.

The imager on Europe's Meteosat Third Generation satellite, launched last December, detects all lightning activity from its geostationary orbit 36,000km above the equator over west Africa, a field of view that covers more than 80 per cent of Earth.

Severe storms are often preceded by abrupt changes in lightning activity," said Phil Evans, director-general of Eumetsat, the European weather satellite agency that operates Meteosat. "By observing these changes in activity. lightning imager data will give weather forecasters additional confidence in their forecasts of severe storms."

Severe storms have caused an estimated €500bn of damage over the past 40 years in Europe alone, Eumetsat said, and they are becoming more frequent as a result of climate change. The advances in detection technology will help authorities better protect lives and livelihoods from extreme weather events, Evans said at a briefing that showcased the images yesterday.

The western hemisphere already has a lightning detection system provided by US National Oceanic and Atmos pheric Administration's satellites. which the US National Weather Service uses to forecast intense thunderstorms. The data feeds into a LightningCast warning model which incorporates artificial intelligence-based algorithms for predicting storm activity.

'This is about protecting lives and livelihoods, enabling forecasters to track severe storms'

According to its developer Leonardo, an Italian aerospace company, Eumetsat's new system has higher resolution and performance than its US counterpart launched in 2016,

"The lightning imager has four cameras and each one can capture 1,000 images per second, day and night, detecting even a single lightning bolt in 0.6 milliseconds, faster than the blink of an eye," said Guia Pastorini, Leonardo's project engineering manager.

AI-based analysis reduces the amount of data transmitted back to Earth more than 1,000-fold, rejecting everything that is not directly related to lightning. "Thanks to specific algorithms, data is processed on board to send only useful information," she said.

Lightning kills several thousand peo ple a year worldwide, mainly in tropical regions. It is important meteorologically as an indicator of severe storms that cause most damage from intense rainfall and high winds.

"Above all, this is about protecting lives and livelihoods, enabling forecasters to track the development of severe storms and providing a longer lead-in time to warn authorities and communities," said Evans.

Eumetsat does not issue storm warn ings directly but feeds data to national weather services which then alert the public, businesses and local authorities. Gary Fowler, Eumetsat instrument

manager, expects the observations to be particularly useful for weather services in central Africa, which has one of the highest levels of lightning activity in the world but limited facilities for groundbased observations.

The MTGI1 satellite provides images

of clouds and weather systems as well as lightning flashes, further boosting its forecasting ability.

It is the first of the three satellites in the planned €4.6bn Meteosat Third Generation system scheduled for completion in 2026.

Manufacturing

ANDY BOUNDS - BRUSSELS

The output of EU factories building trains and railway equipment will fall unless regulators delay a proposed ban on so-called forever chemicals, the industry has warned.

Unife, which represents the European railway industry, said the fluoropolymers, known as PFAS, were vital to thousands of products, including trains and signalling systems.

Brussels wants to shift travellers from aircraft to trains as part of its plan to reach net zero greenhouse gas emissions by 2050 but a shortage of carriages and the incompatibility of national rail systems has held back progress.

The industry says a proposal to restrict PFAS to just a few critical areas from 2027 on health and safety grounds would inhibit its growth and the green

PFAS are used in millions of applications from Teflon cookware to textiles, batteries and smartphones. However, the molecules do not break down easily and accumulate in human organs and the environment. Studies have linked several variants to slow foetal and baby growth, kidney cancer and other health problems. The US Environmental Protection Agency warned that even nearzero levels of PFAS could be dangerous.

Philippe Citroën, Unife director-general, said it supported phasing out the chemicals, which have strong resistance to water, oil, heat and corrosion.

"However, our industry needs time to adapt and find alternatives," he told the Financial Times. The timeframe contemplated by Brussels – a near total ban of all PFAS by 2027 – would challenge rail manufacturing operations and put severe pressure on supply chains.

"The industry is working hard to map PFAS uses as part of the European public consultation. Their widespread uses include batteries, electronic components, plastics, lubricants, paints, hydraulic fluids, and a range of other



Production line: checks are made at a Bombardier factory in Germany

friction-related purposes. We believe the final outcomes of this mapping will show how complex any transition away from these chemicals will be."

European semiconductor and pharmaceutical industries have already warned a ban would hit them hard.

The European Chemicals Agency, ECHA, is conducting an independent scientific assessment of a near-complete PFAS ban proposed by five countries the Netherlands, Germany, Denmark, Sweden and non-EU Norway.

But the European Commission, the EU's executive arm, has said it recognised that they were needed in critical applications, for example in the digital and energy sectors, including semiconductors, electrolysers and membranes for green hydrogen production. There are likely to be limited exemptions for ingredients in plant protection products, biocides and medicines.

"The commission envisages that the derogations will be introduced for critical use where no alternatives are currently available, while taking into account the need to minimise emissions of PFAS for the derogated uses in their  $entire\,life\,cycle, "a\,spokesperson\,said.$ 

However, pharmaceutical companies say PFAS are needed not just in medicines themselves but in the equipment used for research and to make them.

#### INTERNATIONAL

ense relations

# Yellen's Beijing visit aims to stabilise links

Treasury secretary plans four days of meetings with senior officials but not Xi

DEMETRI SEVASTOPULO — WASHINGTON

US Treasury secretary Janet Yellen will visit China this week, becoming the second Biden cabinet official to travel to Beijing as the countries boost efforts to stabilise their turbulent relationship.

Yellen will spend four days in Beijing for meetings with top Chinese officials and US business leaders, according to a senior Treasury official, who cautioned that the trip was unlikely to produce "significant breakthroughs".

The Treasury secretary will arrive in Beijing on Thursday, China's finance ministry confirmed. She is not expected to meet President Xi Jinping.

Her trip comes just weeks after secretary of state Antony Blinken visited China with the hope of resurrecting efforts to set a "floor" under the relationship, which remains in its worst state since the countries established diplomatic ties in 1979.

The trips by Yellen and Blinken follow an agreement reached between President Joe Biden and Xi in Bali in November that was derailed after a suspected Chinese spy balloon flew over the US early this year.

Through this trip, we seek to deepen

and increase the frequency of communication between our countries moving forward and to stabilise the relationship to avoid miscommunication and expand collaboration where we can," said the Treasury official.

They added that Yellen planned to discuss the three pillars of the US-China economic relationship that she outlined in a speech in April. Yellen said at the time that the US would secure it national security interests, including human rights, but was not using security tools to gain competitive economic advantage.

She added that Washington wanted a healthy economic relationship with China but would respond to its "unfair economic practices", stressing that the US sought co-operation on global challenges such as debt relief and climate.

Her visit comes as China's economic recovery from three years of pandemic restrictions is losing momentum, increasing expectations that Beijing will need to implement a stronger stimulus plan

It also follows China's announcement over the weekend that Pan Gongsheng, a technocrat who has worked in commercial banking and held research positions at Cambridge and Harvard universities, will take over the top Communist party position at the People's Bank of China.

Evan Medeiros, a former White House official and a China expert at Georgetown University, said Yellen's trip was "simply the next step in an uncertain process".

"It's good to do but hard to see how it moves the ball in the complex game of great power competition," he said.

The US and China remain at odds over issues including Beijing's military activity around Taiwan and anti-espionage and counter-sanctions laws that complicate American business operations.

China meanwhile accuses the US of interfering in Taiwan, over which it claims sovereignty, and imposing sweeping export controls designed to make it harder to secure advanced chips.

Additional reporting by Joe Leahy in Beijing

#### **Emissions target**

## China calls on poorer nations to oppose 'unrealistic' shipping levy

OLIVER TELLING — LONDON

China has urged poorer countries to oppose a levy on shipping emissions and stronger targets for decarbonising one of the world's most polluting industries, criticising wealthy nations for setting "unrealistic" goals with "significant" financial costs.

Beijing distributed a "diplomatic note" to developing nations as they prepared for a meeting at the UN's International Maritime Organization in July, according to four people present at IMO discussions. The lobbying effort comes days after France rallied 22 allies behind a shipping emissions levy.

shipping emissions levy.

China warned that "an overly ambitious emission reduction target will seriously impede the sustainable development of international shipping, significantly increase the cost of the supply chain and will adversely impede the recovery of the global economy", according to a document seen by the Financial Times.

It added: "Developed countries are pushing the IMO to reach unrealistic visions and levels of ambition. [They are advocating] a flat [levy that] will lead to a significant increase in maritime transport costs." Wealthy nations have not agreed a price for the emissions levy.

The efforts by China, the world's biggest exporter which also has a large state-owned shipping industry, have deepened concerns over a lack of progress on decarbonising a sector that delivers up to 90 per cent of traded goods globally, according to the OECD.

By the end of next week the IMO has committed to strengthening its ambition, which has long been criticised by environmental campaigners as weak, to halve annual shipping emissions from their 2008 levels by 2050. But participants in the talks at the IMO this week said China had helped to rally countries in closed-door negotiations that had become deeply divided between developed and developing member states.

Brazil, Argentina and South Africa

have also opposed a levy on shipping companies' emissions, which they fear would increase the cost of exports for their commodities, according to two people close to the discussions.

Poorer countries are not united in opposition. The Marshall Islands, which are exposed to rising sea levels, has called for a \$100-a-tonne emissions levy. Albon Ishoda, the country's ambassador to the IMO, expressed concerns that the level of "polarisation has become unhelpful", with some countries in the private discussions not living up to their national commitments on

decarbonisation.

According to the note seen by the FT, China called for any revenues generated by IMO regulations to be invested "insector", arguing that wider use would transfer "the climate change financing responsibility from developed countries to . . . international shipping". It opposed setting 2050 as the final year to achieve net zero emissions, instead backing a broader goal of "net zero GHG [green house goal emissions from internations of the control of the c

achieve net zero emissions, instead backing a broader goal of "net zero GHG [greenhouse gas] emissions from international shipping around mid-century". Additional reporting by Cheng Leng, Thomas Hale and Edward White

US education. Debt burden

# Millions of Americans hit by student loan return

Supreme Court decision on forgiveness adds to pressures as temporary relief ends

TAYLOR NICOLE ROGERS — NEW YORK COLBY SMITH — WASHINGTON

This October, after a three-year break, 27mn Americans with student debt will once again have payments due.

One of them is Jacque Adams, a Dallas public school teacher who owes \$103,000 in student debt. "I'm an underpaid teacher," said Adams, 45. "I have three kids; one is starting on her own college [degree]. I'm going to take these loans to the grave with me."

The Department of Education paused student loan repayments when the Covid-19 crisis began in March 2020, and extended it nine times in an effort to provide financial relief to US households throughout the pandemic.

But that is ending, after Congress put a halt to the programme as part of an agreement resolving the debt ceiling stand-off earlier this year. Some economists fear that the resumption of payments, combined with a softening labour market and rising interest rates, could damp consumer spending and raise balances on other consumer debts, weighing on the broader economy.

In yet another blow to student borrowers, the Supreme Court ruled on Friday that President Joe Biden's \$400bn student loan forgiveness plan, which would have cancelled up to \$10,000 of debt for borrowers earning up to \$125,000 – and up to \$20,000 for those who received a Pell Grant, a type of loan for those with the greatest financial need – was unconstitutional.

The programme would have completely eliminated the student debts of 20mn Americans, the White House said. Biden said on Friday that his administration was exploring other legal pathways to help borrowers. "I will not stop fighting to deliver relief to borrowers who need it the most." he said.

Some 45mn Americans have student loans, though 6mn are not paying because they are still in school, 4.6mn have defaulted, 3.1mn have deferred payments, and 1mn are in a grace period before payments begin. Before the pause, the average student borrower paid between \$200 and \$299 each



students walk through the campus of the University of North Carolina month on their loans, according to Federal Reserve data.

Many borrowers have used their extra cash on things such as investing, saving for retirement or paying down other debts. Others took it as an opportunity to splurge on experiences they knew they would not be able to afford while paying down their loans, said Zenith Wealth Partners managing partner Chelsea Ransom, a financial planner who primarily advises millennials, many of whom have student debt.

Adams, who has not received a bill or accumulated interest on her loans for the past three years, said the forbearance allowed her to save for a downpayment on a home.

"People have been thinking 'we'll be fine, we'll get through this', but I think once you actually see it coming out of your pay cheque, that's when the real reality bites and when we do see a shift coming through in terms of consumer attitudes," said James Knightley, chief international economist at ING. "I think it will be quite a painful story, unfortu-

nately, because 43mn Americans is a big chunk of the population."

'I think it

a painful

because

Americans

story

43mn

is a big

chunk'

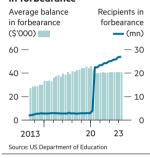
will be quite

Estimates vary on the ultimate impact but, based on calculations from the Bureau of Economic Analysis, a full resumption of related payments would be equivalent to about 0.2 percentage points of disposable income, said Aditya Bhave, senior US economist at Bank of

"A lot of people really enjoyed the pause and forgot how much they were paying and never thought that payments would return," Ransom said.

"This is a very sobering moment."
While consumer balance sheets on the whole are healthy, strains have begun to emerge on the margins. More Americans are falling behind on credit card debt payments and auto loans, and that pressure could build once the payments pause ends. "\$20,000 is not going to help me," Adams said.

Should the labour market crack more meaningfully, especially as the Federal Reserve's efforts to tame inflation by rapidly raising borrowing costs start to Nearly 27mn Americans have federal student loans in forbearance



bite, vulnerable populations could be pushed further to the edge.

Wendy Edelberg, director of the Hamilton Project at the Brookings Institution, said some degree of economic cooling should be welcome, with consumer spending and the labour market still "unsustainably strong". Ending student loan relief could help that process. "This actually in a business-cycle management sense goes in the right direction because it is yet another force that would reduce spending," she said, noting the "crisis" backdrop that prompted these policies had long passed.

Some borrowers say they still need help to repay their loans amid rising prices, and that the forbearance alone did not provide enough relief.

Adams said her recent mortgage application had been denied because the lender factored her about \$500 monthly payment into calculations of her debt to income ratio despite the forbearance, preventing her from buying a home. She said she had applied for a feer ral public servant loan forgiveness programme but had yet to be approved.

Joanna Kearns, 42, of Broward County, Florida, said the end of the pause was "unfair". She echoed complaints shared by many borrowers that the education department did not properly inform them about student debt before offering them loans as teenagers.

Kearns, who works as a full-time caregiver for her elderly father as he undergoes cancer treatments, owes about \$60,000 from two degrees. "I'm trapped and really deserved this break," Kearns said. "They trapped us for the rest of our lives over one mistake."

#### South Asia

# Sharif vows to turn round Pakistan's economy after IMF deal

FARHAN BOKHARI — ISLAMABAD BENJAMIN PARKIN — NEW DELHI

Pakistan prime minister Shehbaz Sharif has promised to turn round the country's crisis-hit economy as he faces hotly contested elections this year, after the government secured a crucial \$3bn IMF rescue financing deal to avert the threat of default.

Pakistan and the IMF on Friday reached a preliminary agreement for a ninemonth, short-term loan package after months of tense negotiations, helping avert an imminent default after the country's foreign reserves fell precariously low. The IMF's board is expected to approve the deal this month.

Sharif hailed the deal, which came after Islamabad agreed a package of painful economic reforms, calling it "a much-needed breather". While the deal will help the country achieve economic stability, nations are not built through loans", he said. "I pray for this new programme to be the last one."

Ishaq Dar, finance minister, said: "We have stopped the decline, and now we have to turn to growth."

Pakistan's stocks surged the most in three years after the deal, with the benchmark KSE 100 index rising almost 6 per cent yesterday morning, triggering an hour's trading halt in Karachi. The agreement also delivered a boost

to Pakistan's sovereign bonds, which have rallied sharply over the past week on hopes of a rescue. One dollar bond maturing in April 2024 — which had traded for as little as \$0.42 on the dollar this year — climbed half a cent in early trading yesterday to just over \$0.72.

Sharif said the IMF deal would

strengthen his government's hand against arch-rival Imran Khan, a former cricketer and prime minister who was ousted by parliament last year but is widely seen as the most popular candidate in national polls due by October. Analysts warned that the bailout was

Analysts warned that the bailout was only a short-term solution to Pakistan's economic crisis, one of the worst in its history. Economists estimate the government owes about \$25bn in debt repayments in the financial year that starts this month, meaning Sharif's government must raise billions more from lenders such as China and Saudi Arabia.

It also needs to rein in inflation, which hit 29 per cent in June, an improvement from 38 per cent the month before. The shortage of dollars has left businesses struggling to operate and created severe shortages of imports. Pakistan's foreign reserves of \$3.5bn are not enough for one month's worth of imports. "The presence of the IMF gives confi-

"The presence of the IMF gives confidence to the private sector that their government will generally pursue a prudent fiscal and monetary policy," said Abid Hasan, a former World Bank adviser. But he noted that successive governments in Islamabad had consistently failed to implement IMF-backed reforms needed to end boom-and-bust cycles that have plagued the country's economy. The deal announced last week is the country's 23rd with the fund.

"Pakistan's future can only be determined by Pakistan," Hasan said.



Accord signed: Shehbaz Sharif, with Ishaq Dar, makes a point on Friday

Pressure to break with the package of IMF-mandated reforms could also mount as elections approach. The commitments include unpopular measures such as cutting subsidies on energy and raising taxes in an effort to create a budget surplus. The government estimates that about half of budget spending for the financial year will go towards debt servicing, leaving little left.

"In the past, Pakistan has often reneged on a deal once the acute phase of the crisis has passed. The danger is that history repeats itself," analysts at Capital Economics wrote in a note to clients. "Even if Prime Minister Sharif is committed to a deal, he could be out of office before the end of the year."

The IMF programme also provides little immediate reprieve to businesses. Many have been hard hit by austerity measures as well as import and currency controls put in place to try to stem the drop in foreign reserves.

Refore the IMF deal, some multina-

tionals announced they were leaving Pakistan. In June, Shell said it would sell its stake in its local unit, while Virgin Atlantic this year announced it was ceasing operations in the country. Additional reporting by Hudson Lockett in Weak currency

# Turkey's trade deficit falls 35% in a sign of cooling activity

AYLA JEAN YACKLEY — ISTANBUL

Turkey's trade deficit fell 35 per cent last month, in a sign that economic activity may be slowing as President Recep Tayyip Erdoğan returns to more orthodox economic policies.

Trade ministry data yesterday showed both imports and exports declined last month. The trade imbalance narrowed to \$5.4bn as imports fell 16.8 per cent from the same period a year earlier to \$26.3bn, the lowest level since October 2021, according to official statistics.

The fall in the value of imports reflects a sharp devaluation in the lira, which has lost almost a quarter of its value against the dollar since the presidential election won by Erdoğan in late May. Yesterday's trade data helped sent he currency down 0.5 per cent to a record low of TL26.07 against the dollar.

Exports fell 10.5 per cent to \$20.9bn, although a long religious holiday in June may have reduced manufacturing activity. The trade deficit for the first half of the year still grew 19 per cent compared with the first six months of 2022

economist at Capital Economics, said: "Turkey's economy has been running quite hot in recent months, [with] strong domestic demand that has fed through into import growth. With the currency depreciation, imports coming down happens quite quickly, and that's what's playing out now."

In an effort to boost growth ahead of the May vote, Erdoğan had forced the central bank to keep interest rates in the single digits despite an inflation rate of about 40 per cent.

But since securing a new five-year term, the president has signalled a willingness to pursue more conventional economic policies, appointing two former investment bankers to run the finance ministry and the central bank.

The central bank raised rates by 650 basis points to 15 per cent on June 23 and has also eased its interventions in the currency markets to prop up the lira.

The weaker lira should make Turkish exports more competitive, with the trade deficit likely to continue narrowing, Peach said. This should help tame Turkey's large current account deficit, which stood at \$54.2hn in March

the year still grew 19 per cent compared with the first six months of 2022.

Liam Peach, senior emerging markets Liam Peach, senior emerging markets Liam Peach, senior emerging markets

uesday 4 July 2023 ★ FINANCIAL TIMES

# capital-com



Online

# Trading-Platform

# Companies&Markets

FINANCIAL TIMES

# Bullish bets on sterling reach highest level since 2014

- Speculators eye more BoE rate rises
- Backing despite recent pound jitters

MARY MCDOUGALL - LONDON

Currency speculators have boosted bullish wagers on the pound to the highest level for nine years despite recent signs that sterling's strong rally this year

The growing consensus among speculative investors, such as hedge funds, comes after sterling has already rallied strongly this year, driven by the Bank of England's effort to lift borrowing costs to quell inflation. The pound traded at \$1.2665, a 4.8 per cent rise against the dollar since the start of January.

With rising prices proving particularly stubborn in the UK relative to other economies, markets now think the BoE will have to go further just as

#### 'It's a bet that the BoE will get pulled by its hair to take rates higher'

Simon Harvey, Monex Europe

other big central banks are nearing the end of their tightening cycles.

Leveraged non-commercial funds upped their net long positions on sterling to almost 52,000 contracts for the week ended Tuesday June 27, the highest level since July 2014, according to data from the US Commodity Futures Trading Commission. The figures are a closely watched gauge of currency speculators' activity in futures markets.

"The positioning shows that speculators have become more bullish on sterling," said Simon Harvey, head of FX analysis at Monex Europe. "It's a bet that the Bank of England will get pulled by its hair to take rates higher.

A rise in bets on sterling follows a bumpy ride for the UK currency in recent weeks. The pound has fallen nearly 1 per cent since the BoE unex-

pectedly raised interest rates to 5 per cent on June 21, upending the typical correlation between higher rates and stronger currencies.

Investors said recent weakness was the market signalling that aggressive rate rises would kill growth and induce a recession, deterring foreign capital.
"Currencies where central banks are

keeping rates high because growth is strong, rather than because inflation is high, are likely to be favoured," said Paul Robson, a currency strategist at Nat-West. "The fact that the BoE is tightening because inflation has been persist ently high" is a negative for the pound, he added.

Some analysts argue that a crowded bet on a stronger sterling can be a recipe for a pullback, given that many investors might ditch their positions if the market moves against them.

"In theory we should see a bigger drop because there are more positions that could be scaled back," said Francesco Pesole, a currency strategist at ING. "We think sterling is quite vulnerable."

But others say higher UK interest rates should continue to support the

"We still encounter a lot of scepticism that sterling can rally with [bond yields] back where they were last autumn," said Kamakshya Trivedi, head of global for eign exchange, interest rates and emerging markets strategy research at Goldman Sachs, referring to the period after September's "mini" Budget when the pound tumbled despite rocketing interest rate expectations. "But things could not be more different now."

Trivedi said that with energy prices declining and the labour market still strong, real incomes are improving and the BoE no longer stands out as a "reluctant hiker". He added: "We remain con $fident\,that\,the\,pound\,should\,strengthen\,as\,real\,rates\,move\,higher."$ 

## Extra pace Musk's price cut drives Tesla to record sales as China rival BYD also delivers



Accelerating sales: Tesla vehicles await onward delivery after arriving in Yokohama, Japan - Toru Hanal/Bloomb

PATRICK MCGEE — SAN FRANCISCO

Tesla shares, which have more than doubled in the first half of this year, are set to extend their rally after the company beat expectations, delivering a record number of vehicles in the second quarter.

The electric vehicle pioneer said it delivered 466,000 vehicles between April and June, up 10.4 per cent from the previous quarter and 83.5 per cent from a year before, demonstrating the value of price cuts this year. Production was higher, at nearly 480,000.

Tesla shares rose 6 per cent in early trading. Its results exceed an already ambitious target of increasing volumes by an average of 50 per cent a year, helping to justify a 113 per cent rally in the stock so far this year.

Tesla's market capitalisation as of Friday was \$820bn, below its all-time record of more than \$1tn but still multiples higher than any other carmaker.

The stock has jumped in the past two months as General Motors, Ford, Volvo and Amazon-backed Rivian signed deals to adopt the batterycharging standard developed by Tesla, opening a new line of revenue for the company by selling access to its large network of chargers.

Tesla's announcement was followed by robust first-half sales for BYD, the US company's chief rival in China. The Warren Buffett-backed group had sales of 1.26mn vehicles in the six months to the end of June, nearly double the first six months of 2022.

BYD shares gained 4 per cent in Asia trading. According to Citi analysts, BYD's sales were composed of 618,810 battery electric vehicles and 631,351 plug-in hybrids, with the remainder commercial vehicles. Of total sales of more than 253,000 vehicles in June, BYD exported 10,000

cars as it ramps up sales overseas.
Tesla's delivery boost came as the

company cut the prices of its vehicles at the start of this year. "A vast number of people want to buy a Tesla car but can't afford it, and these price changes really make a difference for the average consumer," chief execu $tive\,Elon\,Musk\,said\,in\,January.$ 

The Tesla Model 3 saloon now costs from \$32,740 after federal tax credits worth \$7,500. Nearly all the vehicles shipped last quarter were the mass-market Model 3 and the Model Y SUV. Fewer than 20,000 were the highermargin Model S and Model X vehicles. Deliveries of the Cybertruck, Tesla's

rival to pick-up trucks, are due to begin this quarter. Musk forecast in January that Tesla could deliver as many as 2mn vehicles this year, up from 1.3mn in 2022. Full results for the quarter are scheduled for July 19. Additional reporting by Edward White and Hudson Lockett

poor Paris suburb where

last week's shooting took

place, the French financial

sector has been booming

Nikola heads for clash page 8 Rivian shares surge page 10

## **Ambani** targets India masses with \$12 phone

Tuesday 4 July 2023

CHLOE CORNISH — MUMBAI

India's richest man, Mukesh Ambani, is launching a new model of internet-connected mobile phone for \$12, in an attempt to disrupt a market for phones used by around a quarter of a billion

 $The \hbox{``Jio\,Bharat''} phone \, marks \, Ambani's$ cheapest entry into the market for non-smartphone "feature" phones, which are used by some 250mn people in India. It will at first be available on a trial basis, according to Ambani's data unit

The product, marketed at Rs999, or \$12, is the latest disruption by Google and Facebook-backed Reliance Jio, which upended India's mobile telecoms sector in 2016 with the introduction of initially-free data, and inexpensive

The move sparked fierce competition, ultimately leaving Jio and incumbent Bharti Airtel controlling the world's fastest-growing mobile market as an effective duopoly.

From the beginning, Jio's pricing strategy "made it clear they were going for every Indian out there", said Javanth Kolla, founder and partner at Bengaluru-based Convergence Catalyst.

"Twenty per cent of India's [data] subscribers are still on feature phones,' said Kolla, who described Jio's latest move as "mopping up" customers with the lowest incomes who have previously been deterred from getting online by out-of-reach prices.
Ambani, Reliance Jio chair, said: "There

are still 250mn mobile phone users in India who remain 'trapped' in the  $2\mathrm{G}\,\mathrm{era}$ , unable to tap into basic features of the internet at a time when the world stands at the cusp of a 5G revolution."

The Bharat, a name for India in various languages, is not Jio's first handset it launched 4G-enabled feature phone JioPhone in 2017, priced at Rs1,500, refundable if returned after three years.

With the Jio Bharat, Jio will offer a monthly unlimited voice and 14GB data plan within India for Rs123 (\$1.50). By comparison, competitor Bharti Airtel currently offers an unlimited call and 2GB data plan for Rs179 (\$2.18).

Prabhu Ram, head of industry intelligence at CyberMedia Research, said Jio's new phone was a "step in the right direction" in widening access to customers "at the bottom of the pyramid", but cautioned: "It remains to be seen if Jio's efforts...gain traction with consumers."



# DIAGEO













# Macron's wooing of bankers risks adding to societal tensions



ore than has been the case for many years, France appears deeply divided. Last week's police killing of a teenage driver of North African descent triggered unrest across the country, with stark images of cities ablaze providing evidence of anti-government sentiment caused by a range of inequality issues.

President Emmanuel Macron has been accused of neglecting a pledge to narrow the racial and economic divide. Only a few miles from the poor Paris suburb where the shooting took place, the French financial sector has been booming, as Macron, himself a former banker, followed through on another promise - to ensure Paris could boast financial dynamism akin to London.

While Brexit has sapped the chutzpah of the City, Macron has been explicit on plans to make the most of the UK's forsaken status as the financial spring-board into Europe. "When Macron took over six years ago he had a clear strategy," says one finance ministry official. 'The goal was to be the main beneficiary of Brexit.'

And so it has transpired. France's most dramatic gain in financial services has come via the big five US investment banks, which have moved at least 1,600 staff to Paris, according to Financial Times calculations. In 2021, an annual

EY study found France overtook the UK in terms of the number of US financial services foreign direct investment projects directed at Europe, accounting for 19 schemes, versus the UK's 17.

If traders needed to move to the eurozone, Paris was always going to be an appealing location. But specific policies have spurred the trend. Officials describe a three-pillar strategy.

The first was focused on tax While the UK has just raised its ultralow 19 per cent corporate tax rate to 25  $\,$ per cent, France has been slashing its own in recent years from 33 per cent. also to 25 per cent. There have been per sonal tax discounts of up to 50 per cent for foreign executives and longtime expats who return home. The result has been a global influx of executives: Bank of America in Paris, for example, today employs about 600 Only a few miles from the

staff (up from 70 a few years ago) from 49 different countries. Macron's second

pillar related to competitiveness. Alongside the con-

troversial but crucial pensions overhaul to raise the retirement age from 62 to 64, a suite of labour market reforms aim to make hiring, firing and employment terms more flexible.

The third draw has been political stability. Macron can hardly claim deep popularity these days. But his presidency is set to carry him through to 2027 and his finance minister, Bruno Le Maire, has been in the role for six years. Frustrated financiers contrast that with the flipflopping of UK policy, prime ministers and chancellors over the past year.

If the carrots are appealing, there is also a stick. The European Central Bank has been firm in demanding the steady relocation to eurozone locations of staff concerned with eurozone business. French officials say the ECB's recent fining of Goldman Sachs, for misstating its risk capital, is likely to be used as a lever to oblige banks to relocate more senior risk management executives to the

At the same time France has been working to attract asset management irms. A clutch of hedge funds, includ ing Citadel, Millennium and Point72, have already announced office expan sions. A bigger prize may beckon if Britain's Labour party wins power and proceeds with tax plans that would hit the private equity industry: many buyout executives working in London hail from France and the eurozone, and Macron is sure to try to lure them.

Bank traders admit that the level of assets under management drawn to Paris has not matched expectations. Another disappointment has been the fall back in inward investment, according to EY data. Following France's record 2021 performance, the UK returned to the clear number one spot for US financial services FDI in 2022 and is a far bigger financial centre overall. And France's enthusiasm for cuttingedge finance has led it into risky situations. Binance, the crypto exchange, chose Paris as its European hub last year, but has since been sued by the US Securities and Exchange Commission.

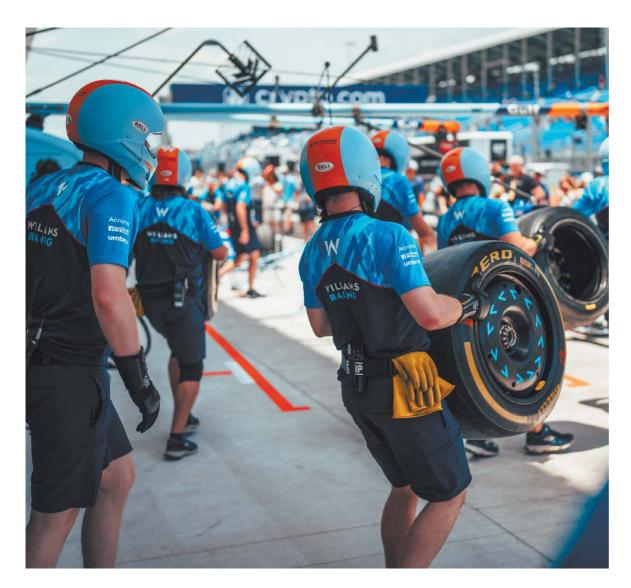
Perhaps the biggest risk of all, though, is societal. The financial sector's expan- $\operatorname{sion}$  – reflected in the growing influence of Anglo-American pay norms - magnifies the gulf between the haves and have-nots. That has long been a source of friction in the UK. How much worse will it go down in Macron's increasingly polarised France?

patrick.jenkins@ft.com

Tuesday 4 July 2023 ★ FINANCIAL TIMES

#### **ADVERTISEMENT**

# SPEED MEETS STYLE AT SILVERSTONE



Can you imagine how it feels to pull 6Gs through the esses from Maggotts to Becketts? Could you handle the adrenaline rush of changing all four tyres of an F1 car in under three seconds? Over the weekend of 7-9 July at the British Grand Prix, Williams Racing, supported by technical kit partner Umbro will be tested to the limits of motorsport performance.

For mere mortals, driving a car is a sedentary experience. The most exercise we get is reaching for the seat belt or loading the boot with luggage. Exercise? Does checking the oil count?

Driving an F1 car, on the other hand, is one of the toughest tests in sport, with immense G-forces and fatigue-inducing conditions, not to mention the mental challenge of focusing on team strategy while factoring in unknowns like tyre wear and changing weather conditions. The modern day F1 driver is part mathematician, part chess player, part astronaut, and fitness – of mind and body – is absolutely key.



#### FITNESS INSPIRES PERFORMANCE

Umbro's association with Williams Racing has always focused on the mantra that performance comes first. Finding those marginal gains is what F1 is all about, whether it's in the cockpit, the telemetry, the strategy or the preparation. The best teams, equipped with the best gear, get the most from razor-edge technology. Everything from tyre choice to the mental alertness of the pit crew makes a difference, so what you wear and how you feel is very much part of that equation.

#### 140,000 FANS IN THE HEART OF ENGLAND

As the British Grand Prix approaches, performance comes under maximum scrutiny. Every member of Williams Racing will be tested to the limit. Britishborn Alex Albon, one of the team's drivers, will be keen to maintain momentum after his seventh place finish at the recent Canadian Grand Prix, while Logan Sargeant is working hard to maximise his first full F1 season.

#### A CHANCE TO SHINE

Silverstone gives the whole team a chance to represent friends and family who provide support all year round. The team's headquarters in Wantage are just an hour away so this is very much a home race.

The British Grand Prix is a blue riband event – one of the biggest sporting events of the summer with 140,000 spectators expected at one of Europe's most historic circuit – and for drivers and crew it's a fantastic opportunity to shine. Support from the home fans will provide extra inspiration from the first practice session to the chequered flag.

#### **LASTING LEGACY OF SUCCESS**

In legacy terms the British Grand Prix is a very special weekend for Williams Racing, and thoughts will no doubt go back to the great performances of the past. The late great Clay Regazzoni winning in 1979 after Alan Jones retired while leading, Nigel Mansell's unforgettable treble in '87, '91 and '92, Alain Prost in '93, and Jacques Villeneuve triumphing in '96 and '97. Memorable victories, every single one.

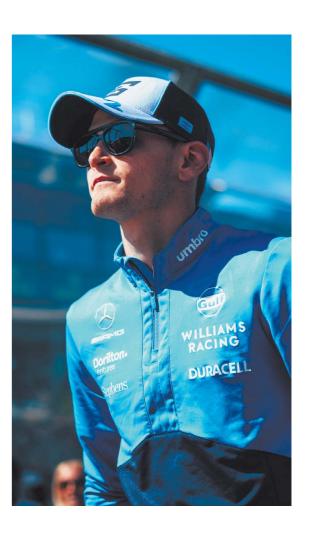
#### **WORLD BEATING ENGLISH BRANDS**

One thing is for sure: Umbro's commitment to performance will help set standards from the pit lane, with Williams Racing personnel wearing the latest Umbro ProTraining kit.

"A good race starts with the preparation – both mental and physical. Whether training indoors or outside, I need to be able to move well. The training kit needs to be breathable and lightweight, to help me reach optimal performance no matter where in the world I am, and the Umbro Williams Racing ProTraining kit helps me do just that", said Alex Albon, speaking about his race day preparations.

Delivering on precision standards, the Umbro Williams Racing collection embodies the F1 spirit, with features such as lightweight micro-eyelet fabrics, raglan sleeves for maximum comfort in the heat of battle, dropped back hems and flattering cuts. The range includes tees, polos, sweats, hoodies, training jerseys, performance jackets, shorts, shoes and caps, all with the iconic diamond logo. Perfect for the winner's podium on 9th July.

And while all F1 teams take pride in their appearance, if there was an award for paddock style Williams Racing would surely take the laurels every Grand Prix weekend.



Automobiles

# Nikola heads for clash with founder

Milton advises investors to vote against electric-truck maker's push to issue shares

CLAIRE BUSHEY — CHICAGO
PATRICK TEMPLE-WEST — NEW YORK

Nikola is heading for a showdown with its founder, Trevor Milton, who was convicted of securities fraud last year, after he urged other shareholders to reject the electric-truck maker's latest effort to raise cash.

Milton, who owns about 7 per cent of Nikola, making him its largest share-holder, said on Instagram last month that he voted against the company's proposal to double the amount of shares it is allowed to issue. He encouraged other investors to do the same. Nikola set a deadline of tomorrow for share-holders to vote on the new stock.

"The company does not need new

shares, they need new leadership," Milton said in his June 15 post.

The fight erupted after the company failed to win support for the stock issuance at its annual meeting last month. Nikola has said if a majority did not vote for the new shares its liquidity position could suffer.

Nikola's shares were trading at \$1.42 yesterday, down from \$4.72 a year ago. In 2020, the company briefly boasted a higher valuation than Ford before plummeting after a report by short seller Hindenburg Research called the company "an intricate fraud".

Nikola last year was forced to extend voting after its annual meeting to drum up support from investors to issue more shares. Now, "[shareholders] might be upset they have had to face several rounds of dilution and put their collective foot down," said Michael Shlisky, a managing director at DA Davidson.

Nikola declined to comment, but said

last month that Milton had violated his separation agreement by urging investors to vote against its intentions.

Marc Mukasey, Milton's attorney, said that his client declined to comment. Milton, who is scheduled to be sentenced on September 22, could not be reached independently for a response.

Nikola's fifth-largest shareholder, the \$1.3tn Norwegian oil fund, said in a statement that it voted for the additional shares.

The company has more than 700,000 individual shareholders, making it harder for it to secure the necessary votes. However, Milton cannot on his own block the effort to issue shares.

If shareholders do not approve the new shares by tomorrow, Nikola could try to extend voting again, Shlisky said. Electric-vehicle start-ups attracted

Electric-vehicle start-ups attracted significant investment several years ago when many went public via special purpose acquisition vehicles. Since then many have struggled with the realities of manufacturing at scale.

Rivian plans to produce 50,000 trucks this year after slashing production targets last year. Lordstown Motors filed for bankruptcy last Tuesday.

Nikola has had a particularly wild ride. Following the short seller's report, federal prosecutors launched an investigation of Milton. Last October a jury convicted him of misleading investors about the company's technology in order to drive up the share price.

The company began manufacturing its battery-powered Tre truck last year. It reported a \$169mn net loss and \$132mn in cash at the end of March.

The drama between Milton and Nikola "is like a movie. It is so strange," said Shivaram Rajgopal, an accounting professor at Columbia University. "You destroy value and now new management is trying to fix this and you get in the way," he said, referring to Milton.

Technology. Semiconductors

# Japan arms itself for global chip wars with \$6.4bn state-backed deal

Tokyo moves to bolster local

industry via buyout of JSR

amid rising US-China tensions

LEO LEWIS — TOKYO

JSR, a Tokyo-based company that controls a critical link in the global semiconductor supply chain, will use a \$6.4bn government-backed take-private deal to strengthen Japan's arsenal in the US-China chip wars.

The company last week accepted a surprise buyout offer from JIC — a fund overseen by Japan's Ministry of Economy, Trade and Industry (METI) and whose choice of buyout candidate is seen by three investors who spoke to the Financial Times as primarily motivated by geopolitics.

Eric Johnson, JSR's American-born chief executive, told the FT that the deal was not a de facto nationalisation and that while the capital behind JIC came from the government, there was a separation. "Their [JIC's] charter is to support an acceleration of competitiveness, and global competitiveness of Japan industry," he said. "But this is not government ownership."

Not all are convinced. Investors in JSR said the suddenness of the deal, combined with JIC's lack of experience in buyouts on this scale, had left them "scratching their heads" over the ultimate motive even after explanations from the company. Analysts said the deal could instead be a landmark in Japanese government efforts to steer the private sector into acts that place national strategy above financial logic.

JSR already has a global market share of 30 per cent in photoresists, which are specialist chemicals used for the process of printing circuit designs on chip wafers. Its clients include the world's biggest chipmakers, including Samsung, TSMC, and Intel.

Damian Thong, a semiconductors analyst at Macquarie, agreed that the full explanation for the buyout had not yet emerged. "There was a feeling that we weren't supposed to get to the bottom of this," he said, referring to a presentation made by JSR after the deal was announced last week.

Although JSR was adamant that it made the initial approach to JIC, people close to METI told the FT that the deal fitted closely with government ambitions for a stronger and more consolidated semiconductor materials sector. Those ambitions, said the people, had become more clearly defined recently as the trade confrontation between the US and China had escalated.

In March, Japan placed restrictions on 23 types of semiconductor manufacturing equipment, in alignment with Washington's efforts to hinder China's progress on producing the most advanced types of chips.

advanced types of chips.

Japan's move was last week partially matched by the Netherlands, which will impose export restrictions to China on the high-end chipmaking machines produced by the country's largest com-

pany by market capitalisation, ASML.

"There may be some sort of national



Eric Johnson: JSR's chief executive is adamant deal is not state ownership

champion element to this, and once you start empire building for non-economic reasons, anything is possible," said one analyst who has covered JSR for many years and who said it was still unclear whether to think of the deal as a privatisation or a nationalisation of an important strategic asset

tant strategic asset.

"This deal will...enhance the global competitiveness in the area of semiconductor materials," said Yasutoshi Nishimura, Japan's minister of economy, trade and industry.

"We understand that this is an extremely critical effort for strengthening our country's industrial competitiveness."

Analysts said that the idea of consoli-

dation was legitimate. Beyond JSR, the Japanese semiconductor materials industry is highly fragmented, with companies historically unwilling to initiate merger talks with each other. If the buyout deal is successful, JSR

will delist from the Tokyo Stock Exchange this year and go private — a status that the company now believes will make it easier to reform itself and the industry. Johnson said that Japan's semicon-

ductor materials scene was characterised by a large number of relatively small companies, each spending a lot of capital trying to remain at the leading edge.

Whenever JSR tried to engage in possible merger discussions, said Johnson, it encountered a "spectrum of resistance" that might now evaporate given

#### 'There was a feeling that we weren't supposed to get to the bottom of this [deal]'

the influence of METI and the prospect of JSR becoming a non-listed company.

"Everybody's got their own reason why they're not engaging. Some of that resistance can be decreased with a privatised company . . . with a single owner with a very clear strategy," said Johnson, who added that while JIC ownership would not put JSR under direct government control, it would clearly open doors.

The ability to enter discussions as a government-backed company, and to say that the action is consistent with a bigger national strategy, was critical, said Johnson, who added: "People listen, right? You start to gain momentum in a way that's otherwise difficult to do."

As the announcement of the deal sent JSR stock sharply higher last week, shares in other speciality chemicals companies associated with the semiconductor manufacturing process—in particular Tokyo Ohka Kogyo—also rose significantly on speculation that it could become a target of industrial consolidation.

The problem with that line of speculation, said Macquarie's Thong, is that while it was possible to draw up lists of possible candidates that a government backed JSR might approach, there were no easy steps from here economically. Given the importance of retaining R&D expertise and specialised customer relationships, deals would probably produce only limited cost savings and other synergies. Antitrust concerns could also scupper potential deals.

Still, said Johnson, the symbolism of the deal was important. "If you can start a trend, you can start

to change the way people act and think about things," he said. "So that's the aspiration here . . . to drive real value creation for JSR and also to start to nudge this really strong part of the economy along."

## Serial selling Netflix to offer more targeted ads

Netflix will develop increasingly targeted and tailor-made advertising formats to win over marketing bosses as it seeks to boost revenues in its recently launched ad-supported service.

The US streaming service held talks with global advertising executives about its plans at this year's Cannes Lions festival in France after launching the service last year.

Advertising executives said innovations could include "episodic" campaigns that would see a series of different but related sequential ads to consumers, which would avoid the common complaint from viewers of being shown the same ad many times during a series. These could be shown during related shows — for example, light entertainment — but not others.

Netflix was a prominent presence at the advertising festival in its first year at the event, hosting a party in a hotel on the seafront and an event with former footballer David Beckham.

Netflix co-chief executive Greg Peters and Jeremi Gorman, president of worldwide advertising, spent the week in France courting advertising bosses and brands, according to multiple advertising executives.

They said their counterparts at Netflix outlined how the US media giant would introduce sophisticated ways for brands to advertise as part of a long-term strategy to redefine how streamers can use their platforms for commercial purposes. This includes allowing brands to more directly target advertising to consumers in ways not possible on linear TV channels.

One Hollywood marketing executive said the partnership to use Microsoft's technology was also likely to come to an end next year, which would allow Netflix greater ability to innovate.

"They're building [their own technology] in the background. Once they have their own they'll do freestanding. Microsoft is the interim ad server but that'll change

#### 'They are going to be very creative. There's going to be a better, a different experience'

when they build their own," he said.
"The plan for Netflix was just to get
to market quickly last year. This is not
the final way they're going to do it.
They are going to be very creative.
There's going to be a better, a different
experience."

One advertising boss said Netflix would be able to use its customer data to create more bespoke marketing, albeit in ways still safeguarding customer data protections.

"They'll know what you've seen," he said. "So the old days of making episodic work may be back because before you could never guarantee what people have seen already. Now you can write 15 episodes of an advert and

guarantee that the viewer will see them in the right order. So that's really interesting." Another advertising chief said

Netflix now made more money per user on its advertising plans than in the standard tier. He said brands had been positive on the idea of using Netflix to market their products, although he added the size of the audience was still small. "Streaming services thought it would devalue their offer. But,

actually, it's massively expanded the reach. Brands are extremely keen to be associated with the Netflix content and now they're starting to think about much more innovation around the format, much more strategic partnerships."

Another advertising executive said: "What level of targeting that

Another advertising executive said: "What level of targeting that they start to apply could get really, really interesting. We were keen for some of our brands to use it so that we could see what was coming [but] we can't correlate exposure to Netflix to sales — it's just too small. But you can get learning about who saw your ads."

Netflix is also seeking to build its gaming business to include advertising, noted another ad executive. Others added that they expected Apple to follow Netflix and introduce advertising alongside its shows and products. Netflix and Microsoft declined to comment. Daniel Thomas

## Aerospace & defence

ads during some series

Testing the market: Netflix, whose

reality show 'Selling Sunset', aims

to screen sequential but differing

output includes LA real estate

# Bezos rocket group Blue Origin seeks international launch site in challenge to Musk's SpaceX

PEGGY HOLLINGER

Blue Origin, the rocket company owned by Amazon founder Jeff Bezos, is searching for a site to build an international launch facility as it looks to compete with Elon Musk's SpaceX.

The company is also on the hunt for new partnerships and acquisitions in Europe and beyond to accelerate the scaling up of its space services, such as the launch and engine businesses, said Blue Origin's chief executive, Bob Smith, in an interview with the Financial Times.

"We're looking for anything we can do to acquire, to scale up to better serve our customers," Smith said. "It's not a function of size — rather how much it accelerates our road map of what we're trying to get done." The search for a new launch site was still at an early stage, however, and no location had yet been chosen, according to Smith.

His comments mark a more assertive stance at the business founded by Bezos in 2000. Blue Origin was the first company to successfully launch, land and reuse a rocket but delays in the development of its launchers have left it trailing Musk's SpaceX, which has already carried out several successful crewed and unmanned missions to the International Space Station.

Further acquisitions and partnerships alongside another launch site, on top of its Texas and Florida facilities, could be a way to catch up, said analysts. Caleb Henry, director of research at Quilty Space, said Blue Origin's forays into Europe could also help it acquire new talent at a time of fierce competition for skills. "Europe is known for having a roster of space professionals," said Henry and "could be a way for them to keep growing".

Acquisitions also marked "a different mindset," he added. Last year Blue Origin bought Honeybee Robotics, the space-based robotics systems company. "They are wanting to expand and work more with partners. To do that they need skillsets outside of Blue Origin," said Henry.

The Blue Origin boss, who came from Honeywell Aerospace in 2017, has been aggressively expanding the company during the past five years with the goal

of transforming it "from a research organisation to a business".

As well as developing rockets and engines, the company is leading a consortium to build a commercial space station. It won a \$3.4bn Nasa contract last month to build a lunar lander to take humans to the moon's surface.

In a separate interview at the FT's Investing in Space summit last month, Smith said the company — funded by Bezos to the tune of at least \$1bn a year — had "hundreds of millions in revenue as well as billions of dollars in orders".

But he admitted it had to find ways to accelerate progress in the launch business to meet demand. Amazon's satellite broadband constellation, Project Kuiper, chose Blue Origin's new heavy lift orbital rocket, New Glenn, for a minimum 12 launches over five years. The rocket is expected to make its first flight next year after years of delay.

Blue Origin is understood to be looking at acquisitions and partnerships in many areas, from manufacturing to software. It also wants to expand services in new regions such as Europe. "It think there's great opportunity in Europe," said Smith. "It's far less clear to us how to actually sell space services in Europe than it is in the United States."

Blue Origin will have to move quickly as SpaceX is preparing to fly its superjumbo rocket, Starship, for the second time. The first launch in April ended in failure when the vehicle exploded four minutes into the flight. But when Starship enters service, its 100 tonne capacity is expected to put heavy pressure on launch pricing. Smith said he was not worried about

New Glenn's ability to compete. "We have a good order book and we can continue to expand that," he said.

Blue Origin is also making revenue from its New Shepard suborbital launcher, which has made 23 missions and carried 31 people above the Kármán line marking the border of space.

That, however, has been grounded after an uncrewed mission failed last September. New Shepard is expected to return to unmanned flight in the coming weeks. Crewed flights could be expected to take place roughly six weeks after a successful unmanned flight, Smith said.

# Voice artists raise an outcry after AI clones start vying for their jobs

Advances in synthesising technology prompt performers to call for copyright laws to be updated

 ${\bf MADHUMITA\ MURGIA}-{\tt LONDON}$ 

Greg Marston, a British voice actor with more than 20 years' experience, recently stumbled across his own voice being used for a demo online.

Marston's was one of several voices on the website Revoicer, which offers an AI tool that converts text into speech in 40 languages, with different intonations, moods and styles.

Since he had no memory of agreeing to his voice being cloned using AI, he got in touch with the company. Revoicer told him they had purchased his voice from IBM.

In 2005, Marston had signed a contract with IBM for a job he had recorded for a satellite navigation system. In the 18-year-old contract, an industry standard, Marston had signed his voice rights away in perpetuity, at a time before generative AI even existed. Now, IBM is licensed to sell his voice to third parties who could clone it using AI and sell it for any commercial purpose. IBM said it was "aware of the concern raised by Mr Marston" and were "discussing it with him directly'

"[Marston] is working in the same marketplace, he is still selling his voice for a living, and he is now competing with himself," said Mathilde Pavis, the artist's lawyer who specialises in digital cloning technologies. "He had signed a document but there was no agreement for him to be cloned by an unforeseen technology 20 years later."

Thousands of other voiceover and performance artists face the same dilemma as Marston as companies race to commercialise generative  ${
m AI}$  — artificial intelligence systems that can quickly output humanlike text, images and content.

Over the past year, voice synthesising technology has become more accurate, widely available and easy to produce, leading to new business models around AI cloning. Artists whose work relies on their voices and faces are finding their livelihoods threatened through potentially exploitative contracts, data-scraping methods and alleged scams, resulting in a rapid erosion of work and rights. Pavis said she has had at least 45 AI-

related queries since January, including cases of actors who hear their voices on phone scams such as fake insurance calls or AI-generated ads. Equity, the trade union for the performing arts and entertainment industry in the UK, is working with Pavis and says it too has received several complaints over AI scams and exploitation in the past six months.

"We are seeing more and more members having their voice, image and likeness used to create entirely new performances using AI technology, either with or without consent," said Liam Budd, an industrial official for new media at Equity. "There's no protection if you're part of a data set of thousands or millions of people whose voices or likenesses have been scraped by AI

Laurence Bouvard, a London-based voice actor for audio books, advertisements and radio dramas, has also come across several instances of exploitative behaviour. She recently received Facebook alerts about fake castings, where AI websites ask actors to read out recipes or lines of gibberish that are really only vehicles to scrape their voice data for AI models.



Speaking up: actors say they fear for their livelihoods as cloned versions of their voices generated ads. Below, voice artist Greg Marston - FT



slip AI synthesisation clauses into the contracts, while others are upfront but offer a pittance in return for permanent rights to the actor's voice. A recent job advertisement on the creative jobs marketplace Mandy.com, for instance, described a half-day gig recording a fiveminute script on video to create AI presenters by tech company D-ID.

"This technology has already been used to help companies such as Microsoft with their training videos," the recruitment advert said. "The dialogue is censored so the technology couldn't be used to say anything explicit or offen-

In return for the actor's image and likeness, the company was offering individuals a £600 flat fee. D-ID said it paid "fair market prices". It added that the particular advertisement was with-drawn and "does not reflect the final

Keep in mind that, without training data, AI would not exist," Bouvard said at an event organised recently by the Trades Union Congress in Westminster. "And yet, without asking permission or providing appropriate compensation . . . the AI companies are snatching our voices, our performances and likenesses, training their algorithms on our data to produce a product that is meant to replace us."
She added: "Under current legisla-

tion, there is nothing we performers can do about it. This isn't just about protecting iobs: it's also about protecting what it means to be an artist.

Marcus Hutton, who has been a voice

list of performance-synthesis or AI companies and has found more than 60. many of whom have sizeable venture capital funding. For instance, Londonbased ElevenLabs this month raised \$19mn in a round co-led by Andreessen Horowitz, with participants including Instagram co-founder Mike Krieger and Oculus co-founder Brendan Iribe.

"You have to see it as it is: a wholesale financial transfer from the creative sector to the tech sector. That's very clear: money is moving out of our pot and into their pot," Hutton said. "There is a danger every time a performer steps up to a mic or in front of a camera that they could be contracted out of their AI

ElevenLabs said it was working with voice actors and their representatives to understand how platforms such as theirs could create more commercial opportunities for the sector. The company said: "We believe AI companies and creative communities can work together to ensure these technologies create new . . . routes to revenue, whilst enabling content creators to produce even better and more globally accessible

About 94 per cent of workers in the creative industries earn less than £33,280 a year, the UK's median fulltime pay, according to a survey conducted by Equity. That pay level leaves them vulnerable in any negotiations. In an industry that already uses unscrupulous contracts against artists, the introduction of AI has weakened their position further, according to lawyer Pavis.

Revoicer, the AI voi ce company, sai

Marston's voice came from IBM's cloud 'There text-to-speech service. The start-up was no bought it from IBM, "like thousands of other developers", at a rate of \$20 for agreement 1mn characters' worth of spoken audio, for him to or roughly 16 hours. Legally, artists have little recourse. be cloned Data privacy laws are the only legislation that cover AI, and the UK governby an ment has stated its desire for light-touch unforeseen IP regulation that allows AI innovation technology to prosper.

20 years

'There's no

protection

if you're

part of a

people

whose

voices or

likenesses

have been

scraped'

data set of

later'

touched in any major way for at least 25 years. It kind of predates the internet," Hutton said. "The only rights performers have at the moment are consent. But in our line of work, you have to consent. If you don't consent, you don't work and you don't eat. So it's a very asymmetric bargaining position." Equity, which counts Hutton and

Bouvard as members, has been calling for new rights to be encoded into the law, explicitly on time-limited contracts, rather than the industry standard of signing rights away in perpetuity. It also demands that the law include the need for explicit consent if an artist's voice or body is going to be cloned by AI. Two weeks ago, the union put out a "toolkit" providing model clauses and contracts on the use of AI that artists and their agents can refer to.

The [UK] copyright act has not been

"I'm a working, jobbing actor . . probably one of the last generation of everyday working actors who managed to buy a house or bring up children without being enormously famous," Hutton said. "It's depressing, but I just cannot e how it is sustainable a

## **HSBC** targets Credit Suisse's **Qatar team in** blow to UBS

OWEN WALKER AND ARASH MASSOUDI

HSBC is in advanced talks to peach a team of senior Middle East wealth managers from Credit Suisse as it looks to challenge its rival in the Gulf, say two people familiar with the matter.

The loss of Aladdin Hangari, Credit Suisse's Qatar chief executive, and up to five members of his team would be a blow to UBS, which last month completed the takeover of its Swiss rival and plans to build the biggest private bank in the region. Hangari is close to agreeing terms with HSBC, said a person with knowledge of the matter.

UBS has been keen to retain Credit Suisse wealth managers, especially in the Middle East and Asia-Pacific, but the disruption around the takeover has prompted competitors to pounce.

Hangari is a key relationship manager for Credit Suisse in Qatar, which had close links to the bank, with the Qatar Investment Authority one of its biggest and longest-serving shareholders. The bank has 21 staff focused on the country.

Credit Suisse also provided banking services to wealthy citizens including Sheikh Hamad bin Jassim al-Thani, former prime minister and QIA head, whose son, Sheikh Jassim bin Hamad al-Thani, was a longtime Credit Suisse board member.

Credit Suisse and HSBC declined to

Another Credit Suisse executive who

#### UBS has been keen to retain Credit Suisse wealth managers, especially in the Middle East

has developed close ties to Qatar was Eric Varvel, who left 18 months ago after being tarnished by the closure of a \$10bn group of investment funds tied to the collapsed finance company Greensill Capital. Varvel had been head of asset management at the bank.

Under Samir Assaf, Middle East chair, HSBC has been targeting ultra-wealthy clients and families in the region. In recent months, HSBC has recruited Mario Luis Penabad and Mathieu Brizon, former Lombard Odier bankers, for its Saudi office.

Hangari is also acting chief executive of Aventicum Capital Management, a boutique asset manager venture between Credit Suisse and QIA, which has about \$1.5bn of assets.

Were he to leave, his replacement would be confirmed in the next two weeks once UBS announces the roles for up to 1,500 managers on the third level of its corporate structure, according to a person with knowledge of the matter.

HSBC has had a presence in Qatar since 1954. Along with other international banks, it came under pressure in mid-2017 when the gas-rich state's neighbours led by Saudi Arabia mposed a trade and travel embargo, claiming Doha fostered extremism.

Regional financial heavyweight Saudi Arabia put pressure on international banks to limit ties with Doha and exacerbate the boycott.

Saudi Arabia in 2021 led efforts to end Qatar's isolation and since then Doha has hosted a successful football World Cup last year and is expected to benefit from a windfall as it expands natural gas port capacity in the coming

**Financials.** Corporate reputation

## US bank failures trigger identity crisis for stable lenders with similar names

Confusion among clients and landlords sees some regional operators consider rebranding

STEPHEN GANDEL - NEW YORK

Terry Peterson, chief executive of regional bank Pacific West, was close to signing a lease for a new branch in early May when the landlord ghosted him.

It took a few weeks and a lot of media reports before Peterson realised why his phone calls were not being returned: Jitters from the regional financial crisis that had started in mid-March with the failure of Silicon Valley Bank had hit confidence in other banks, including California-based Pacific Western, whose

He called the landlord and explained that there had been a misunderstanding. "I told him: 'We're not that

SVB's failure in March raised ques-

tions about the solvency of more than a dozen banks that were facing similar investment losses and also had a large percentage of uninsured deposits. But for some financially sound regional lenders with names that sounded the same - of which there are a significant number – problems at SVB and other banks have created a crisis of confusion.

Pacific West is a typical regional lender with four branches based in Portland, Oregon. In May, it added a disclaimer in 42-point text to its website's homepage explaining that it has no relationship to Pacific Western bank, commonly known as PacWest, based in Beverly Hills, California, which has a division that, like SVB, specialises in lending to start-ups and their investors.

In the wake of SVB's failure, depositors fled that PacWest, causing its shares to drop more than 60 per cent this year.

'We understand that there may be some confusion due to the similarity between our names but we want to assure you that our bank is financially stable and operating normally," reads the statement on Pacific West's website.

There are two dozen banks in the US with Pacific in their name, including Pacific National Bank, which is based in Miami, a city on the coast of the Atlantic Ocean. There are also 56 banks with either west or western in their names, including First Western Bank based in Booneville, Arkansas, a city in the south-east of the US.

Signature Bank, which failed in March, also had a name that was not all that signature. There are four lenders with that name in the US, not including the one that was formerly based in New York City and involved in processing crypto transactions and lending to real estate developers. When that Signature collapsed, Rob

Shamy, who heads a different Signature Bank based in Toledo, Ohio, had to reassure customers that his company was not in trouble and had no ties or similarities to the New York lender, beyond its name. Shamy told a local media outlet

at the time: "What are the odds with the same name and so forth?"

Pretty good, it turns out. Gina Bleedorn, a co-founder of Adrenaline, a branding group that specialises in financial services, said there were a surprising number of banks that had the same name. There are, for instance, more than 230 banks in the US named First National Bank. The practice is so com-

'Bank CEOs' minds are literally blown when you tell them about samenamed institutions'

mon there is a term for it - symbolic isomorphism - coined by two management professors in the early 2000s.

"Bank CEOs' minds are literally blown when you tell them about samenamed institutions not just elsewhere in the US but often in their own state," said

Many local banks in the US were founded in the 1800s and tend to stick around longer than the local paper mill or clothing factory. Bleedorn said bankers are generally risk-averse when it comes to names. For a long time, there was a belief that generic-sounding names were more trustworthy.

That trend seems to be changing. This is partly due to the recent name confusion but also because, as banks merge and move into new areas, it is legally necessary to have a different name from those already in their market.

"We have seen an uptick in renaming," said Bleedorn, who said this represented about 70 per cent of her company's work. "The recent turmoil has skyrocketed the need for brand relevance and willingness to change. Even small-town bank community CEOs and boards are now aware that brand reputation matters and is directly tied to business success."

SunTrust and BB&T were widely mocked when they decided after their merger to rebrand as Truist, which is trust, with an i. The name, though, has stuck and now gets good brand recognition scores.

Other re-christenings have not been as permanent. Farmington State Bank, a small bank in Farmington, Washington, last year changed its name to Moonstone Bank. The name reflected the ambitions of its new owners, which were to expand lending to both crypto and cannabis companies. Unfortunately, one of those new owners was FTX. The crypto firm's demise took Moonstone's plans for expansion with it. In January, Moonstone said it was returning to its farm lending roots and original name.

Peterson said that, despite the confusion, he had no plans to change the bank's name. He said the misunderstandings had been a blessing in disguise. "We are rooting for PacWest to solve their problems. But it gives us an opportunity to tell our story about who we are when questions come in about who we are not.'

Fixed income. Cash shift

# Investors' use of Fed overnight facility falls to lowest in a year



Money funds turn away from RRP amid move instead into

US government bond holdings

KATE DUGUID — NEW YORK

Usage of a US Federal Reserve facility that allows investors to park their cash overnight has dropped to its lowest level in a year as US money market funds instead add to holdings of government

Investors last Thursday stashed \$1.93tn in the Fed's overnight reverse repo facility (RRP), where cash is stored risk-free for a generous return, the low-

est amount in a year.
Although it rose slightly on Friday, probably due to month-end flows, the total is down by more than \$200bn over the past month.

US government money market mutual funds, which manage \$4.5tn, aim to offer clients an ultra-safe and ultra-liquid product that delivers relatively stable returns.

They typically place most of their cash in short-term Treasury bills but volatility in those yields in the past two years - as the Fed has raised interest rates aggressively - has pushed money funds into RRP, which delivers risk-free, predictable returns. A shortage of bills for the past few years has also driven demand

The RRP facility was established permanently in 2014 and is designed to suck up excess cash in the financial

Money funds, the biggest users of the facility, largely avoided using it until 2021. Ballooning usage since then has helped drain some liquidity from the banking system, which has become a



concern this year as banks have struggled to hold on to deposits.

Regulators and analysts have long been expecting usage of RRP to sink especially since the start of June - as the government has flooded the market with Treasury bills.

While RRP levels have finally begun to fall, analysts said they expected that to happen more quickly than it has given a burst of short-term debt issuance by the US government, which is replenishing coffers that were depleted during the debt ceiling fight.

The reluctance of money market funds to plough headfirst back into Treasury bills betrays a lingering unease about the direction of US interest rates as inflation remains stubbornly high.

"We have been surprised that more money hasn't left the reverse repo facility," said Mark Cabana, head of US rates strategy at Bank of America.

That slower than expected decline, Cabana argued, was because yields on US Treasury bills have not risen enough to compensate money market funds for the risk of holding debt that would lose value if the Fed raised interest rates

Cabana expected that the Treasury department would issue roughly \$1tn worth of bills from the start of June to the end of August.

Compared with the \$410bn in bills issued since the debt ceiling agreement was reached on June 2, RRP has come down by just over \$200bn, far less than Cabana and his team were expecting.

Brandon Swensen, a portfolio manager at BlueBay Fixed Income, said the group's funds have a short average maturity, implying they have not been buying many of these new Treasury bills, and they are expecting to stay focused on short maturities.

"We really don't want to be putting money to work when we're not getting paid for the hikes the Fed still has yet to do," he said.

In moments when the Fed is raising interest rates, Treasury bills currently on the market tend to reflect the expected rate increases through higher

yields Yields on Treasury bills have moved a

Investment cycle: the US **Federal Reserve** overnight reverse repo facility is losing popularity among money market funds

little higher since the central bank indicated at June's rate-setting meeting that it expects to raise interest rates twice more this year — but not yet enough to fully reflect the risks of more rate

The RRP currently pays an annualised 5.05 per cent return while the comparable rate on US Treasuries, which carry more risk, is roughly 5.26 per cent.

With money funds only buying some of the Treasury bills on offer, that has left the remainder to be sucked up by other investors such as companies, state and local governments, and individuals.

If that trend continues, it could add to the ongoing drain on bank deposits, which have been falling since the collapse of several regional lenders in the US earlier this year.

"Money funds have been buying more Treasury bills but they've been more than happy for individuals and other investors to take down a bigger share than they normally would," said Peter Crane, the head of Crane Data, which tracks the money market fund industry

Cash that flows into the government's coffers to pay for new T-bills in effect leaves the banking system. Money stashed in the RRP similarly acts as a drain on overall levels of liquidity in the That means a burst of borrowing

without a corresponding decline in use of the Fed facility could place further strain on the banking system, analysts

"If money funds are using RRP, it suggests someone else is going to have to buy the bills, so bank reserves are going to have to fall more," said Tom Simons, a money market economist at Jefferies. Additional reporting by Harriet Clarfelt



Our global team gives you market-moving news and views 24 hours a day ft.com/markets **Commodities** 

## China puts export curbs on metals for chipmaking

QIANER LIU — HONG KONG TIM BRADSHAW — LONDON

China has hit back at US-led semiconductor restrictions by seeking to throttle exports of two key metals used in chipmaking and communications equipment as the geopolitical tit-for-tat between the two superpowers steps up.

Gallium and germanium will be subject to export restrictions to "safeguard national security and interests", China's Ministry of Commerce and Administration of Customs said yesterday. Exporters will have to apply to the ministry for permits from the start of August, it said.

Both materials can form alternatives to traditional silicon wafers in specialised applications, as well as for components used in military and communica $tions\,equipment.$ 

The Chinese measures come days after the Netherlands announced its plans to apply the latest set of controls that will limit the sale of high-end chipmaking equipment abroad, in a move expected to prevent dozens of ASML's immersion lithography machines from reaching Chinese companies.

The Dutch controls, which are nominally "country neutral", are due to be enforced from September 1 and follow similar restrictions on semiconductor manufacturing equipment from the  $\operatorname{US}$ and Japan. The Netherlands' announce-

#### Gallium and germanium restrictions are intended to 'safeguard national security and interests'

ment comes on the heels of Washington's block on the most advanced US chips needed for artificial intelligence being sold to China.

The US is weighing further limits on exports of AI chips made by Nvidia and AMD, people familiar with the matter said last week.

Beijing's most pointed response to date to these attacks on its tech sector had been its move in May to ban the use of US memory-chip maker Micron's products in "critical national infrastructure", citing security risks that the US commerce department has argued have "no basis in fact".

China is the world's leading producer of gallium and germanium, according to the US Geological Survey, so any reduction in its output to the rest of the world is likely to slow production or increase prices for manufacturers and their clients in the tech, telecoms, energy and automotive sectors

Gallium is used in compound semiconductors, offering faster operation with lower power consumption or greater heat resistance. Germanium is sometimes added to silicon to facilitate  $more\,advanced\,chip\,structures.$ 

Some Chinese companies are worried the export controls may backfire. "It may affect the business of Chinese manufacturers instead during the economic downturn, but with a limited impact on the international market in the short term," said an executive from a Chinese semiconductor material company.

**Equities** 

## Shares in electric vehicle makers Rivian and Tesla surge on strong volume data

**CLAIRE BUSHEY** — CHICAGO

US electric vehicle start-up Rivian Automotive revealed stronger than expected production numbers a day after larger rivals Tesla and BYD reported robust deliveries, sending shares of the companies up sharply yesterday.

Rivian said it built 13,992 trucks and vans at its Illinois factory in the second quarter, well above Wall Street expectations of about 11,000, according to analysts polled by FactSet.

The Californian company reaffirmed guidance for manufacturing 50,000 vehicles this year.

The update came after Tesla, the US EV leader, on Sunday said it delivered a record 466,000 cars in the second quarter, up 83.5 per cent from a year before. Sales increased after Tesla cut prices in January and March.

"Tesla and Rivian was major good news for the EV sector as production and demand are humming despite many sceptics on the Street," said Dan Ives, a Wedbush analyst.

"This was a trophy-case quarter for Tesla and Rivian added to the fireworks

with very impressive results for the June

BYD. Tesla's main rival in China, also reported that its sales volumes grew strongly, almost doubling in the first half of 2023 as it sold 1.26mn vehicles.

Shares of Rivian had jumped 14.5 per cent by midday in New York yesterday while Tesla climbed 5.5 per cent. BYD closed up 4.5 per cent in Hong Kong.

EVs made up 8.6 per cent of US newvehicle sales in the first quarter of 2023 compared with 5.9 per cent for the same



Rivian says it built 13,992 trucks and vans in the second quarter

period a year earlier, according to the trade group Alliance for Automotive Innovation. More than 305,000 EVs were sold in the country between January and March.

The market for EVs is growing increasingly competitive as GM, Ford and start-ups such as Rivian attempt to challenge Tesla's dominant position.

But even as more US car shoppers opt for EVs, the number of public charging stations has lagged behind. The Alliance for Automotive Innovation said that, in the first quarter, 39 EVs were registered for every new public port.

Increased demand for fast public charging has prompted Tesla to open its Supercharger network next year to drivers of cars and trucks manufactured by other carmakers, including Ford, GM and Rivian.

Rivian said last month that it would build trucks and vans that use Tesla's North American Charging Standard for connectors starting in 2025.

The 12,000 Superchargers in Tesla's network account for about 60 per cent of the total fast chargers available to US EV drivers, according to Deutsche Bank analyst Emmanuel Rosner.

#### **Commodities**

'We really

be putting

money to

we're not

hikes the

yet to do'

getting

work when

paid for the

Fed still has

don't

want to

## EU considers Russian bank concession in push to salvage Black Sea grain deal

has been extended multiple times since,

despite threats by Moscow to terminate

the agreement. Russia claims western

countries have not implemented their

side of the deal — namely a pledge to

ensure Russian food exports are unaf-

The bank carve-out was discussed by

EU leaders at a summit in Brussels last

week as a potential means to convince

Supporters of the idea

say it is 'the least worst

option' to secure Putin's

support for an extension

ment beyond its July 17 expiry date.

Moscow to extend the Black Sea agree-

The idea was seen by its supporters as

fected by western sanctions.

HENRY FOY AND SAM FLEMING

BRUSSELS **MAX SEDDON** — RIGA

The EU is considering a proposal to allow a Russian bank under sanctions to carve out a subsidiary that would reconnect to the global financial network as a sop to Moscow aimed at safeguarding the threatened Black Sea grain deal that allows Ukraine to export food to global markets.

The plan, which was proposed by Moscow through negotiations brokered by the UN, would allow Russian Agricultural Bank to create a subsidiary to handle payments related to grain exports. according to five people with knowledge of the discussions.

The new entity would be permitted to use the global Swift financial messaging system, which was closed to the largest invasion last year.

the vast amounts of agricultural products that are exported across the Black Sea, sparking fears of a global food crisis. A UN-brokered deal to restart ship-

Russian banks following the Ukraine The Ukraine war put a stranglehold on

ping routes was first signed last July and

"the least worst option" to secure Vladimir Putin's support for an exten-

sion, two of the people said. Officials said Russia's threats to end the deal appeared more serious this time than during previous extension negotiations. It underscores the extent to which western governments are desperate to

preserve the grain export agreement,

which is also a financial lifeline for Ukraine given its vast agricultural sec-

Russian foreign minister Sergei Lavrov said last week that Moscow saw no reason to agree to an extension due to what he said was western countries' 'outrageous" behaviour regarding their obligations.

The carve-out proposal is being assessed by EU officials as to its legality and feasibility, three of the people said.

Complicating the issue is that Russian Agricultural Bank is fully owned by the Kremlin. Its former chief executive, Dmitry Patrushev, is the agriculture minister and the son of Nikolai Patrushev, a Putin aide and secretary of Russia's security council who has been instrumental in pushing the war.

The EU has struggled to agree on measures to grant sanction relief to particular Russian companies or permit them to export certain goods through the bloc for humanitarian reasons or to supply countries in the third world.

This is partly because of opposition from eastern states that say such moves will help the Kremlin earn more money and sustain its war.

#### The day in the markets

#### What you need to know

 Wall Street sees modest gains as US factory data weighs on sentiment European energy and mining stocks rise on hope of improving China demand Asian indices advance with Hong Kong leading the gains

Wall Street stocks edged higher yesterday as fresh data limited a rally in tech stocks and added to investor concerns over US economic growth.

The benchmark S&P 500 index closed up 0.1 per cent as US trading in New York was subdued in a shortened session ahead of the Independence Day holiday.

The Nasdaq Composite finished just 0.2 per cent higher following a survey that pointed to a steeper than expected contraction in factory activity.

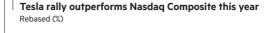
The economic worries overshadowed a jump in Tesla shares after the electric-car maker beat expectations with its secondquarter results

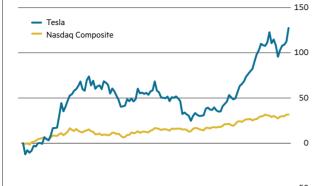
The early optimism was curbed after the release of the ISM manufacturing index, which fell to 46 in June, its lowest level in three years and below the 47 forecast of economists polled by Reuters.

Any reading below the 50 mark indicates that the majority of survey respondents reported an overall contraction in manufacturing activity.

The report was taken by traders as a sign that the economy was beginning to cool after more than 15 months of aggressive interest rate rises by the US Federal Reserve.

Investors and policymakers now wait for the monthly US employment report on Friday as a more solid gauge of how the world's largest economy has fared





2023 Jan Jul Source: Refinitiv

after the prolonged period of high

Across the Atlantic, the region-wide Stoxx Europe 600 slipped 0.2 per cent, London's FTSE 100 fell 0.1 per cent and Frankfurt's Xetra Dax lost 0.4 per cent.

The declines were softened by strong performance in energy and basic materials stocks with the Stoxx 600 Basic Resources index advancing 2.2 per cent.

The sector was boosted by a survey which pointed to resilient factory activity in China, easing investors' concerns over the country's stalled recovery after three years of Covid-19 restrictions

The Caixin manufacturing purchasing managers' index fell to 50.5 in June but was above the 50.2 consensus of economists polled by Reuters.

"There is still optimism that Chinese growth will come through," said Michael Metcalfe, head of macro strategy at State Street Global Markets.

China-related blue-chip indices advanced, with Hong Kong's Hang Seng index adding 2.1 per cent while the CSI 300 index of Shanghai and Shenzhen stocks rose 1.3 per cent.

In Tokyo, the Topix benchmark index added 1.4 per cent. Daria Mosolova

## **Extraordinary month** was a defining period for central banking

#### Mohamed El-Erian

### Markets Insight

month for the central bank ing world, one that could potentially be remembered as a defining moment for its credibility in advanced nations. It is likely to be significant for the political autonomy of individual central banks and prospects for inflation, growth and inequality.

Rarely do we witness such a combination of events within a few days. The Bank of England, a major central bank surprised markets by increasing its interest rates for the 13th consecutive time by an unexpectedly large 0.5 per centage points.

The European Central Bank raised rates and signalled more to come despite the eurozone economy shrinking and cautionary signals from leading indicators. The central banks of Aus tralia and Canada, both closely monitored for their monetary policy insights, resumed rate increases after a pause in

their tightening cycles. Smaller central banks in Norway and Switzerland continued on their path of raising rates. And Turkey's new central bank leader boldly shifted away from the puzzling monetary policy stance advocated by the country's president, Recep Tayyip Erdoğan, raising rates

In contrast, the US Federal Reserve chose not to raise rates, despite officials increasing their inflation forecasts and guiding markets towards an extended period of higher interest rates

This combination of events is far from ordinary. In the context of a two-year battle against inflation, it presents a confused and confusing situation that casts an uncomfortably bright spotlight on central banks.

Many are now drawing the ire of

impatient politicians and ordinary citizens pressed by higher prices and mortgage rates.

The theme underlying all these developments is the persistence of inflation. That has led to a consensus among central banks that interest rates must remain elevated for a longer duration. Even the Fed's pause is viewed by most as only a temporary break before a resumption of rate rises

What makes this situation even more unusual is that it comes after one of the most concentrated hiking cycles in decades. Consequently, yield curves in several government bond markets

#### It is even more unusual in that it comes after one of the most concentrated hiking cycles in decades

indicate that investors increasingly anticipate a period of stagflation where an economy is characterised by stagnant growth and still high inflation.

For instance, with its recent leg up, the US two-year yield trades at an astonishing 1 percentage point above the 10-year bond benchmark, indicating investors' willingness to accept substantially lower returns for an additional eight years.

This not only amplifies the focus on central banks but fuels a blame game that undermines the political autonomy desperately needed to restore policy effectiveness and public credibility.

Moreover, it diverts attention from the fact that central banks, acting alone cannot address all the challenges of the current policy trilemma: maintaining low and stable inflation, fostering robust and inclusive growth and ensuing financial market stability.

As noted in the recent annual report of the Bank for International Settlements, countries may already be "testing the boundaries of what might be called the region of stability"

Unfortunately, central banks bear significant responsibility for this situation, and it could become even more problematic if there is a reignition of what has been steadily moderating goods inflation while services inflation

 $remains\,unconquered.$ While the focus on central banks is understandably intensified, resolving the policy trilemma for many countries is no longer solely within their narrow purview. Two additional initiatives are urgently needed.

First, a highly co-ordinated policy approach, one that maintains fiscal stability while, critically, significantly enhancing supply responsiveness, productivity, labour market functioning and regional/global policy co-ordination.

Second, there should be a comprehensive top-level review of some central banks by independent bodies appointed by governments. That should encompass policymaking processes as well as looking, in some important cases such as the Fed, at outmoded policy frameworks and target setting, the lack of cognitive diversity and poor accountability.

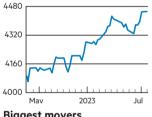
Such a comprehensive, remedial approach is essential if central banks are to do their bit in much-needed multiagency efforts to deliver long-term economic prosperity, social wellbeing and genuine financial stability.

Mohamed El-Erian is president of Queens' College, Cambridge, and an adviser to Allianz and Gramercy

#### Markets update

	(0)			*D	
US	Eurozone	Japan	UK	China	Brazil
S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
4452.12	1827.69	33753.33	7527.26	3243.98	119690.38
0.04	-0.23	1.70	-0.06	1.31	1.36
\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
103.089	1.091	144.465	1.269	7.246	4.786
0.172	0.000	-0.048	-0.157	-0.242	-0.786
10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
3.841	2.434	0.401	4.487	2.713	10.307
2.860	4.500	0.680	5.100	0.500	-97.100
FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEX)
451.40	75.85	71.01	1912.25	22.47	3681.10
0.31	0.58	0.52	0.67	-1.58	1.18
	US \$&P 500 4452.12 0.04 \$ index (DXY) 103.089 0.172 10-year Treasury 3.841 2.860 FTSE All-World 451.40	US Eurozone  \$&P 500 Eurofirst 300  4452.12 1827.69  0.04 -0.23  \$ index (DXY) \$ per €  103.089 1.091  0.172 0.000  10-year Treasury 10-year Bund  3.841 2.434  2.860 4.500  FTSE All-World Oil - Brent  451.40 75.85	US Eurozone Japan  S&P 500 Eurofirst 300 Nikkei 225  4452.12 1827.69 33753.33  0.04 -0.23 1.70  \$ index (DXY) \$ per € Yen per \$  103.089 1.091 144.465  0.172 0.000 -0.048  10-year Treasury 10-year Bund 10-year JGB  3.841 2.434 0.401  2.860 4.500 0.680  FTSE All-World Oil - Brent Oil - WTI  451.40 75.85 71.01	US         Eurozone         Japan         UK           S&P 500         Eurofirst 300         Nikkei 225         FTSE100           4452.12         1827.69         33753.33         7527.26           0.04         -0.23         1.70         -0.06           \$ index (DXY)         \$ per €         Yen per \$         \$ per £           103.089         1.091         144.465         1.269           0.172         0.000         -0.048         -0.157           10-year Treasury         10-year Bund         10-year JGB         10-year Gilt           3.841         2.434         0.401         4.487           2.860         4.500         0.680         5.100           FTSE All-World         Oil - Brent         Oil - WTI         Gold           451.40         75.85         71.01         1912.25	US         Eurozone         Japan         UK         China           S&P 500         Eurofirst 300         Nikkei 225         FTSE100         Shanghai Comp           4452.12         1827.69         33753.33         7527.26         3243.98           0.04         -0.23         1.70         -0.06         1.31           \$ index (DXY)         \$ per €         Yen per \$         \$ per £         Rmb per \$           103.089         1.091         144.465         1.269         7.246           0.172         0.000         -0.048         -0.157         -0.242           10-year Treasury         10-year Bund         10-year JGB         10-year Gilt         10-year bond           3.841         2.434         0.401         4.487         2.713           2.860         4.500         0.680         5.100         0.500           FTSE All-World         Oil - Brent         Oil - WTI         Gold         Silver           451.40         75.85         71.01         1912.25         22.47

#### Main equity markets



### **Eurofirst 300 index** 1880 1840 Max 2023



#### **Biggest movers**

Wall Street

from Glencore.

Friday's closing price.

bankruptcy protection.

PolvMet. a mine-development company

Minnesota, soared on news that it had

received a non-binding takeover proposal

The Swiss commodity trader already

offered \$2.11 per share for the remaining

Plant-based food company Tattooed

has an 82.2 per cent stake in PolyMet

according to data from Refinitiv, and

stock — a 167 per cent premium over

Chef was among the session's biggest

Chair Sam Galletti said that the

business had been "impacted by a

challenging financing environment and

an inability to raise additional capital".

Near the top of the S&P 500 index was

electric-vehicle maker Tesla, which beat

expectations by delivering a record

per cent from the previous quarter

announcing the delivery of 12,640

analyst estimates.

number of cars in the second quarter. Elon Musk's group delivered 466,000

vehicles between April and June, up 10.4

Another EV group, Rivian, rallied on

vehicles for the same quarter, topping

US-listed Chinese peers Nio, XPeng

quarterly deliveries, helping to buoy the

and Li Auto also posted encouraging

entire EV sector. Ray Douglas

fallers, after filing for Chapter 11

linked to the NorthMet project in

%	US	
	Fidelity National Information Services	6.87
	Tesla	5.54
Jps	Key	4.55
	Zions Ban Na	4.36
	Comerica	4.05
	Align Technology	-3.76
owns Ups	Edwards Lifesciences	-3.69
	Steris	-2.81
	Idexx Laboratories	-2.81
	Church an	2//

Eurozone	
Galp Energia	3.64
A.p. Moller - Maersk B	3.55
Generali	3.38
Saipem	3.10
B. Sabadell	3.04
Continental	-4.25
Porsche	-3.30

A.p. Moller - Maersk B	3.55
Generali	3.38
Saipem	3.10
B. Sabadell	3.04
Continental	-4.25
Porsche	-3.30
Casino Guichard	-3.24
Publicise	-3.02
Edenred	-2.77
Donal on the constituents of the ETCE Found	X00 E

UK	
Ocado	5.95
Anglo American	4.32
Glencore	3.25
Зр	2.72
resnillo	2.49
Astrazeneca	-8.00
Smith & Nephew	-5.76
Halma	-2.20

B&m Eur Value Retail S.a.

Ups	Key	4.55
	Zions Ban Na	4.36
	Comerica	4.05
	Align Technology	-3.76
Downs	Edwards Lifesciences	-3.69
	Steris	-2.81
۵	Idexx Laboratories	-2.81

### Europe

Portugal's Cofina, which publishes the Correio da Manhã newspaper, surged after confirming that it had received a takeover offer This followed speculation, published on

sites such as CNN Portugal and OKDiario, that football star Cristiano Ronaldo had bought a significant stake in the media group, which is also home to the CMTV

The management buyout bid gave Cofina an enterprise value of about

French retailer Casino hit a fresh record low after revealing that it would request from a commercial court in the coming days a grace period in a bid to avert a potential default.

This was because bondholders of senior unsecured notes due 2026 and 2027 had vet to agree to waivers linked to this debt

The supermarket chain started talks earlier this year with its creditors overseen by a court-appointed official.

Switzerland's Dormakaba rallied after unveiling a "transformation programme" that would see the security group trim its overheads

Dormakaba was targeting savings of about SFr170mn (\$189mn) per year by the end of 2025-26 and a net reduction in full-time positions of up to 800 as part of moves "to achieve better profitability", it said. Ray Douglas

#### London

Melrose Industries

Sinking to the bottom of the FTSE 100 index was drugmaker AstraZeneca, which announced that datopotamab deruxtecan, its drug jointly developed with Japan's Daiichi Sankyo, showed statistically significant improvement in lung cancer patients in a late-stage trial.

But Jefferies inferred from management commentary of "compelling evidence" that the drug had "a less pronounced benefit than hoped".

Diagnostics group Yourgene soared after agreeing to be bought by peer Novacyt for 0.522p per share — 168 per cent above its most recent closing price.

Lyn Rees, chief executive at Yourgene, said that, while "the two companies work within the same molecular diagnostic space, they both bring distinctive strengths and are focused in different market segments, which opens up further opportunities for growth".

In the top half of the FTSE 250 index was Wood Group, which announced a two-year contract extension worth about \$250mn from Brunei Shell Petroleum, the country's largest energy producer.

Revenue and operating profit "above market expectations" for the full year buoyed Blancco Technology.

Broker Stifel said the data erasure group was benefiting from the "increasingly regulated use of data" that groups need to adhere to. Ray Douglas



# Climate Capital

Your guide to green business

In today's news, climate change is part of almost every major story, from finance to business, markets, politics and more.

FT Climate Capital is your go-to destination for this crucial story of our age, offering unrivalled coverage from the FT's global network of specialist correspondents, alongside expertly curated video, audio and data content.

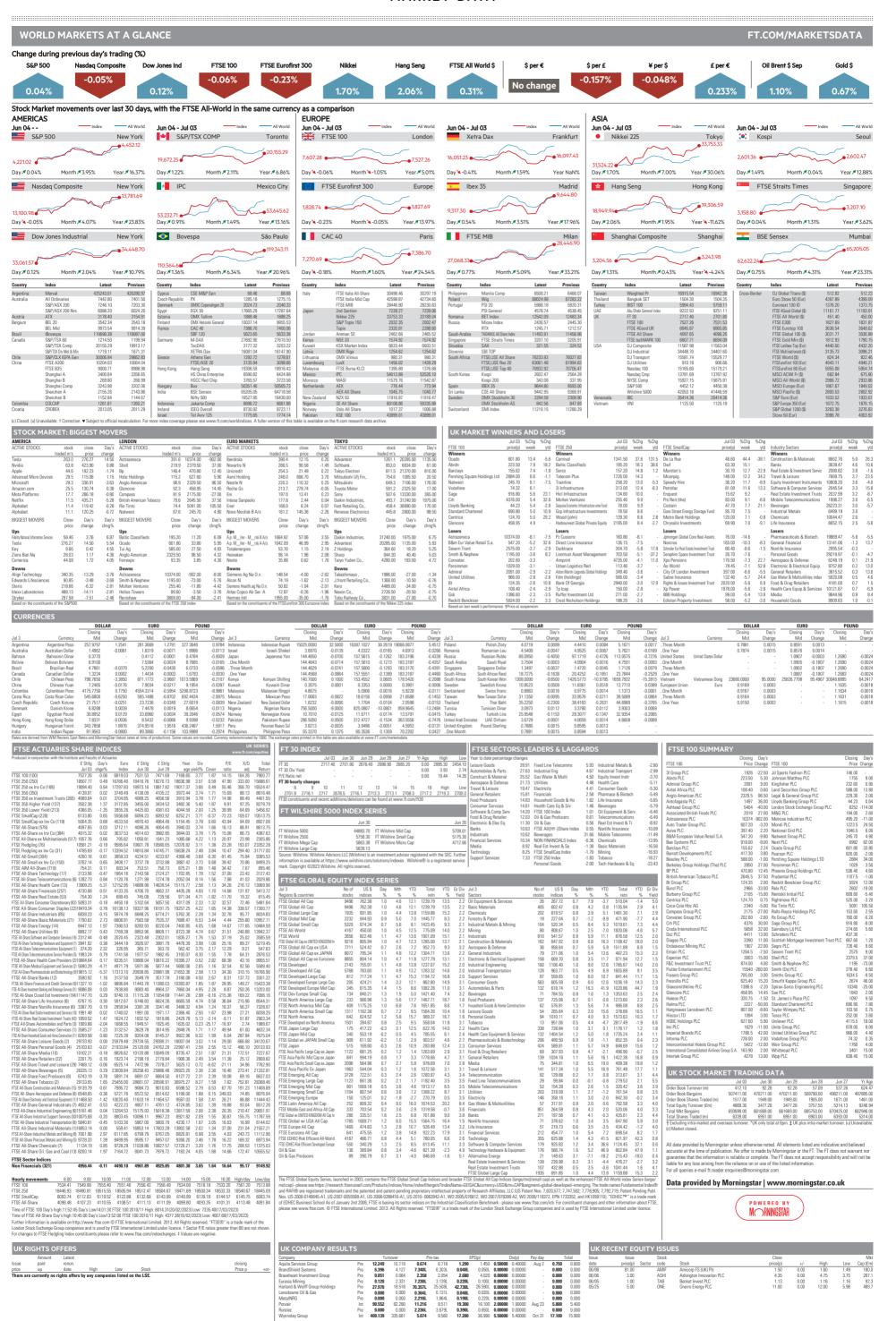
Climate Capital explores key topics from a finance and business angle, to help you spot risks and opportunities and plan your climate strategy.

Read more now at ft.com/climate

\*Available to Standard subscribers

FINANCIAL TIMES Tuesday 4 July 2023

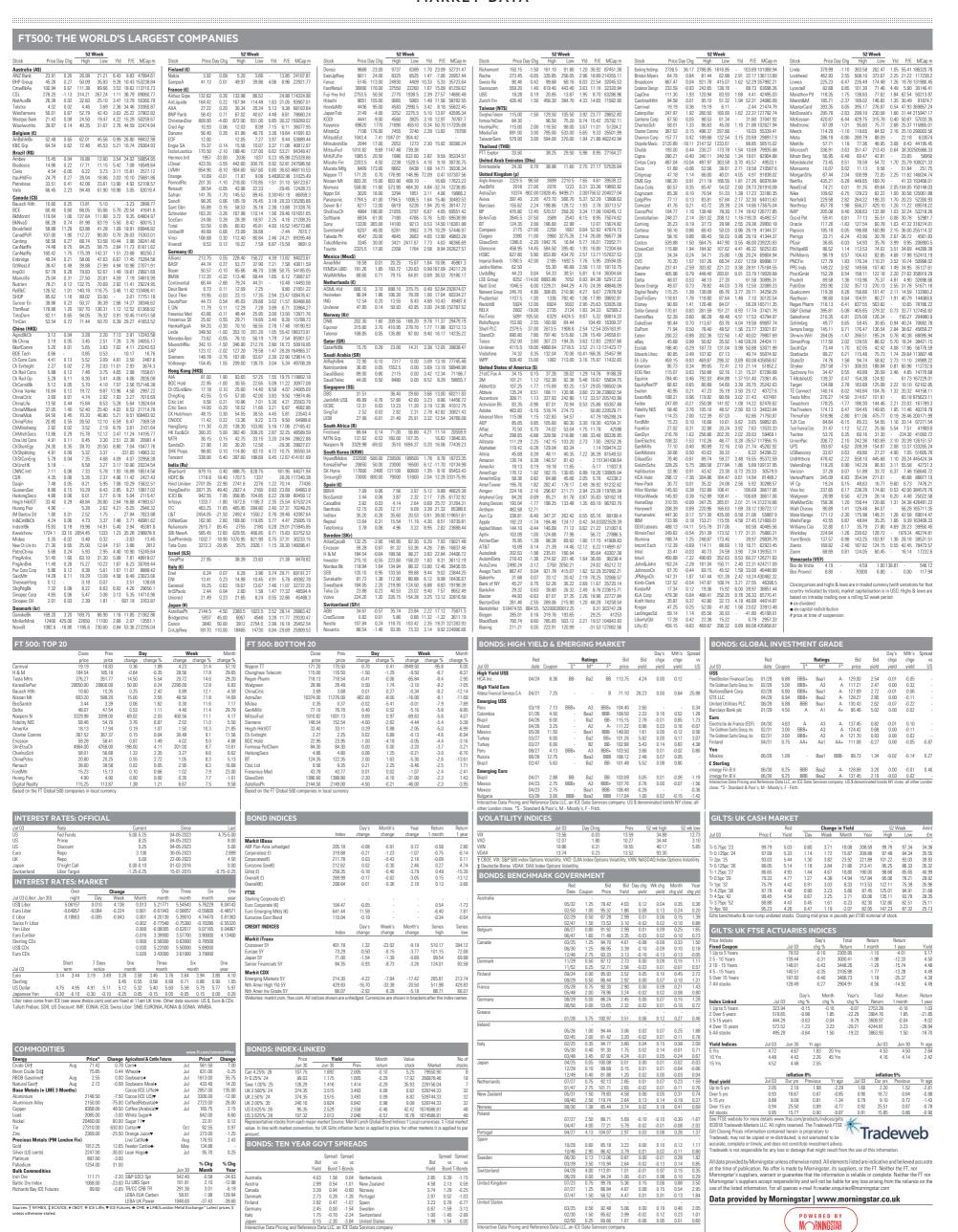
#### MARKET DATA



Aug 23

Tuesday 4 July 2023 ★ FINANCIAL TIMES 1

#### MARKET DATA



# **Equity Research from Morningstar**

Make confident investment decisions powered by our independent global insights and a consistent methodology across our qualitative and quantitative universes.



#### MANAGED FUNDS SERVICE

al Offshore Strategy Fund Limited £2.1715 -







Mirabaud Asset Mana www.mirabaud.com, marketir		(LUX)		
Please find more details on our				n.com
Mir Glb Strat. Bd I USD	\$116.87	-	0.50	0.00
Mir DiscEur D Cap GBP	£ 159.94	-	-0.38	0.00



Bid Offer D+/- Yield Data Provided by

M\(\tag{RNINGSTAR}^\)

www.morningstar.co.uk

obal Equity Fund	£3.4060	-	-0.0062	1.36	
obal Fixed Interest Fund	£ 0.7391	-	-0.0074	6.31	
come Fund	£ 0.6211	-	-0.0027	3.22	
erling Fixed Interest Fund	£ 0.6475	-	-0.0059	4.77	
Equity Fund	£1.8407	-	-0.0279	3.84	
					Blu

(IRL)





ent Funds (UK) ICVC (UK)



 WWW.ram-al-com
 Common Funds

 RAM Systematic Energy Markets Eq. \$222.73. 222.73. 0.00

 RAM Systematic Energema Eq. 9. \$252.95. \$252.95. 104

 RAM Systematic Ling State State

ther International Funds				
ther International Funds				
uperfund Green Gold	\$979.97	-	9.68	0.00
uperfund Green Silver	\$828.75		-0.29	0.00
egulated				

**TOSCAFUND** 

**O**GENTS INVESTMENTS



-0.36	0.00					
-0.30	0.00					
-0.18	6.04					
0.06	0.00	Brooks Macdonald International	Fund Mana	gers	Limited (	(JE
0.05	0.00	5 Anley Street, St Helier, Jersey	, JE2 3QE			
0.02	4.81	+44 (0) 1534 700 104 (Int.) +44 (0	0) 800 735 80	00 (	JK)	
1.24	0.00	Brooks Macdonald Internation	nal Investme	ent F	unds Lir	mit
1.03	0.00	Euro High Income	€1.2023	-	-0.0063	2.
0.24	0.00	High Income	£ 0.6230		-0.0012	3.
0.24	0.00	Sterling Bond	£1.1949		-0.0077	2.
0.26	0.00	Brooks Macdonald Internation	al Multi Stra	tegy	Fund Lin	mit
0.28	0.00	Balanced Strategy A	£ 0.9193		0.0024	0.
0.24	2.61	Balanced Strategy	£ 0.9203		0.0024	1.
1.10	0.00	Cautious Balanced Strategy A	£ 0.8808		0.0012	13
1.03	0.00	Growth Strategy A	£ 0.9346		0.0032	-
1.16		High Growth Strategy A	£ 0.9396		0.0043	0.
1.14		Cautious Balanced Strategy	£1.2345		0.0016	0.
		Growth Strategy	£ 1.9597		0.0067	0.
		High Growth Strategy	£ 2.7611		0.0127	0.

Dealing Daily. Initial Charge Nil for A classes and up to 2% for other	her classes
CG Asset Management Limited	(IRL)
25 Moorgate, London, EC2R 6AY	
Dealing: Tel. +353 1434 5098 Fax. +353 1542 2859	
FCA Recognised	

Dealing: Tel. +353 1434 5098 Fax FCA Recognised	C. 1000 1042 2000	
CG Portfolio Fund Plc		
Absolute Return Cls M Inc	£131.49 132.09 0.03	1.3
Capital Gearing Portfolio GBP P	£ 36103.18 36302.25 21.06	1.3
Capital Gearing Portfolio GBP V	£175.59 176.56 0.11	1.3
Dollar Fund Cls D Inc	£ 160.89 161.37 -0.27	1.2
Dollar Hedged GBP Inc	£ 94.28 94.56 0.54	1.3
Real Return Cls A Inc	£ 192.35 192.92 -0.56	1.3



ment Services (UK) Limited (1200)F (UK)

Saminale Mol Nater Binned Fort MACCES F : 0.5 8.28
American Ford MACC GBB F : 0.5 8.28
Cash Fund W-ACC GBB F : 0.105
Statistick Enemy Most Equity Ford MACCES F : 0.105
Statistick Enemy Most Equity Ford MACCES F : 0.34.37
Global High Yield Fund W-ACC GBB F : 0.62
Jupan Found W-ACC GBB F : 0.62
Jupan Found W-ACC GBB F : 0.62
Jupan Found W-ACC GBB F : 0.62
Section Statistics Fund W-ACCE F : 0.14
Special Statistics Fund W-ACCE F : 0.10
Special St

Sustainable Water & Waste W-ACC-GBP £ 1.18

oliday Property Bond Ser 1	£	0.48	_	0.00	0.00
oliday Property Bond Ser 2	f	0.63		0.00	0.00

	Janus Hendersor
2	INVESTORS

Ellacisoli		
STORS		

Regulated

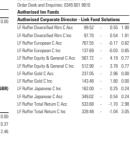
(UK) es: 0800 832 832		
- 0.01 2.97		
	Orbis Investments (U.K.) Limited 28 Dorset Square, London, NW1 60G www.orbis.com 0800 358 2030	(6
	Regulated	
	Orbin OFIC Clabel Continue Constant C 11 OF	0.01

Dasis Crescent Global Short Term Income Fund USD A (Dist) \$ 0.93 
Oasis Crescent Variable Fund GBP A (Dist) £ 9.56

Orbis OEIC Global Cautious Standard				0.01	0.00
Orbis OEIC Global Balanced Standard	£	19.83		0.05	0.37
Orbis OEIC Global Equity Standard	£	22.62	-	0.03	2.48

PLATINUM

CAPITAL MANAGEMENT



Rubrics Global UCITS Funds Plc

Ruffer LLP (1000)F

45 60	1 9610					
ector	- Link Fur	nd Sc	lutions			
\cc	99.52	-	0.55	1.90		
nc	97.70	-	0.54	1.91		
	767.55		-0.17	0.82		
	137.69		-0.03	0.85		
Acc	567.72	-	4.19	0.77		
Inc	512.90		3.78	0.77	Toscafund Asset Mana	gement LLP
	237.05	-	2.96	0.00	www.toscafund.com	90
	143.48		1.80	0.00	Tosca A USD	\$430.49
	162.00		0.25	0.24	Tosca Mid Cap GBP	£ 151.32
	349.02	-	0.54	0.24	Tosca Opportunity B USD	\$252.81
	533.68		-1.70	2.98	Pegasus Fund Ltd A-1 GBP	£ 36.13
	328.48		-1.04	3.05		

Authorised Funds

	T 8 88 (4200)				(UK)	
RL)	Troy Asset Mgt (1200) 65 Gresham Street, London, EC2V 7NQ					
	Order Desk and Enquiries: 0345 6	08 0950				
	Authorised Inv Funds					
00	Authorised Corporate Director	r - Link Fu	nd Sc	lutions		
00	Trojan Investment Funds					
30	Trojan Ethical O Acc	127.15		0.38	0.07	
	Trojan Ethical Global Inc O Acc	101.52		0.64	2.75	
	Trojan Ethical Global Inc O Inc	97.62		0.62	2.80	



The Antares European Fund Limited

CAM-GTF VCC	\$7	94965.31	294965.31	7567.86
CAM GTI VCC	\$	780.49	-	-32.39
RAIC VCC	S	1.64	1.64	0.03



JK Equity Fd Cl A Series 01	£ 3312.15	2220.40	FORE	
		3330.40	00.60	-
Diversified Absolute Rtn Fd USD CI AF2	\$ 1688.02		45.93	
liversified Absolute Return Stlg Cell AF2:	£ 1579.00		-1.96	
Global Equity Fund A Lead Series :	£ 1752.47	1755.76	-19.13	

MILLTRUST



ging Market Stars I USD sean Ex UK Inc EUR Acc

Slater	
nvestments	

Ashmore Group					
61 Aldwych, London WC2B 4AE. De	ali	ng team	+35	2 27 62 2	2 233
Authorised Inv Funds					
Emerging Markets Equity Fund	\$	126.06		0.71	0.00
Emerging Markets Equity ESG Fund	\$	145.69		1.45	0.00
Emerging Markets Frontier Equity Fund	\$	180.79		0.07	1.00
Emerging Markets Blended Debt Fund	\$	52.85		0.12	5.12
Emerging Markets Blended Debt ESG Fund	\$	88.29		0.34	0.00
Emerging Markets Active Equity Fund	\$	122.48		0.50	0.00
Emerging Markets Corporate Debt Fund	\$	57.99		-0.02	7.70
Emerging Markets Debt Fund	\$	57.84		0.21	6.01
Emerging Markets Local Currency Bond Fund	\$	64.66		0.21	4.38

Atlantas Sicav			LUX
Regulated			
American Dynamic	\$ 6834.82	-124.48	0.00
American One	\$7371.66	-104.96	0.00
Bond Global	€ 1527.20	1.57	0.00
Eurocroissance	€ 1358.72	-34.70	0.00
Far East	\$ 1022.22	-33.53	0.00

www.dodgeandcox.worldwide.o	om (	20 3713	766	4	
FCA Recognised					
Dodge & Cox Worldwide Fun	ds p	lc - Glo	bal	Bond F	an
EUR Accumulating Class	€	16.03	-	-0.01	0
EUR Accumulating Class (H)	€	10.73	-	0.04	0
EUR Distributing Class	€	11.34	-	-0.01	2
EUR Distributing Class (H)	€	7.52		0.02	2
GBP Distributing Class	£	11.99	-	-0.03	3
GBP Distributing Class (H)	£	8.12	-	0.03	2
USD Accumulating Class	\$	12.62		0.04	0
Dodge & Cox Worldwide Fun	ds p	lc-Glob	al S	tock Fu	ını
USD Accumulating Share Class	\$	31.19	-	0.32	(
GBP Accumulating Share Class	£	40.40	-	0.15	0
GBP Distributing Share class	£	26.93	-	0.10	0
EUR Accumulating Share Class	€	42.93	-	0.28	0
GBP Distributing Class (H)	£	14.26		0.15	0
Dodge & Cox Worldwide Fun	ds p	Ic-U.S.	Sto	ck Fund	
USD Accumulating Share Class	\$	39.62		0.31	(
GBP Accumulating Share Class	£	48.53	-	0.05	0
GBP Distributing Share Class	£	28.94	-	0.03	0
EUR Accumulating Share Class	€	47.09	-	0.19	0
con Accumulating Share Class					0

Dodge & Cox Worldwide Fun EUR Accumulating Class	_	16.03		-0.01	0.
EUR Accumulating Class (H)	€	10.73		0.04	0.
EUR Distributing Class	6	11.34	i	-0.01	2
EUR Distributing Class (H)	€	7.52		0.02	2
GBP Distributing Class	£	11.99		-0.03	3
GBP Distributing Class (H)	£	8.12		0.03	2
USD Accumulating Class	\$	12.62	-	0.04	0
Dodge & Cox Worldwide Fun	ds p	lc-Glol	al S	tock Fu	ınc
USD Accumulating Share Class	\$	31.19		0.32	0
GBP Accumulating Share Class	£	40.40	-	0.15	0
GBP Distributing Share class	£	26.93	-	0.10	0
EUR Accumulating Share Class	€	42.93	-	0.28	0
GBP Distributing Class (H)	£	14.26		0.15	0
Dodge & Cox Worldwide Fun	ds p	Ic-U.S.	Sto	ck Fund	П
USD Accumulating Share Class	\$	39.62	-	0.31	0
GBP Accumulating Share Class	£	48.53	-	0.05	0
GBP Distributing Share Class	£	28.94	-	0.03	0
	€	47.09	-	0.19	0
EUR Accumulating Share Class		15.56		0.12	0

EUR Accumulating Class	€	16.03		-0.01	0.00
EUR Accumulating Class (H)	€	10.73		0.04	0.00
EUR Distributing Class	€	11.34		-0.01	2.41
EUR Distributing Class (H)	€	7.52		0.02	2.41
GBP Distributing Class	£	11.99		-0.03	3.34
GBP Distributing Class (H)	£	8.12		0.03	2.39
USD Accumulating Class	\$	12.62		0.04	0.00
Dodge & Cox Worldwide Fur	ıds p	lc-Glo	bal S	tock Fu	ınd
USD Accumulating Share Class	\$	31.19		0.32	0.00
GBP Accumulating Share Class	£	40.40		0.15	0.00
GBP Distributing Share class	£	26.93		0.10	0.26
EUR Accumulating Share Class	€	42.93		0.28	0.00
GBP Distributing Class (H)	£	14.26		0.15	0.25
Dodge & Cox Worldwide Fur	ds p	lc-U.S	. Sto	ck Fund	
USD Accumulating Share Class	\$	39.62		0.31	0.00
GBP Accumulating Share Class	£	48.53		0.05	0.00
GBP Distributing Share Class	£	28.94		0.03	0.00
obr Distributing Snare Glass		47.09		0.19	0.00
EUR Accumulating Share Class	€	47.03			

D Accumulating Share Class	S	31.19	-	0.32	0.00
P Accumulating Share Class	£	40.40		0.15	0.00
P Distributing Share class	£	26.93		0.10	0.26
R Accumulating Share Class	€	42.93		0.28	0.00
P Distributing Class (H)	£	14.26		0.15	0.25
dge & Cox Worldwide Fun	ds p	Ic-U.S	Stoc	k Fund	_
D Accumulating Share Class	\$	39.62		0.31	0.00
P Accumulating Share Class	£	48.53		0.05	0.00
P Distributing Share Class	£	28.94		0.03	0.00
R Accumulating Share Class	€	47.09		0.19	0.00
P Distributing Class (H)	£	15.56		0.12	0.16

	GAM			
	funds@gam.com, www.funds.gam.c Regulated	mom		
	LAPIS GBL F OWD 50 DIV YLD-Na-D €	104.12	-	0.19
	LAPIS GBL MED DEV 25.YLD-Na-D £	97.53		0.48
PITAL	LAPIS GBL TOP 50 DIV.YLD-Na-D £	117.68		-0.05

FCA Recognised

m			
Odragoncapital.com			
unds			
and A USD \$ 27.27	 -0.01	0.00	

Foord Global Equity Fund (Lux)   R	\$ 16.90	0.13	0.00	
Regulated				
Foord Global Equity Fund (Sing)   B	\$ 20.19	0.10	0.00	
Foord International Trust (Gsy)	\$ 47.89	0.22	0.00	

		MAI - Buy & Lease (New Zealand)NZ\$	91.20 -	-6
		Milltrust Global Emerging Markets Fund - Class A \$	95.03 -	-0
m.com, www.funds.gam.com				
d				
F OWD 50 DIV.YLD-Na-D £ 104.12 -	0.19 1.20			
MED DEV 25.YLD-Na-D £ 97.53 -	0.48 -			
TOP 50 DIV.YLD-Na-D £ 117.68 -	-0.05 2.93			

em@milltrust.com, +44(0)20 8123 Regulated	83	16, ww	w.mil	Itrust.
Milltrust Alaska Brazil Fund SP A	\$	101.89	-	2.2
Milltrust Laurium Africa Fund SP A	\$	95.70		0.34
Milltrust Marcellus India Fund SP	\$	132.36		0.07
Milltrust Singular ASEAN Fund SP Founders	\$	127.10		0.92
Milltrust SPARX Korea Equity Fund SP A	\$	128.14		1.18
Milltrust Xingtai China Fund SP A	\$	94.51		0.91
The Climate Impact Asia Fund SP A	\$	77.87		0.37
The Climate Impact Asia Fund (Class B)	\$	77.04		0.37

nsey) Ltd (	GSY

Prusik Investment Management LLP	(
Enquiries - 0207 493 1331	
Regulated	

www.slaterinvestments.com;	Tel: 0207 220			
FCA Recognised				
Slater Growth A Acc	591.71	591.71	3.27	0.00
Slater Income A Inc	135.65	135.65	0.50	5.22
Slater Recovery A Acc	308.89	308.89	1.61	0.00
Slater Artorius	261.63	261.63	-7.52	0.57
X	Îz.			
_	之 SE EL	FN	111	ıG
_	_	EΝ	111	1G
_	EFL			1G
STONEHAG	E FL	DE		1G
STONEHAG GLOBAL E	E FL	DE		1G
STONEHAG GLOBAL E	E FL	DE		1G
STONEHAG GLOBAL E	E FL	DE		1G

www.stonehagefleming.com/gbi enquiries@stonehagefleming.com Regulated								
SF Global Best Ideas Eq D GBP INC	£ 202 £7		0.80	0.00				

Prusik Investment Manag Enquiries - 0207 493 1331		(IRL		
Regulated				
Prusik Asian Equity Income B Dist	\$181.48	-	0.22	4.7
Prusik Asia Emerging Opportunities Fund A Acc	\$182.88	-	1.15	0.0
Prusik Asia Fund U Dist.	£201.13	-	0.40	0.0
Prusik Asia Sustainable Growth Fund A Acc	\$ 88.23		0.08	0.0

# **Guide to Data**

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

The sale of interests in the funds listed on these The sale of interests in the funds listed on these pages may, in certain jurisdictions, be restricted by law and the funds will not necessarily be available to persons in all jurisdictions in which the publication cinculates. Persons in any doubt should take appropriate professional advice. Data collated by Morningstar. For other queries contact reader.enquiries@ft.com +44 (0)207 873 4211.

The fund prices published in this edition along with additional information are also available on the Financial Times website, www.ft.com/funds. The funds published on these pages are grouped together by fund management company.

Prices are in pence unless otherwise indicated. The change, if shown, is the change on the previously quoted figure (not all funds update prices daily). Those designated \$ with no prefix refer to US dollars. Yield percentage figures (in Tuesday to Saturday papers) allow for buying expenses. Prices of certain older insurance linked plans might be subject to capital gains tax on sales.

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

of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

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

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

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

The symbols are as follows: \$\frac{\psi}{0}\$ (001 to 1100 hours; \$\frac{\psi}{1}\$ 1101 to 1400 hours; \$\frac{\psi}{1}\$ 4101 to 1700 hours; \$\frac{\psi}{1}\$ 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing; the letter F denotes that that managers/operators deal at the price to be set at the managers/operators deal at the price to be set at the managers has eigen and definite price in the latest at the managers has eigen and definite price in the latest at the managers/operators deal at the price to be set at the managers has eigen and definite price in the latest and the managers has eigen and definite price in the latest and the managers has eigen and definite price in the latest and the managers has eigen and definite price in the latest and the managers has eigen and definite price in the latest and the managers has eigen and definite price in the latest and the managers are the managers and the latest and the

Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/ operators. Scheme particulars, prospectus, key features and reports. The most recent particulars and documents may be obtained free of charge from fund managers/operators.\* Indicates funds which do not price on Fridays.

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



Tueday 6 luly 2023

# withersworldwide

The law firm for success

# What does success mean to you?

For over 125 years we have been proud to assist some of the world's most remarkable individuals and organizations in realizing their ambitions, protecting and defending their interests, and using private capital to transform the world around them.



#### **ARTS**

# Engrossed by epic streams of invention

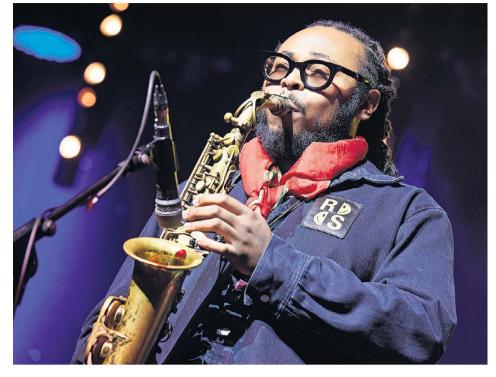
Love Supreme Festival Glynde Place, East Sussex

The 10th edition of jazz, funk and soul festival Love Supreme offered popular appeal and hidden depths, each strand balancing old and new. On Saturday's genre-sweeping programme, Incognito's slick main-stage acid-jazz set was followed by Greentea Peng's self-styled psychedelic soul. Tight brass, warm grooves and a rousing rendition of "Always There" reflected Incognito's early 1990s vibe while Peng's more contemporary style included swirly keyboards, dubby bass and bursts of rap.

Little Simz was the day's headline act. Crisp hip-hop beats and a cloud of red smoke cued a stampede across the fields towards the open-air main stage as people realised she had started without them. A scanter crowd drifted into a faraway marquee as saxophonist Immanuel Wilkins was soundchecking. Unfazed, he soon delivered the day's killer jazz set.

Wilkins' performance drew on the unfolding themes and interactive rapport that made his recent Blue Note album The 7th Hand a standout. At this gig, the compositions merged into a continuous flow and the band's focused improvisations were even more intense. Wilkins' alto sax is the lead voice, with a diamond-hard tone that is matched by precise articulation. At this gig, epic streams of invention supported by an intense collective will engrossed the small but rapt audience.

The performance began with a motif floating over dense piano voicings and drummer Kweku Sumbry working up a dialogue between bass drum and snare. As snippets of melody wound this way and that, pianist Micah Thomas emphasised changes in mood and bassist Matt Brewer twinned double bass thrust with Sumbry's bass drum beats that were so powerful they reverberated in the chest. Wilkins, the main soloist, mingled



syncopated lines and blues-shaped riffs with an inexorable logic, adding high-note squawks that raised a cheer. But this band is collective to the core, and pianist Thomas, an equally strong voice, conjured short discords and dazzling dialogues between left hand and right. It was his sustained bursts of abstraction that built to a high and ended this immensely satisfying set. \*\*\*\*

Elsewhere, a strong jazz strand ranged far and wide, skirted extremes and gave jazz newcomers a dedicated space. Vocalist Jazzmeia Horn's midafternoon set twinned legacy elements with new ideas and provided showstopping moments with ease. Her pianist Victor Gould was more than filler, while bassist Jason Clotter and THE LIFE OF A SONG

How Billy Squier's 1980 track 'The Big Beat' was sampled, sliced and diced by hip-hop acts ft.com/arts



drummer Michael Reed were a bouncy and supportive rhythm team.

Horn opened with the original "Free Your Mind" from her 2019 album Love & Liberation. "Let your thoughts expand," she sang over walking-bass swing and songbook chords, before launching an extended improvisation that morphed from swing to hip-hop and moved from Ella Fitzgerald-style scat to moves of her own. Vocals leapt from low notes to high, vowels were stretched sensuously and a sustained upper register had no trace of squeak. Gould set the scene with a two-handed solo that focused the crowd, bassist Clotter tugged at the pulse to cue the change of style.

'Tippin'" came next, a new song themed on taking life to the edge without falling over a cliff. The lyric was clear, as was the playful torch-song mood, but it was Horn's astounding technique that fully captured the idea. Those high notes were sustained almost beyond credibility, quick-fire vocalese came at speed and control was never in doubt.

Elsewhere, spiritual faith was celebrated over a fast modal pulse — "Bless the most high" was one refrain, repeated by the audience on cue with glee. And the standard "Our Love Is Here to Stay" was pulled thrillingly out of shape. The encore, an audience-requested "Tight", zipped along smoothly, the drum solo finale played at speed. \*\*\*\*

Bassist Marcus Miller opened his

equally assured set having to balance the sound. "I'm just going to play the bass while we get it together," he said, crunching out a bone-shaking riff. The band entered one by one, melodic bass



saxophonist Wilkins at Love Supreme Festival; singer Jazzmeia Horn

From far left:

stabbed and Miller's first solo wowed the crowd. The gig continued with "Untamed", from Laid Black, Miller's latest album. A prowling groove, pregnant with menace, got the song title's gist, but it was well-crafted control that landed the music's punch. Trumpeter Russell Gunn's muted solo gripped, Miller's was fast-fingered, lyrical and intense and alto saxophonist Donald Hayes mixed bebop and blues.

Miller continued with a bass guitar masterclass of Funkadelic-like lines, thumb-slapped grooves and high-toned melodic intrigue. "Jekyll & Hyde" mixed the cool and the crazy — "I play the cool part," said Miller, before unleashing high-octane power. The ballad "Mr Pas torius", released on Miles Davis's 1989 album Amandla, featured elegant muted trumpet before changing tempo through modern jazz gears. And "Gorée", Miller's showcase for bass clarinet, was recast as a resilient song for peace. Brooding at first - Miller wrote the composition after visiting the slave island of that name off Senegal - it had

an upbeat ending.

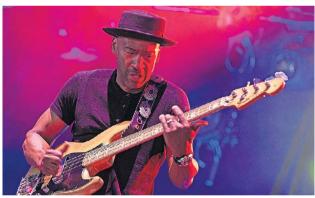
The finale, The Beatles' "Come Together", with bass playing lead, was interrupted by an electronic growl of feedback from a misfunctioning PA. "Play in the same key as the feedback, said Miller without turning a hair. "It's in the key of G." The band did, and problem solved - barnstormed the set

In contrast, Armenian pianist Tigran Hamasyan and his trio kept audience communication to a minimum in a rhythmically intricate set. Hamasyan's blend of folkloric influences and postmodern jazz juxtaposes bombastic emotions with moments of calm. Bass and drums interwove to a preset plan and sparse snare drum beats were awkwardly placed. Free-flowing improvisa-

tion was sorely missed. ★★★☆☆
No such worries with Trinidad-raised steel pan-player Leon Foster Thomas, who spoke warmly to the audience and raised technique to a virtuosic pitch. His midnight set for Jazz in the Round was based on the well-worked grooves of 1970s jazz-funk – one song was introduced as giving a New Orleans speakeasy a Trinidad vibe; a note-perfect "Onus Pocus" referenced the song's composer, Jaco Pastorius.

 $Bass, drums \, and \, guitar \, fell \, neatly \, into \,$ place and Sam Leak's synth gripped. But it was the unique Thomas who made the band stand out. He strips the steel pan of sentiment without losing the instrument's warmth and adds chromatic flourishes that are entirely his own.

love supreme festival.com



Bassist Marcus Miller played thumb-slapped grooves - Roger Thomas

# FTWeekend Festival

BANK OF AMERICA

2 September 2023

Kenwood House Gardens, London & online



**Greg James** Presenter and host of and The Curious



**Michael Gove** Secretary of State for Levelling Up, Housing and Communities



Journalist and host of the podcast 'Off Air with Jane



Leïla Slimani Author

Join us at Kenwood House Gardens on 2 September for the ideas festival of our age. Enjoy a day where the FTWeekend paper comes to life with everything from debates and tastings to live performances.



ft.com/festival



Be inspired by

visit Portugal

Global festival partner

GAGOSIAN





Festival partners



# Vintage rockers with puppyish energy

Guns N' Roses Hvde Park, London

Áine Kim Kennedy

You're in the jungle, baby!" shrilled Axl Rose, Joker-red locks fluttering in the London wind and drizzle, "You're gonna die!" Much of the crowd in Hyde Park were, in fact, shuffling off to the toilets, a regular sight over the next three hours. In a far cry from their heyday, Guns N' Roses had turned up 10 minutes early, a mark of newfound professionalism since their 2016 reunion.

Dwarfed by screens magnifying every detail — HD shots of Slash's nose hair as well as his shredding - the "most dangerous band in the world" took a stand against the dying of the light and won, avoiding the technical woes of their recent Glastonbury set. Their continued ability and the immense effort behind it were equally evident as they strained to recreate the devil-may-care sound of their 1987 breakout album *Appetite for* Destruction. "I think I have a couple more ya-ya's in me if I dig a little deeper," mused Rose, perhaps more to himself than to his audience.

With the exception of aptly named 2021 single "Absurd" — a well-earned chance to scream obscenities at the golden circle enclosure - the band chugged through crowd-pleasers with puppyish enthusiasm.

Two songs in, Rose tumbled over a speaker, gamely popping up again without losing his place in "Bad Obsession". Bobbing away behind him, bassist Duff McKagan and keyboard player Dizzy Reed of the "classic" line-up seemed

equally chuffed to be back; Slash, sphinxlike under top hat and shades, was joined by drummer Frank Ferrer and recent addition Melissa Reese. The band brought a manic energy to favourites such as "Live and Let Die" and "Welcome to the Jungle", Rose's veins a-bulge as he squeezed out the

high notes. Despite their status as karao favourites - "Sweet Child O' Mine" alone has more than 1.5bn streams on Spotify - the band couldn't resist a political statement, turning power ballad "Civil War" into a Ukraine solidarity anthem. "Look at the blood we're spilling, look at the world we're killing, thundered Rose as Slash buried himself in his guitar. The nauseating CGI swoopthroughs of a bombed-out city onscreen were a reminder that subtlety and gravitas have never been Guns N' Roses' strong suit. Barely had the vellow and blue faded away when Slash was segueing into "Voodoo Child (Slight Return)". The 10-minute solo that followed was accompanied by the squeak of expensive activewear as people made for the Aperol stand.

With the sun setting, the crowd warmed to a barrage of classics, Rose flexing his strangled-Elmo vocals in singalongs to "November Rain" and "Knockin' on Heaven's Door". The galumphing cowbell and choo-choo sound effects in "Nightrain" roused both parents and children sitting ator Barbour-jacketed shoulders. Sprawled against the barrier, characters straight out of Hogarth's "Beer Street" - tinny in one hand, ciggy in the other - swayed misty-eyed to "Don't Cry".

Rose's tongue-in-cheek sign-off, We're Lloyd's of London", was the only reference to the hell-raising past; the insurance underwriters sued them in 1992 after the band sparked a riot in Missouri and claimed compensation for gigs cancelled as a result. It seems the man who described himself as "a screaming two-year-old" has finally

qunsnroses.com



Axl Rose on stage with Guns N' Roses in Hyde Park

#### FT BIG READ. MEDICINE

A decade ago most of the big pharmaceutical groups gave up on one of humanity's cruellest diseases.

But then a new treatment from a small Swedish company showed promise.

By Hannah Kuchler and Jamie Smyth

# A start-up's mission to solve Alzheimer's

unilla Osswald speaks quietly as she describes her last act at AstraZeneca. After 28 years of trying to create treatments for patients with brain disorders, in 2012 she was handed the "sad" task of closing a large Swedish research and development site and making 1,300 people redundant.

A decade ago, the Anglo-Swedish drugmaker was cutting its investment in neuroscience. It was not the only one. GSK, Pfizer and Bristol Myers Squibb were among other big pharmaceutical companies that stopped trying to find treatments for some of humanity's most inscrutable diseases. At the time, Alzheimer's research was considered a costly, hopeless cause.

Peering over a conference table in Stockholm, Osswald admits neuroscience is risky for drugmakers. "It's a difficult area. But the benefit can be so huge when you have something which is successful," she says.

After AstraZeneca closed its site, Osswald did not give up. Instead, she became the leader of a start-up of just 20 people devoted to tackling Alzheimer's, called BioArctic, and brought in others from AstraZeneca. Their aim was to create a drug that would become the first to slow the progression of the disease.

On that front, they have made progress. This week, the Food and Drug Administration, the US regulator, will decide whether to fully approve BioArctic's first commercially available drug candidate, lecanemab, created with the Japanese drugmaker Eisai and US biotech Biogen.

The FDA already granted emergency approval in January, based on data that showed lecanemab slowed the rate of cognitive decline in early-stage Alzheimer's patients by 27 per cent, a moderate but statistically significant result. Full approval should vastly increase the number of patients able to access the drug in the months ahead; it is the first time people with Alzheimer's will be able to take something to slow the progression of their disease.

"It is really a big step forward," says Osswald, explaining that before this, drugs could only alleviate some symptoms, not tackle the causes.

Not everyone agrees. Some researchers and clinicians are concerned that the reduction in the rate of cognitive decline seen during the late-stage drug trial is not "clinically meaningful" because many patients would not feel much of an impact

They worry that the benefits do not outweigh the risks: the trial showed the drug can cause swelling and bleeding in the brain. Patients will have to be carefully monitored when they first take the drug, which is administered intravenously. Since the trial of 1,795 ended, at least three Alzheimer's patients have died from brain bleeds after taking lecanemab, including two people who were also taking blood-thinning medicines. Eisai said the drug could not be directly linked to the deaths.

About 55mn people worldwide have dementia, of which up to 70 per cent suffer from Alzheimer's — a disease that erases memories and the ability to communicate and live independently. In the UK, the Alzheimer's Association estimates it already costs the government £25bn a year.

Osswald weighs her words carefully, wary of overpromising to desperate patients. "It's not a cure. But it hopefully can help them to get a longer time when they are fairly healthy," she says.

Lecanemab is not the only new Alzheimer's drug with potential. BioArctic's results last autumn were followed by those from another promising trial for a drug, donanemab, from Eli Lilly.

If they are both approved, the drugs may eventually save on healthcare costs by keeping people healthier for longer. But they will create huge upfront bills. Lecanemab will have an official US price of \$26,500 a year, though insurers will negotiate rebates that make it cheaper. Medicare, the US government-backed insurance for seniors, has pledged to pay for it if approved. In Europe, the regulator is expected to make a decision in the first quarter of next year.

Lecanemab has given hope to large pharmaceutical companies, such as Bristol Myers Squibb and GSK, which are piling back into neuroscience, partnering with start-ups, or looking to see if they can revive failed drug candidates.

There are now more clinical trials for Alzheimer's drugs than ever before, with drugmakers increasing the number they sponsor by almost 8 per



BioArctic scientists
Alex Kasrayan and Eleni
Gkanatsiou at the group's lab in Stockholm.
The company has just 85 staff, but it has ambitions to grow into a standalone pharma company. Below

grow into a standalone pharma company. Below right: Gunilla Osswald, chief executive of BioArctic, and co-founder Lars Lannfelt research from the University of Nevada. AstraZeneca says it still has a small neuroscience group with a number of products in trials, including one for Alzheimer's in an early study.

After a transformation in oncology treatments over the past decade — mortality rates are falling across many types of cancer — scientists are speculating that Alzheimer's could also be tackled with medicines targeted to sub groups of patients.

While it is far from a perfect drug, lecanemab is the culmination of decades of research and many failed candidates — a prolonged and frustrating process of trial and error that is beginning to bear fruit. John Hardy, a professor of neurology at University College London, says academics and companies finally understand what a potential drug has to do to tackle the disease. "We're not operating in the dark anymore." he says.

#### The 'Arctic mutation'

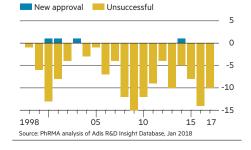
BioArctic's co-founder, a doctor-turnedscientist called Lars Lannfelt, travelled to the end of the earth to find the clue

that led to his drug breakthrough. In the 1990s Lannfelt made a name for himself in dementia research when he discovered in Alzheimer's patients a mutation in the gene that produces a protein called amyloid beta. A build-up of amyloid in the form of sticky plaques in the brain is generally considered to be the cause of Alzheimer's. (Not all researchers agree with the "amyloid hypothesis". Numerous therapies aimed at reducing plaques in patients' brains have failed in trials, sowing doubts and entrenching division.)

Lannfelt made his discovery — christened "the Swedish mutation" — after long and slippery drives to faraway communities in his Volvo. In his search for a drug to treat the disease, he went even further, flying to Umeå in Northern Sweden and driving a rental car to a remote community of people who, due to their own genetic mutation, were suffering disproportionately from Alzheimer's. They experienced "exaggerated"

#### New Alzheimer's drugs are rarely approved

146 investigational medicines in clinical development were either halted or failed to receive regulatory approval between 1998 and 2017



forms of the disease" — developing symptoms at a younger age than average and experience a faster decline. It was therefore easier to witness what was happening in the brain using blood tests

and scans.

Lannfelt discovered that patients in the Arctic community had the symptoms of Alzheimer's but they didn't have the sticky plaques in their brains. Rather, they had a build-up of amyloid beta in a soluble form called protofibrils. Lannfelt came to believe that it was the protofibrils that initially cause the disease. Unlike the plaques, soluble protofibrils can move around the brain, gumming up neurons and eventually causing the cells to die.

Protofibrils, he thought, would also be a safer target for a drug. Amyloid beta exists in many forms in the body. Protofibrils are only in the brain. Drugs designed to target amyloid beta generally could therefore latch on in unin-

tended places, causing side effects.

In 2003, Lannfelt and his BioArctic colleagues first approached Eisai, a much bigger company with experience in clinical trials with Alzheimer's patients. Unlike many pharmaceutical companies at the time, Eisai was similarly determined to find a drug for the disease. Haruo Naito, chief executive, was leading the company's discovery lab when Eisai developed its first therapy for symptoms of Alzheimer's, and he stayed in contact with patients and their families. Alexander Scott, executive vice-president of integrity, says Naito understood the "tremendous unmet need" for natients.

In 2007, the Japanese drugmaker took the licence for lecanemab and in 2014 Eisai signed up Biogen to jointly develop and commercialise the drug.

Lannfelt, now 74, has been studying Alzheimer's since 1992. He was convinced BioArctic's new approach would work, yet it worked better than he expected. In the study, the patients taking the drug declined 27 per cent more slowly than those who received a placebo, as measured on a cognitive and functional scale. Study participants, considered early-stage, had probably had the amyloid building up in their brains for 20 to 25 years. But scans showed a significant removal in just 18 months. "I was surprised the effect was so strong," Lannfelt says.

Investors were also surprised. BioArctic's stock shot up more than 240 per cent on the day the initial results were published. When approved, analysts at Swedish bank Carnegie forecast sales will peak at \$13bn in 2035, giving BioArctic a \$1.1bn royalty that year. In total, it stands to receive billions, much of which it plans to invest in the hunt for

more effective drugs.

This is a marked difference from the last Alzheimer's drug heralded as a breakthrough. Medicare refused to pay for Biogen and Eisai's aduhelm, after a

controversial US accelerated approval in 2021. Aduhelm did not work as well, and scientists debated the validity of its trials, after one failed. It was initially priced far higher, at \$56,000 a year, though it was later cut to \$26,500.

Now there are two drugs with more solid prospects. An exception to Big Pharma's initial exodus from neuroscience was Indianapolis-based Eli Lilly, which persisted despite having other Alzheimer's drugs fail. Ron DeMattos, senior vice-president and chief scientific officer of neurobiologics at Lilly, says the decision to pursue an amyloid-reducing drug was a "leap of faith".

Unlike BioArctic, Lilly targeted the solid form of amyloid beta, the plaques. Its molecule proved successful: donanemab slowed the progression of the disease by 35 per cent in 1,182 patients. The trial also showed side effects of brain swelling and bleeding. But its full trial results have not yet been published.

"I believe the field can now move past all this back and forth, amyloid hypothesis, or not amyloid hypothesis," DeMattos says. "The real question is how do we drive further benefit for patients? How do we continue on this line of success to improve those margins that make patients better over time."

Hardy, the neurology professor at

UCL, says the real problem with the previous drugs targeting beta amyloid was that they didn't remove enough of it. "To me, the two [new] drugs look pretty similar: they both remove amyloid, and they both have similar clinical effects," he says.

But at the same institution, Rob

But at the same institution, Rob Howard, a professor of old age psychiatry, disagrees. He accepts amyloid beta is connected with Alzheimer's, but doubts if it drives its progression. He believes there was poor correlation between how much amyloid was cleared and how much clinical benefit there was in patients in the lecanemab trial.

#### A new golden era?

Since the successful trial results of lecanemab and donanemab, there has been a real uptick in interest from Big Pharma looking to acquire neuroscience biotechs, says Philip Scheltens, who leads the €260mn LSP Dementia Fund. "We are now in an interesting position because Big Pharma suddenly gains interest again, but doesn't have a pipeline," he says.

Dementia is still far less understood than cancer, despite having a similar number of patients, partly because it receives less funding, Scheltens says.

Aware that global Big Pharma is now paying attention to the tiny company in Stockholm, Osswald is tight-lipped about what else BioArctic is working on for Alzheimer's. But the company is inspired by a transformation in oncol-

'It's not a cure. But it hopefully can help [patients] to get a longer time ogy. Anders Martin-Löf, chief financial officer, says oncology was the "big thing" of the past 10 years, with more targeted drugs, often combined for better impact. "We're at the starting point now in neuro. And I think we're looking for a golden era that is about to start," he says.

As tests become more accurate and we understand more about what is happening inside individuals, drugs may

when they

are fairly

healthy'

55<sub>mn</sub>

Number of people

with dementia worldwide, of which

up to 70% have Alzheimer's

£25<sub>bn</sub>

The cost incurred

each year by the

\$26,500

US price of BioArctic's

The official annual

negotiate rebates

that make it cheaper

Insurers will

As tests become more accurate and we understand more about what is happening inside individuals, drugs may become targeted to specific groups, like in cancer where many tumours are sequenced to discover which mutations are driving them, and then specific drugs are prescribed. Some believe Alzheimer's may not even end up being a single disease.

BioArctic is also looking at ways to target beta amyloid more effectively. Its moonshot project is a "brain transporter" designed to get more drug into the brain. At the moment, only about 1 per cent of a drug can cross the strict blood-brain barrier, so patients must receive large doses and risk side effects.

By hijacking the system that delivers iron into the brain, it hopes that it can access the 600km of blood vessels inside the organ.

Zoe Karamanoli, an analyst at RBC Capital Markets, who covers BioArctic, says brain transporter has "huge potential" — but is still really risky at this stage. She says BioArctic's cash windfall from the lecanemab royalties will help the company — but it is not enough to guarantee a second success. "Definitely having something that has worked and is approved in such a difficult field helps them. But don't get carried away and assume everything will work," she

Lecanemab is already in phase 3 trials for a population with less amyloid in their brains and who do not yet have symptoms. Other companies are also looking to go earlier. Last week AC Immune received an FDA breakthrough designation — a fast track through the regulatory process — for an "Alzheimer's vaccine", which it hopes will stimulate the immune system to tackle the build-up of proteins itself.

Some experts believe the current drugs have too serious side effects to treat asymptomatic people.

If lecanemab is used preventively, BioArctic could make billions more. Osswald has ambitions to grow BioArctic into a standalone pharma company. But she does not want it to be the next AstraZeneca which, she found, could get bogged down in bureaucracy. BioArctic has just 85 staff in an office and labs spread over a couple of floors in Stockholm.

Nor is she wary of competition as other Big Pharma companies rejoin the race for better treatments for Alzheimer's. "We're not afraid of competition. I think that is helpful for patients," she says. "The market is enormous."

## The FT View



#### FINANCIAL TIMES

'Without fear and without favour'

ft.com/opinion

## . .

#### Macron and his government have to address root causes of sense of injustice

The senseless rioting that has brought mayhem to towns and cities across France shows signs of abating although it could easily flare up again. The violence was sparked by the shooting dead by a policeman of a 17-year-old boy Nahel Merzouk as he accelerated away from a police check. The flames spread with alarming speed, fanned by social media, and shone an unforgiving light on deep-seated social tensions and political polarisation. These problems require a comprehensive and sustained response from President Emmanuel Macron and his government. France's impoverished, ethnically diverse urban neighbourhoods will otherwise remain a powder keg, prone to detonation.

Macron deserves some credit for how he handled this crisis. Early on, he

showed empathy for the dead youth, describing his death as "inexcusable" and "inexplicable". The president's opponents and police unions decried these terms as a violation of the presumption of innocence and a betrayal of the police. But it was imperative to try to douse the fire. The government, including hardline interior minister Gérald Darmanin, have followed the president's lead and avoided inflammatory language. Macron also resisted demands to impose a state of emergency, which could have made things worse, while mobilising vast police resources to contain the unrest.

After the flames, France needs a new social mission

Macron's Jupiterian approach to power over six years has done much to inflame public opinion. But it is his opponents on the right, far-right and far-left who have exploited this crisis to fight their culture wars. Far-left leader Jean-Luc Mélenchon refused to appeal for order, showing it is not just one extreme that endangers the republic. The victim's family, France's football

team and other celebrities showed more responsibility by pleading for calm.

No grievance can justify a rampaging mob engaged in senseless violence. Ramming a burning car into the home of a district mayor south of Paris was pure criminality. Looters must face justice. Parents share responsibility for allowing thrill-seeking teenagers to join in. But France must address the causes of the sense of injustice and abandonment by the state in many communities — which are partly of Macron's making.

France is not the only country where police brutality against black or ethnic minority men has sparked major unrest. The US and UK have witnessed the same. But France is singularly reluctant to face up to its policing problems: violent tactics during protests, poor training, systemic racial discrimination and far-right sympathies. Police rules on using firearms — relaxed in 2017 — need tightening. Macron's reluctance to tackle these issues for fear of looking soft on law and order has backfired,

No grievance can justify a rampaging mob engaged in since it is the far-right that has most to gain from further flare-ups.

Macron, and the French political elite, have also failed to give proper attention and resources to the powerty crime.

senseless

Macron, and the French political elite, have also failed to give proper attention and resources to the poverty, crime, racial discrimination and educational underperformance that still pervade the *banlieues*. There are no simple solutions. Policing alone cannot do it. Billions have been spent improving transport and housing stock, but human capital has been neglected. Locals who do well move out and then new immigrants move in, worsening segregation.

After his 2017 victory, the president commissioned a report on urban policy and then shelved it. A new plan has yet to take shape. It is now urgent. Inward investors may be rattled. Next year's Olympic Games in Paris look vulnerable to urban disorder. Once the flames are doused, France needs a new mission to build inclusive communities. A resurgent far-right will try to trip him up. But if Macron wants a political legacy, this is one place he could focus his energies.

Include daytime telephone number and full address

Email: letters.editor@ft.com

**Opinion** Society

# Apologising for slavery is a start, but it's not enough







he past is a foreign country but only in the same sense that America, Russia and China are. Yes, if you live outside the world's most powerful nations, your day-to-day life isn't wholly decided by what their governments choose to do and how their people live, work and consume. But, for good and for ill, your own choices are influenced by what goes on there. Similarly, your own life outcomes are shaped by both your immediate past and those of your

family and country.

Not every piece of the past holds equal power and weight for everyone. The decisions of Joe Biden or Jamie Dimon are more consequential for my own prosperity and life choices than those of a schoolteacher in Milwauckee. And like many people today, I am descended from both slave-owners

#### Seeing problems as things you should say sorry for, rather than things that need solutions, isn't helpful

and from slaves. But the slaves in my family tree fall much further back, something reflected in terms of their diminished influence on my own life prospects compared with others.

As a new project by Reuters helps show, the influence of the transatlantic slave trade, in which I am historically lucky enough that my family's history of buying and selling slavery is nearer to the present than our history of enslavement, still retains considerable influence. Every living US president, other than Donald Trump, and 28 sitting senators are direct descendants of slave-owners. This is unsurprising: if you want to get ahead in any field, it helps to be rich and well-established, and in the US, if you are rich and well-established, the transatlantic slave trade is probably somewhere in

What was more striking was some of the responses. Tammy Duckworth, the Democratic senator for Illinois, described the discovery as "gutwrenching". But the news was unsurprising, given that Duckworth can trace her family tree back to the beginning of the United States of America. If you have even a scrap of white American ancestry, unless you think that your ancestors in the northern states were Regency-era ESG pioneers, you will be descended from people

your ancestors' portfolio.

who benefited from the trade. Still, when confronted with evidence of historical wrongdoing, such reactions are often the default. The impulse to apologise when you dis-

cover an awful truth about your past is, I think, an admirable one. But it comes at the cost of seeing a national or global problem as one that can be fixed by personal apologies or public shaming.

The transatlantic slave trade is the

The transatlantic slave trade is the most difficult of problems. Long ago enough that no one is left to apologise directly, but close enough to shape outcomes. And present, too, at the foundations of the most important democracy and largest economy in the world.

But a similar tendency to see societal problems as ones that can be fixed through expressions of regret is present even in far less fraught areas. In the UK, a number of historical decisions mean that cities outside London are considerably less productive and well-connected than equivalent cities in France, Italy or Germany. At every panel on regional development, you are therefore likely to see someone either apologise for hosting the event in London or congratulate themselves for running it in Manchester or Birwindow

But the reason why Manchester is less productive than Lyon isn't that think-tanks don't host panels there. Some of the problem is bad luck, but some is due to malice. Part of why Manchester is less productive than Lyon is because for centuries the British parliament prevented new universities from being set up due to successful lobbying by Oxford and Cambridge. This means that institutions such as the University of Manchester are younger and have smaller endowments than they otherwise would.

If, like me, you went to Oxford or Cambridge, part of why your degree enjoys a social cachet is that you still gain an indirect benefit from the historical decision to hobble Oxbridge's rival institutions.

And while apologies can be welcome, they don't fix anything. Actually fixing the past tends to cost money and upset people. It's tempting, therefore, to instead talk about how awful it is, to apologise for your ancestors, your choice of venue or your history. But seeing big, structural problems as things that you should simply say sorry for, rather than things that need big, structural solutions isn't helpful. It's just narcissism.

People and places that have been dealt a bad hand by history don't need apologies or hand-wringing from those of us with the dumb luck to get a good one. Mostly, what they really need is a plan to redress the imbalance — and the money to make it happen.

stephen.bush@ft.com

## Letters

# Corrections: corrections@ft.com If you are not satisfied with the FT's response to your complaint, you can appeal to the FT Editorial Complaints Commissioner: complaints.commissioner@ft.com

## Climate support for poor nations must emphasise growth

Your leader ("Helping poor countries fund the climate transition", FT View, June 27) concludes: "The penny is dropping on the scale of money and effort needed [by poor countries] to meet the climate challenge."

Somewhat more than a penny, judging by your figure of \$2tn a year, excluding China. In fact, one has to question whether even this extraordinary sum — exceeding within one year multilateral development banks' aggregate \$1.8tn of assets — takes full account of

its inflationary impact when aggregated with the developed world's own expanding demand for the same (low price elasticity) assets, such as copper, nickel, cobalt and lithium — not to mention skilled specialist manpower. And, as you point out, 60 per cent of low-income countries are in debt distress or at risk of it, so their ability to repay, and hence allow money to be recycled for this purpose, is questionable. Although "smart financing" and "creative options" have their roles to play in squaring the

circle, the key requirement is to ensure that money lent or invested generates additional output to provide both the means to service debt and to demonstrate to the borrowing country that doing so is in people's interest.

For this reason — and also because I suspect that raising as much as \$2tn a year for developing countries by 2030 is rather unlikely — I suggest that the priorities should be to direct funding, first at reducing the impact of the many weather-related disasters, which poor countries already suffer,

and second, at constructing low-carbon generating facilities that supplement rather than replace existing plants.

The first will protect economies from climate-induced shocks and the second will help grow them. Replacing existing coal, oil and gas-fired plants should wait until those assets have reached the end of their economic lives rather than consigning them to the scrapheap prematurely.

Charles Mercey

Tellisford, Somerset, UK

#### Wishful thinkers risk missing Putin's next move

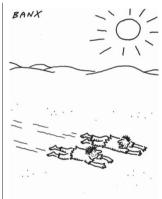
The FT View ("Putin's fragility is a moment for western resolve", June 30) follows conventional western thinking that Yevgeny Prigozhin's attempted putsch (if that is what it really was) weakened the Russian president. But suppose that is wishful thinking.

Is it possible Vladimir Putin may indeed be strengthened by what happened? This so-called mutiny was handled in a surprisingly short time. That does not suggest weakness. Putin controls the narrative. Just as the Cuban missile crisis was not seen inside the USSR as a great setback, neither will this be viewed as anything other than reaffirmation of Putin's power.

More frightening, suppose Putin were to exploit this. Prigozhin is said to be in Belarus. Given Putin needs to change the course of the war in Ukraine, the most effective way to disrupt Kyiv's counteroffensive is to attack from the west and threaten the supply routes from Poland.

supply routes from Poland.

Is this even a remote prospect? If it is, then Putin's threat to station nuclear arms in Belarus has geostrategic



"WE MUST BE NEAR WATER
-I CAM SMELL ROTTING FISH"

implications. The FT urges resolve. But if a second front opens and there are Russian nuclear weapons in Belarus, how would Nato and the west respond? Harlan Ullman

Harlan Ullman Chairman, The Killowen Group, Senior Adviser, The Atlantic Council, Washington, US

#### 'Nanny state' fears are hobbling Britain's health

Investment in developing and increasing the NHS workforce is long overdue (Report, FT.com, June 29). However, if we want to reduce pressure on health services, we need to invest more in health prevention measures and public health strategies.

For example, about 14 per cent of adults in the UK are smokers. Smoking is a leading cause of ill health and disability but we are failing to invest sufficiently in helping smokers quit. If the government is serious about tackling waiting lists and planning for a sustainable health service, then investment in preventing ill health is essential. The economic benefits of such an approach are indisputable, yet this government has increasingly shied away from such measures for fear of being seen as a "nanny state".

Healthier people enjoy longer and more productive working lives. Indeed, if no one smoked, there would be an economic boost of over £19bn a year. David Sinclair

Chief Executive, International Longevity Centre UK, London SE11, UK

# Steps in a new direction for the gentlemen's club

In the 1980s, I belonged to a group whose chairman, a member of the Carlton Club, hosted a dinner there ("Amber Rudd leads charge to shake up London gentlemen's club", Report, FT.com, June 30).

Walking up the front steps, we were informed by a doorman that we had Margaret Thatcher to thank, because before her premiership, ladies had had to use the rear entrance. His tone implied that we should consider ourselves lucky.

Amber Rudd, the former

Conservative cabinet minister, and her cohorts will never join a gentlemen's club — Pratt's will have ceased to be a gentlemen's club, as the admission of female members by definition changes its nature. Metaphysically, one may say that a quantum shift will occur as the first female member walks beneath the architrave above the entrance.

Jacqueline Castles London W2, UK

#### OUTLOOK

CENTRAL ASIA

The ABC of alphabet reform in Kazakhstan



by Tony Barber

t took only a few hours after my arrival in Astana, Kazakhstan's futuristic capital, to appreciate the immense changes since my first visit to the country 36 years o Most obviously. Kazakhstan was

ago. Most obviously, Kazakhstan was no longer the drab central Asian outpost of a drab communist empire ruled from Moscow. But what caught my eye most was the young man with one word on his T-shirt: "Qazaqstan."

How to spell the country's name, and which alphabet to use for the Kazakh language, are questions of the highest political sensitivity. Cautiously, the government is preparing to replace the Cyrillic-based alphabet used for Kazakh since Joseph Stalin's dictatorship with a modified Latin alphabet. Some Kazakhs already spell their country's name as they would like it in Latin script — Qazaqstan.

The new alphabet is still under discussion, and the switch is unlikely to be fully in place until the 2030s. But the symbolism of the reform is clear. The Cyrillic script derives from Russian and is a reminder of Kazakhstan's long, sometimes horrifically violent history under Soviet rule. The Latin script will place Kazakhstan alongside western countries, not to mention other Turkic-language states that have adopted that alphabet.

Some Kazakhs would like the reform to proceed faster. Qazaqshajaz ("Write in Kazakh"), an online movement, puts pressure on companies that use only Russian on social networks to post the same content in Kazakh. But the authorities are taking their time. "The use of Kazakh is increasing every year. So there is no reason to worry," President Kassym-Jomart Tokayev said last year.

There are good reasons for the government to handle the matter with care. In a 1989 census, two years before the Soviet Union's demise, Kazakhs and Russians each accounted for just under 40 per cent of the republic's population. In a census two years ago, Kazakhs had risen to 70 per cent and Russians had declined to almost 15 per cent.

However just as Moscow claims to be the "protector" of Russian-speakers in Ukraine, so some nationalists in Russia cast greedy eyes over northern Kazakhstan, which borders their country, and are ever on the lookout for discrimination in favour of Kazakh over Russian.

The Kazakh authorities are adamant that they intend no such measures. Indeed, Tokayev has proposed setting up an international body for the promotion of Russian. Plus, although Kazakh is the "state language", Russian has protected status in the constitution. Much public administration, schooling and business is conducted in Russian.

In Astana, I heard as much Kazakh spoken as Russian. All the Kazakhs I met were bilingual, and some spoke English as well. It was a different story in 1987, when I visited Alma-Ata (the former capital, now Almaty) and heard not a word of Kazakh. However, behind that trip lies a story — one with much bearing on Kazakh identity today. In December 1986, anti-Soviet demonstrations erupted in Alma-Ata and other Kazakh towns after the Kremlin replaced an ethnic Kazakh with a Russian as Kazakhstan's communist party leader. The uprising is now commemorated as a brave protest against Russian colonialism that paved the way for independence

The leader who encouraged this version of events was Nursultan Nazarbayev, Kazakhstan's first post-communist head of state from 1991 to 2019. But he told a different tale when I and a few other Moscow-based reporters interviewed him in 1987. At that time, he was Kazakhstan's prime minister. Nazarbayev denounced the protests as the work of hooligans and drug addicts, and said that only two people had died in the riots. The exact death toll is still unclear. But according to a KGB officer who testified to a subsequent official inquiry, 155 civilians and 13 law enforcement officers were killed.

Of course, barefaced lies were to be expected in communist times. And under Tokayev, the personality cult of Nazarbayev has been dismantled. But as Kazakhstan consolidates its independence, it would be nice to think that integrity in government will be as much part of the fabric of national life as a new alphabet.

tony.barber@ft.com

# Opinion

# Central banks shouldn't relax about R-star just yet



experienced over the past three years have had a lasting impact on the global economy. But according to John Williams, president of the New York Federal Reserve, and his co-authors Kathryn Holston and the late Tho mas Laubach, the economy may not have transformed as much as we think They find no evidence suggesting that the pandemic and Russia's war in Ukraine have ended the era of low inflation and interest rates in the US, Canada and eurozone over the medium term. But I would pause before breathing a sigh of relief.

For over 20 years, Williams and company have been estimating the long-run neutral (or natural) rate — known to

economists as r-star. This is the interest rate at which the economy is humming along at its potential, with full employment and inflation at 2 per cent. R-star is a guiding light for central banks. Interest rates above it mean the monetary policy stance is restrictive, and below it, accommodative.

Estimates of R-star show the long-run neutral rate broadly falling for the US and other advanced economies from the mid-1980s up until the pandemic. Given how volatile the data was during Covid-19, Williams et al suspended their estimates until May. When they re-ran their new, improved models, they determined R-star had barely budged despite everything.

The implication for central banks is massive. If R-star is as low as it was prepandemic, then we can expect inflation and rates to fall again once the dust has settled on all the successive shocks. Episodes of monetary policy where rates remain mired at the lower levels could become more frequent.

Williams is not alone in his projection. In its latest World Economic Outlook, the IMF also concludes that advanced economy interest rates will revert to pre-pandemic levels, as does Bank of Finland Governor Olli Rehn. It's also reflected in the Federal Reserve's median long-run fed funds rate projection, which was once again 2.5 per cent in June: 2 per cent inflation and a 0.5 per cent long-run neutral rate.

However, the problem with using R-star as a guiding light is that it is a con-

The problem with using it as a guiding light is that it is a concept, not something that can be observed

cept, not something that can be observed. As Williams warned in his speech last month, "Estimates of the natural rate of interest, however, are very imprecise and subject to real-time measurement error."

Furthermore, this tightening cycle hasn't had the predicted impact on real economies. One possible explanation is that unusual things are happening

because of pandemic-related scarring. The US labour market, for example, has remained strong in the face of aggressive rate hikes partly because of significant labour hoarding as companies recall the nightmare of recent recruitment. But another explanation is that R-star has in fact risen and the monetary policy stance isn't as tight as central bankers think.

It is too early to know which explanation is right. But even if R-star hasn't already risen, that doesn't mean it won't. A number of factors could influence it. According to the Laubach-Williams model, slowing potential GDP growth has been a significant driver of a lower long-run neutral rate over the past few decades. R-star also reflects the balance between saving and investment in an economy over the medium- to long-term, with a savings glut weighing on the long-run neutral rate.

There are reasons to expect waning productivity growth and the global savings glut could change in the mediumto long-term. In many parts of the developed world, people are no longer saving for retirement but are in it, and spend-

ing more than they are earning. This is particularly true following the pandemic, given many workers over 50 seem to have chosen to permanently leave the labour force.

Elsewhere, investment in green infrastructure and subsidies may not only pare global savings but could generate a wave of innovation that boosts productivity. Investment in defence should also have tech spillovers. Meanwhile artificial Intelligence and machine learning developments are likely to progress exponentially, and their impact on productivity and growth may come sooner than expected. All of this could boost potential growth and send R-star higher.

Given that R-star is driven by longterm, secular factors, it is possible the models are right and the long-run neutral rate has barely moved over the course of just a couple of years. But it would be a mistake for central bankers to take comfort in the notion that inflation and rates will automatically go back to the low levels we saw before the pandemic. This is their challenge for the future.

The writer is an FT contributing editor

# France's policing needs profound and immediate reform

#### Shahin Vallée

n July 2017, the freshly-elected Emmanuel Macron picked a fight with the head of the armed forces after he questioned the French president's commitment to defence spending. Macron recalled that in a republic, the military follows orders from the executive and not the other way around. This bold dismissal asserted his authority and reminded

everyone of the principles of a well-

functioning democracy.

Today, Macron needs to do the same with France's runaway police force. After decades of the worst possible combination of neglect, empowerment and lack of accountability, they have become a hotbed of racism and brutality. A week of riots following the fatal police shooting of 17-year-old Nahel Merzouk reveals the threat this can pose to social cohesion.

Since 2001, France has passed a new security law arming police nearly every year. But none seem to have made policing more effective. In 2005, after two teenagers died following a police chase, new crowd control techniques and expansive use of intermediate weapons were deployed in the banlieues despite being banned in most of Europe.

Their widespread use during the *gilets jaunes* movement of 2018-2020 led to hundreds of reported cases of police abuses (and eventual restrictions to the constitutional freedoms of assembly and demonstration). Perhaps even more concerning is the impunity. Hundreds of disproportionate use of force cases were referred to the Inspection Générale de la Police nationale

# Establishing a truly independent inspection agency would be a good place to start

(24 reported people losing an eye) but criminal charges and sanctions were minimal.

This is no surprise. France's watchdog stands out among other European independent police complaints authorities for its lack of independence and funding. Meanwhile, fear of public disorder and the reality of terrorist threats have pressured successive governments to expand the police arsenal, increase the number of officers and weaken their accountability. This is made worse by a criminal justice system that casts abuses and racism as isolated cases, even though the French ombudsman and administrative courts have long recognised their systemic nature.

The situation is compounded by the police trade unions. Alliance and UNSA make up over half of unionised police officers and their incendiary communiqué last week referred openly to a "state of war", to the need to eliminate "rodents" and "savage hordes", a vocabulary connected to France's darkest moments. This is preoccupying in a country flirting with a victory for the Rassemblement National in 2027, given that Macron will not be able stand again mainstream parties have recently been pulverised and issues of identity are very much to the fore.

Action must be taken on several fronts. Longstanding neglect of conditions in the banileuses on crime, employment, education and race must not be dismissed. In 2018, Macron was presented with a bold plan to invest massively and advance economic opportunities there. It was binned on the day of its official presentation, and the Presidential Council for Cities quickly unravelled. This needs urgent revisiting.

In addition, the unacceptable violence, chaos and looting cannot be dismissed without hearing the social angst. Profound reform of the police is needed, as is forceful engagement with racial discrimination and abuses. Establishing a truly independent inspection agency would be a good place to start. But the doctrines behind maintaining public order must also change to favour de-escalation.

Finally, though it rubs against the myth of a colour-blind republic, one must recognise that a large segment of France's population feels its celebrated promise is not for them. It is this that explains their seemingly absurd desire to strike at its very institutions.

The writer is senior fellow at the German Council on Foreign Relations and a former adviser to Emmanuel Macron

# Western allies are hedging against Trump



spectre is haunting Europe. The spectre of Donald Trump.

Many European decision makers admit that they were caught unprepared by Trump's election as US president in 2016. They are determined not to make the same mistake again.

But knowing that Trump might win the presidency back in 2024, and knowing what to do about it, are different things. That is all the more the case since a second Trump presidency would probably be even more radical and unpredictable than the first.

In Europe, the most widely anticipated and feared adjustment would be a sudden shift in US policy towards Ukraine. Trump has boasted that he could end the Ukraine war in a day. As president, he had a history of antagonism towards the Zelenskyy government, which failed to co-operate with his efforts to implicate Hunter Biden in corruption.

Led by the US, Nato nations say repeatedly they will do "whatever it takes" to help Kyiv win. But if Trump subjected Ukraine to an Afghanistanstyle aid cut-off, the Europeans would not have enough military materiel to keep Ukraine going. The US is also in a position to sharply reduce the budgetary support on which Kyiv depends.

Poland's government, which hails from the populist right, has fond memories of Trump. As president, he made his most significant speech in Europe in Warsaw. The nativist conservative nationalism of the ruling Law and Justice party (PiS) in Poland maps quite closely on to the ideology of key Trump advisers, such as Stephen Miller.

But PiS's ideological affinity with Trump may be blinding them to the danger of a sudden US withdrawal of support for Ukraine. That would leave the countries closest to Russia, including Poland, high, dry and on the front line. If Trump combined a Ukraine cutoff with a strengthening of his oftenstated scepticism about Nato, there would be a full-scale security scare in Europe. That, in turn, would give new impetus to a weakened Russia.

In the long run, a second Trump presidency might push Europeans towards seeking the "strategic autonomy" from the US that President Emmanuel Macron of France has long called for. But that kind of shift takes time and money. Europe is short of both.

The chances of Europe being plunged

The chances of Europe being plunged into a security crisis by a Trump presidency are strengthened by the fact thethere is a powerful strain of thought in Republican circles which argues that the US should concentrate all its resources on the challenge from China, and leave Europe to deal with the sup-



posedly lesser threat posed by Russia. Both the Trump and Biden administrations have adopted more confrontational policies towards China, increasing restrictions on trade and strengthening America's network of alliances in Asia. Observing that trend, one Chinese policymaker argued to me recently that Beijing can remain loftily indifferent to the results of the US presidential election. Whoever wins, he argued, it is likely to be more of the same.

But Trump is highly unpredictable. Others in Beijing are concerned that he would empower some of the most hawkish voices in Washington such as Mike Pompeo, Trump's former secretary of state, who has called for America to recognise Taiwan as an independent country. China has always insisted that Tai-

In Europe, the most concerning adjustment would be a sudden shift in US policy towards Ukraine wanese independence would mean war

Trump's own instincts, however, are isolationist. A book on his policies towards China, during his first term, claims that Trump made it clear, in private, that he had no intention of defending Taiwan. If that indifference to the fate of Taiwan became more explicit during a second Trump term, it would embolden Beijing.

embolden Beijing.
If Trump seriously weakened America's security presence in Asia, Japan, South Korea and Australia would all face an acute security dilemma. One possible response would be to develop nuclear weapons. Another would be to

shift toward's appeasement of China.

There are, of course, some countries and leaders that would unambiguously welcome Trump back into the White House. Benjamin Netanyahu's Israel, Viktor Orban's Hungary and Mohammed bin Salman's Saudi Arabia would be prominent among them. All these governments have been criticised, however mildly, by Democratic party leaders for human rights abuses or democratic backsliding. Trump's indifference

to those kinds of concerns would make him a popular choice in Riyadh, Jerusalem and Budapest.

Trump's own rhetoric, however, suggests that he is much more preoccupied with revenge on his domestic enemies than with the outside world. A second Trump presidency might see the US government plunged into chaos as the White House sought to purge the "deep state", putting diehard Trump loyalists in charge of key institutions such as the FBI and the Department of Justice.

America's allies could not assume that what happened in Washington would stay in Washington. Creeping authoritarianism and the erosion of judicial independence in Hungary, Poland and Turkey are real concerns for those countries' Nato allies and EU partners. But would be a much bigger deal if an American president pursued Orbán-style policies. The US remains the bedrock of the western alliance. If that rock began to crumble, America's allies would be in deep trouble.

gideon.rachman@ft.com

# *Iran's protesters are in retreat — but for how long?*

#### Kim Ghattas

ust as suddenly as they started in September, after the death of 22-year-old Mahsa Amini in police custody, the large protests that engulfed more than 150 cities and towns across Iran seemed to disappear around the start of the year. Gone also are the rallies by thousands of Iranians in the diaspora from Berlin to Ottawa and Los Angeles. Western artists are no longer cutting their hair and clamouring "Woman, Life, Freedom" in public displays of support for a protest movement that was the most the serious challenge to the Islamic Republic since the 2009 Green Revolution.

Away from the headlines, the war of attrition against the regime continues. Billboards set on fire. Women walking the streets unveiled, staring down hijab enforcers or spraying graffiti on the walls. Scattered protests in distant prov-

inces. But the momentum is gone, for now. This is the typical cycle of ebb and flow in protest movements around the world.

In Iran, the gap between each surge and decline is getting shorter. The regime knows this is only a momentary reprieve. It has been trying to buy time and stability, making minor compromises while instilling more fear and resorting to diplomacy to regain some legitimacy. The regime's key concern is ensuring a smooth succession to the 84-year-old supreme leader, Ayatollah Ali Khamenei, when the time comes.

Karim Sadjadpour of the Carnegie Endowment for International Peace described it as a stalemate between "a geriatric ruling theocracy incapable of reform and a young society tired of living under a bankrupt, socially repressive police state". Sixty per cent of Iranians are under 30.

Just as events aligned to feed the protests, a confluence of different elements brought about this pause. Faced with mass arrests and deadly brutality, including police purposely shooting protesters in the eyes, the crowds

retreated. At least 500 people were killed. The authorities are also on an execution binge to spread terror. Rapper Toomaj Salehi — whose fearless lyrics are the voice of a generation — has been in solitary confinement since his arrest in October. His trial finally took place behind closed doors over two sessions in the past 10 days. The 32-year-old is charged with "corruption

The regime has been trying to buy time, making minor compromises while instilling more fear

on earth" and could face the death penalty. "We see the light after this hell . . . neither suppression, laws or executions can stop us," he raps in his song, *The Battlefield*. No one can predict the next spark.

In early February, opposition figures in exile came together to announce a coalition working on a charter for the future of Iran. It appeared to be the first

credible effort in decades to bring unity to a disparate diaspora, including Reza Pahlavi, Iran's former crown prince, Masih Alinejad, one of the most prominent activists against the regime and compulsory hijab and Shirin Ebadi, Nobel Peace laureate. Divisions between monarchists and secular democrats fed by the rightwing, often aggressive entourage of Pahlavi meant that the coalition fell apart within a month. The regime is also thought to have deployed divide and rule tactics to sabotage the effort.

Iranians have been protesting for decades, with or without the diaspora. But to succeed, most street movements require international pressure or an opposition in exile or a combination of both, including Iran's own 1979 revolution.

A prominent anti-regime activist told me that the disappointment inside Iran was deep. "We are dying inside, and you are fighting each other," was the message. Other alliances will form, learning the lessons of this experience.

With impeccable timing, just as the coalition was unravelling in March, Iran

managed to break out of its isolation. Tehran and Riyadh announced they were restoring diplomatic ties after a seven-year break. Contacts with the west also resumed on the nuclear file and the release of dual citizens held in Iran. Tehran is hoping this diplomacy will bring economic deals or sanctions relief — money it can use to placate those driven to the streets by economic misery, separating them from the more activist and Gen-Z protesters. But so far, the diplomacy is only talk.

"The regime is dead. It just doesn't know it yet." These were the striking words of German-based Iranian artist Parastou Forouhar, after a visit to Tehran during the protests. The demise of the Islamic Republic of Iran has been predicted often, but its staying power for 44 years has defied all expectations. Yet something is irremediably broken. Iran feels febrile, every wave of protests building on the previous one. And the first anniversary of Amini's death is fast approaching. Which elements will align for the next surge of dissent?

The writer is author of 'Black Wave'



#### Indian stock index: tiger, tiger, burning bright

One of Asia's biggest trades took place yesterday, albeit without real mor changing hands.

Equity derivative contracts worth about \$7.5bn in open interest, a measure of investment exposure shifted from Singapore to India. It is a milestone in India's campaign to compete with Singapore and Dubai as a key hub for Asian finance.

The SGX Nifty, a popular futures series on India's key equity index, has been renamed Gift Nifty. The new name promotes Gift City, the financial hub the government hopes to develop in Gujarat, home state of Prime Minister Narendra Modi. The Mumbaibased National Stock Exchange has set up a derivatives offshoot there.

The timing could not be better. Fears that the move would cut liquidity eased as the Nifty 50 and Sensex, India's key indices, continued a record-breaking run to fresh all-time highs yesterday.

The rally has made India the world's fourth-largest equity market. The influx of foreign investment should support demand for futures contracts.

SGX Nifty futures had a daily average turnover of about \$3.9bn notional last year. Average open interest was two and a half times that. The futures accounted for the second-largest chunk of the Singapore Exchange's equity derivative volumes, after the SGX FTSE China A50 Index futures.

Large volumes of orders from Singapore will now be routed into India. SGX and NSE will split costs and revenues roughly equally. Fees and profits for the Indian exchange and local brokers should rise.

India wants to become a bigger presence in global markets. The local financial sector has been growing faster than expected. New listings hit a record last year. The finance sector is supported by a growing population. A headcount of 1.4bn people means India has overtaken China to become the world's most populous nation. Economic growth of 5.9 per cent is

forecast for the current fiscal year. That is ahead of China, which is struggling with record youth unemployment and tensions with the US.

India will have to work hard to win a reputation as a financial hub on a par with Singapore or Hong Kong before

the latter was partially absorbed by China. It has failed to live up to bullish expectations in the past. Bringing its main equity derivatives contract onshore gives politicians and market bosses something to live up to.

#### **UK pensions:** other people's money

The UK needs investment to boost its long-term economic growth prospects. No billions lurk down the back of the HM Treasury's sofa, alas. Chancellor Jeremy Hunt therefore has the country's retirement savings in his sights. Next week the politician is expected to set out plans to channel more retirement savings into start-up companies and infrastructure.

Pension funds are rightly wary. Any attempt by politicians to strong-arm private capital into pet projects smacks of financial repression. Hunt is expected to pitch an argument that pension savers can benefit from the potentially higher returns available from investing in riskier asset classes

Ministers and academics say the UK pension industry is more risk-averse than its Australian and Canadian counterparts. About 60 per cent of pension assets are invested in bonds compared with just 15 per cent in 2015, said the Tony Blair Institute, a thinktank set up by the ex-prime minister.

The pensions industry is pushing ideas of its own. The Association of British Insurers yesterday called for greater government co-investment to help de-risk illiquid assets. It hopes that, by promoting voluntary schemes, it can neutralise the temptation for a compulsory requirement to back certain sectors of the economy.

The government already plans to invest up to £250mn alongside defined-contribution schemes in promising science and tech companies.

Rolling out similar initiatives to other sectors of the economy should be straightforward. The greater difficulty is persuading pension funds to participate. Their overriding duty is to serve pensioners and savers; this means preserving capital, not chasing risky returns. One option in coinvestment is for the government to be wiped out first. That, however, would not go down well with taxpayers

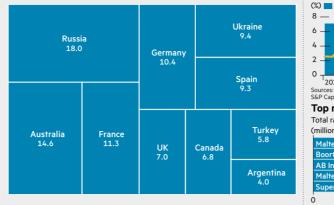
Few, even in the pensions industry,

#### Malteries Soufflet/UMG: malt teaser

Supply disruptions in Ukraine and Canada contributed to soaring barley prices and crushed operating margins for the Australia-listed malt maker. A deal with France's Malteries Soufflet will propel the combined group into the position of world's top producer.

#### Top barley producers

Output 2021 (million tonnes)



Source: FAO

Malting typically involves getting barley to germinate and drying it for use in brewing. The process dates back to Ancient Egypt. But price tensions between suppliers and customers are eternal.

France's Malteries Soufflet is buying United Malt Group for \$1bn to improve its bargaining position with big brewers.

The Australian maltster has been left a little mashed by disrupted commodity prices. These have been rocked by the pandemic and war in Ukraine. The bitter added ingredient has been droughts that wrecked the Canadian barley harvest. UMG was unable to supply malts

economically to North American craft brewers. Its profits collapsed.

This has given InVivo an opportunity to participate in consolidation. The French co-operative, which counts KKR as a co-investor, bought Malteries Soufflet in 2021.

The UMG deal will propel InVivo to the number one place in global malting, ahead of Boortmalt. The latter is owned by rival French co-op Axéréal, which acquired Cargill's malting business in 2018. The deal will also broaden Malteries Soufflet's footprint beyond Europe.

"The malting industry is consolidating to catch up with brewers and rebalance market power," says RMI Analytics' Brent Atthill.

Malteries Soufflet is paying A\$5 a share, equivalent to a steep 45 per cent premium to the undisturbed price in

March. However, UMG listed only last year with shares peaking at \$4.9 shortly afterwards. The stock dropped about 35 per cent from peak to trough last year. Taking into account next year's expected earnings recovery, the multiple of 11 times ebitda is in line with sector

UMG profits and barley prices

French barley price

(€ per tonne)

400

300

200

100

UMG ebit margin

2020 21

(million tonnes)

22 23 24 Foreca 25

Total rated operational capacity, 2023

Top malting groups

6

Shareholders are unlikely to resist the deal. But shares trading below the offer price hint that competition

The businesses of Malteries Soufflet and UMG overlap in the UK, where the Competition and Markets Authority antitrust watchdog is increasingly muscular. Ancient industries are as exposed to modern

averages bodies are a hurdle.

regulatory trends as any other.

flows at higher levels than

conventional lower-risk investments. In the US, about 12 per cent of life and annuity assets are now under

private equity ownership, McKinsey says. In Europe, buyout groups have conducted \$25bn worth of deals in the life sector over the past decade. Rising rates mean lapse risks are

growing while the quality of assets such as corporate bonds is falling. This exacerbates fears about medium-term investors such as private equity funds taking responsibility for long-term liabilities. They may be unwilling to take losses across the industry cycle. Financial engineering involving insurance played a part in the UK's gilts mini-crisis last year

Regulators are right to pay closes attention.

#### US M&A: undue diligence

The ability of artificial intelligence programmes such as ChatGPT to generate and read reams of text could help M&A lawyers more than already expected. Last week, the US Federal Trade Commission and Department of Justice proposed sweeping changes to how companies clear M&A reviews.

Since the 1970s, purchases of a certain size and greater — \$111mn currently - require completion of socalled "Hart-Scott-Rodino" forms. Now the authorities want more information. They say takeovers have become more complicated and standards of competition have changed.

The agencies estimate that a process previously taking 37 hours will now take 144 hours. They assume lawyer billings are cheap — \$460 per hour so that in aggregate the annual cost of the augmented information will be only \$350mn. Perhaps AI can reduce the burden. Perhaps there will be fewer deals to review: some buyers and sellers may decide that the burden is not worth it. Perhaps that is the real point of the reform.

The FTC and DoI explicitly note that in the past 40 years, labour's share of national income has fallen and this may be because of corporate concentration. They want data on buyer-seller overlaps, combined business plans, details on equity owners and creditors, labour analysis and a range of deal documents.

Dealmakers complain that the information will be burdensome to collate and superfluous for a vast majority of transactions that do not merit heightened scrutiny.

The question remains why Hart-Scott-Rodino forms are not enough to highlight tie-ups that deserve a deeper dive. Some on Wall Street speculate that the agencies simply want to build institutional knowledge about dealmaking rather than throw sand in the machinery

But if so, how are officials supposed to make sense of the welter of extra data? ChatGPT hopefully plans to offer discounted governmental licences.



Lex on the web For notes on today's stories go to www.ft.com/lex

resist the idea of some reform. But the interests of retirement savers must remain at the heart of any overhaul.

#### **Eurovita/Cinven:** a painful life lesson

Italy has had its fair share of bank collapses. The implosion of Eurovita is the first time an Italian insurer has crashed into special administration.

Higher interest rates derailed it, a situation that was resolved last week Insurers including Generali and Allianz will invest in a new company to secure Eurovita's €10bn of assets.

European insurance regulators are investigating whether Eurovita's failure posed any wider risks to financial its ownership by private equity group Cinven. It is just one of the private capital businesses that have poured money into the life insurance sector in recent years Eurovita's failure began last year as

stability. They are expected to focus on

savers redeemed policies to take advantage of higher rates elsewhere. Its weakening capital position forced it to sell government bonds that had fallen in price. Regulators demanded more capital from UK-based Cinven to prop up Eurovita's solvency ratio. Cinven stumped up €100mn. But that was well short of the €400mn thought necessary to recapitalise the insurer.

Eurovita will now be broken up and its assets redistributed.

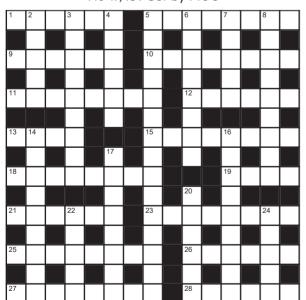
Private capital groups have long seen insurance as offering good-quality cash

#### NIKKEI **Asia**

The voice of the Asian century

#### **CROSSWORD**

No 17,459 Set by MOO





You can now solve our crosswords in the new FT crossword app at ft.com/crosswordapp\*

#### **ACROSS**

- 1 British in more ways than one?
- Goodness me! (6) 5 Examiner embarrasses Sorbonne, overlooking a lot (8)
- 9 A danger to everyone when loose,
- cleric announced (6) 10 Husband in capital taking Es? Such a
- hypocrite! (8) 11 Anchorite horribly caught out, a
- flawed character (4-4)

  12 Page turned down dotty dowager, no
- whiskey left (3-3) 13 South American once imprisoned briefly (4)
- 15 Artist's installed as advisor to Tsar (8)
- 18 Old queen waiting for train here? (8) **19** Half of prison to turn informer (4)
- 21 Sailors welcoming occasional Aussie insults (6)
- 23 A gin type, getting drunk like
- 25 Pulpit enthralling cardinal for a time
- 26 Discover head of Lloyd's is visiting
- 27 A Republican state this one perhaps
- 28 This might make don snooze (3.3)

#### DOWN

- Master to put rupees in bank (5) 3 Beggar I'm unable to sort out at first
- 4 Bet he fought in civil war (6)
- 5 Propriety of head supporting Nick?
- 6 Careless rush to put on make-up (8) 7 Policeman who's smart? (5)
- 8 Lecture about training for job in **14** Fraught occasion for nervous new Blairite (4-5)
- 16 Outstanding article for Le Monde
- composed (9) 17 Gérard Depardieu's very amorous
- advance an unwelcome intrusion? (8)
- 22 F1 champ? This'll get him going! (5)
- 20 What unites neo-conservatives (6) 24 A flipping idiot, so supercilious! (5)

