

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

Big Pharma rejoins race for Alzheimer's drug
BIG READ, PAGE 17

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 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 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

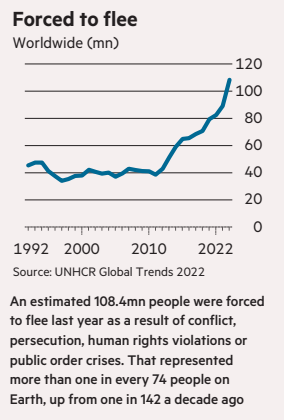


Jaafar Ashtiyeh/AFP

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Datawatch



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 mixed-reality 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

launch. Analysts have interpreted this 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 industry experts, 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

people, especially with the micro-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 Canalis 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

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

DAVID SHEPPARD — LONDON

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 energy official 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 many large economies.

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 its economy through a vast investment 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 disappointed the 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.



Same-sex crackdown in Italy is 'cancelling lives'

Analysis ► PAGE 3

Austria	€4.50	Morocco	Dh50
Bahrain	Dh118	Netherlands	€4.30
Belgium	€4.50	Norway	Nkr45
Croatia	Kn33.91/€4.50	Oman	Rupee350
Cyprus	€4.20	Pakistan	0.16
Czech Rep	Kc725	Poland	Zl25
Denmark	Dkr746	Portugal	€4.20
Egypt	EgP80	Russia	€500
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	Din750
Italy	€4.20	Turkey	Ll80
Luxembourg	€4.50	UAE	Dh24
Malta	€4.20		

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World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS			
	Jul 3	Prev	%chg	Pair	Jul 3	Prev	%chg	Yield (%)	Jul 3	Prev	Chg
S&P 500	4452.12	4450.38	0.04	\$/£	1.091	1.091	0.00	US 2 yr	4.91	4.88	0.03
Nasdaq Composite	13781.69	13787.92	-0.05	\$/¥	1.269	1.271	-0.16	US 10 yr	3.84	3.81	0.03
Dow Jones Ind	34448.70	34407.60	0.12	£/€	0.860	0.858	0.23	US 30 yr	3.86	3.86	0.00
FTSEurofirst 300	1827.69	1831.87	-0.23	¥/\$	144.465	144.535	-0.05	UK 2 yr	5.33	5.25	0.09
Euro Stoxx 50	4397.89	4399.09	-0.03	W/£	183.320	183.754	-0.24	UK 10 yr	4.49	4.44	0.05
FTSE 100	7527.26	7531.53	-0.06	SFr/€	0.977	0.976	0.10	UK 30 yr	4.42	4.39	0.03
FTSE All-Share	4097.65	4096.26	0.03					JPN 2 yr	-0.07	-0.08	0.00
CAC 40	7386.70	7400.06	-0.18					JPN 10 yr	0.40	0.39	0.01
Xetra Dax	16081.04	16147.90	-0.41					JPN 30 yr	1.24	1.24	0.00
Nikkei	33753.33	33189.04	1.70					GER 2 yr	3.25	3.19	0.06
Hang Seng	19306.59	18916.43	2.06					GER 10 yr	2.43	2.39	0.05
MSCI World \$	2966.72	2933.86	1.12					GER 30 yr	2.39	2.38	0.01
MSCI EM \$	989.48	987.07	0.24								
MSCI ACWI \$	682.84	675.90	1.03								
FT Wilshire 2500	5758.30	5692.90	1.15								
FT Wilshire 5000	44883.70	44379.30	1.14								

Prices are latest for edition
Data provided by Morningstar

ALPINE EAGLE

Chopard

THE ARTISAN OF EMOTIONS - SINCE 1860



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

AMY KAZMIN — ROME

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 society.

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 two mothers.

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 court adoption process — to 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 mother.

"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 "unnatural".

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 recognition as a parent.

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

Simone Piccirilli/LiveMedia; Sara Della Villa



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 rates.

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 non-traditional families, including an esti-

mated 2.7mn single-parent households.

"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 activist.

"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 agency.

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 when 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 not to 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 stand.

"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 mothers in the same way."

Additional reporting by Giuliana Ricozzi

Protests

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 June 27.

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, centre-right 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 republican order, laws and authority... These are not dirty words. Because these things exist, we can then have liberty and equality.'"

See Inside Business, FT View, Opinion

Space technology

Satellite lightning detector boosts storm alerts

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 Atmospheric 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 people 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 warnings 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 ground-based observations.

The MTG-I 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

Rail industry alarmed at EU chemical curbs

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 2020 on health and safety grounds would inhibit its growth and the green transition.

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 near-zero 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.

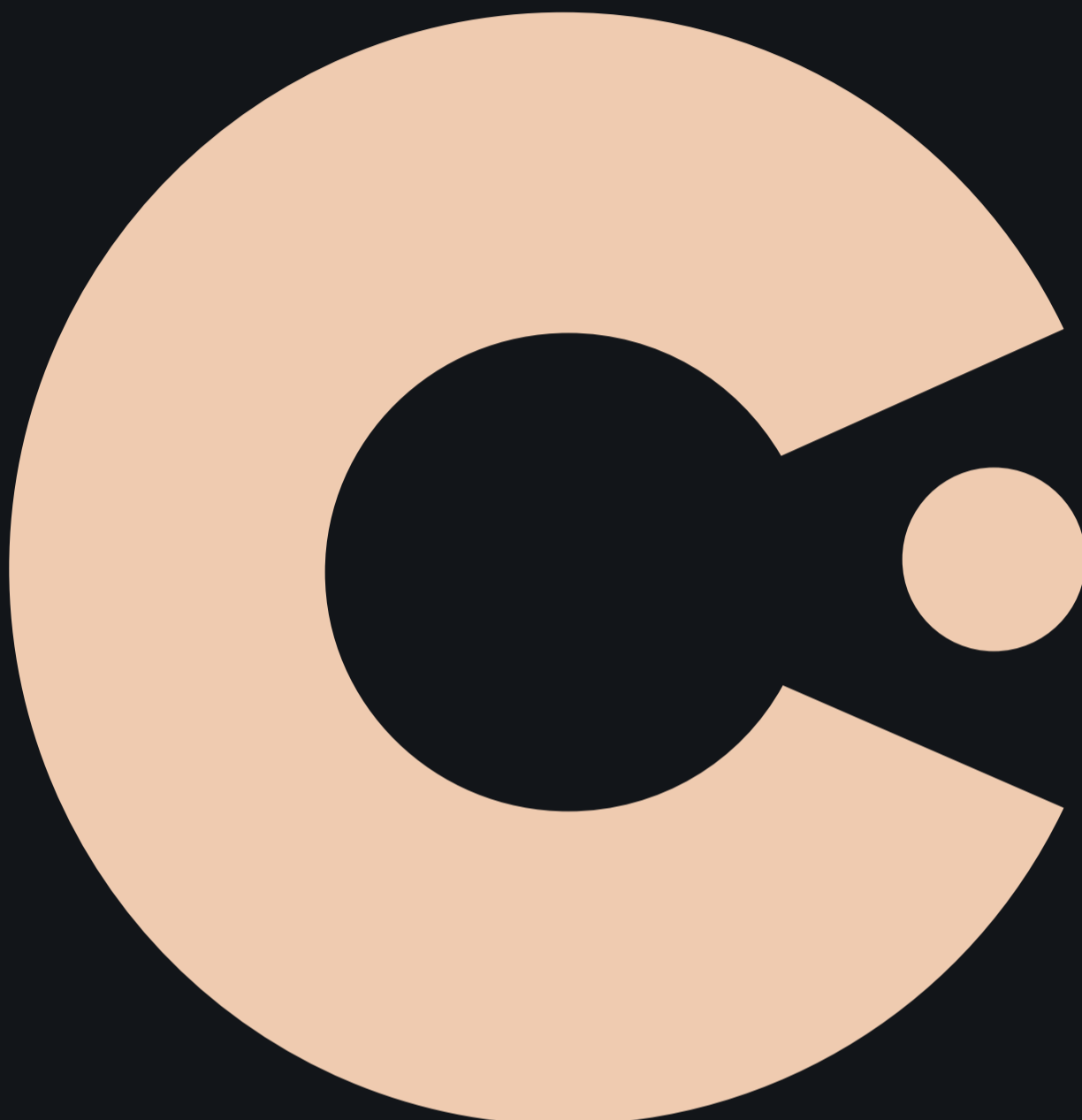
The European Chemicals Agency, ECHA, is conducting an independent scientific assessment of a near-complete PFAS ban proposed by five countries — the Netherlands, Germany, Denmark, Sweden and non-EU Norway.

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, electrolyzers 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.

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Companies & Markets

Bullish bets on sterling reach highest level since 2014

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

MARY MCDUGALL — 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 is flagging.

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 un-

expectedly 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 NatWest. "The fact that the BoE is tightening because inflation has been persistently 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 currency.

"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 foreign 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 confident 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 Hanai/Bloomberg

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 battery-charging 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 1.26m 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 executive Elon Musk said in January.

The Tesla Model 3 saloon now costs from \$52,740 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 higher-margin 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 2m vehicles this year, up from 1.5m in 2022. Full results for the quarter are scheduled for July 19.

Additional reporting by Edward White and Hudson Lockett

Nikola heads for clash page 8
Rivian shares surge page 10

Ambani targets India masses with \$12 phone

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 people.

The "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 Reliance Jio.

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 voice plans.

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 Jayanth 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 2G 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 Rs125 (\$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."

Macron's wooing of bankers risks adding to societal tensions

INSIDE BUSINESS

FINANCE

Patrick Jenkins



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 reform. While the UK has just raised its ultra-low 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 personal 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 staff (up from 70 a few years ago) from 49 different countries.

Macron's second pillar related to competitiveness. Alongside the controversial 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 flip-flopping 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 region.

At the same time France has been working to attract asset management firms. A clutch of hedge funds, including Citadel, Millennium and Point72, have already announced office expansions. 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 cutting-edge 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 expansion — 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?

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Ellen Martin
Chief Impact Officer,
Circulate Capital

"When women are economically empowered, their communities benefit too."
Asilah Aziz, Partner, McKinsey & Company

"Unlocking the power of women's economic participation in communities should be at the heart of financial institutions and agencies."
Naina Subbervall Batra, CEO, AVPN

"It would be helpful to dispel common misperceptions about women being less committed to work given societal expectations to shoulder caregiving responsibilities; and provide 'air time' to voice their perspectives."
Corrine Png, Regional Head Of Equities Research And Stewardship, AIA Investment Management

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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. British-born 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.

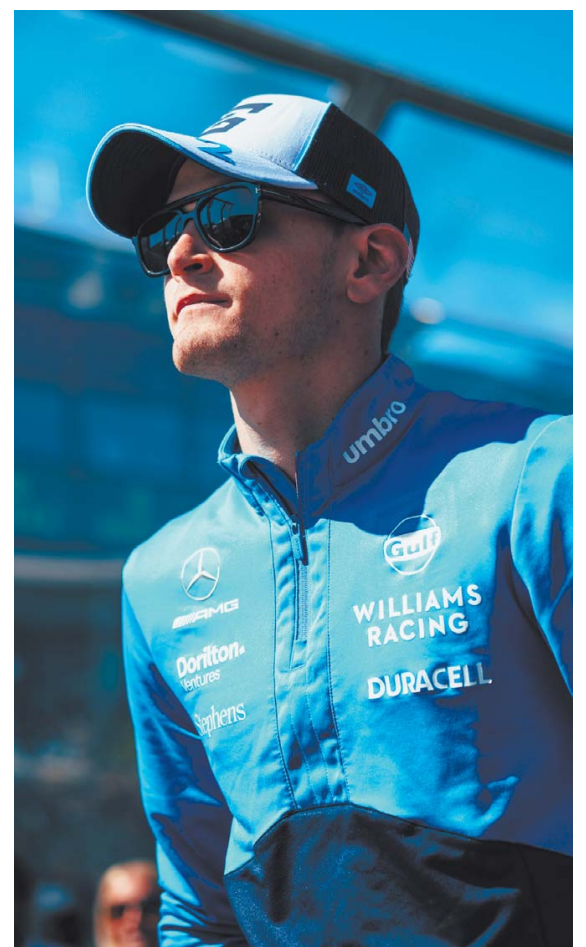
WORLD BEATING ENGLISH BRANDS

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.



WILLIAMS RACING

COMPANIES & MARKETS

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

MADHUMITA MURGIA — 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 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 developers."

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.

Some advertise regular voice jobs but



Speaking up: actors say they fear for their livelihoods as cloned versions of their voices appear on AI-generated ads. Below, voice artist Greg Marston — FT montage/Getty Images/Dreamstime



slip AI synthesis 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 five-minute 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 offensive," it added.

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 withdrawn and "does not reflect the final payment".

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

Marcus Hutton, who has been a voice actor for 30 years, has been compiling a

list of performance-synthesis or AI companies and has found more than 60, many of whom have sizeable venture capital funding. For instance, London-based ElevenLabs this month raised \$19m 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 rights."

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 content."

About 94 per cent of workers in the creative industries earn less than £33,280 a year, the UK's median full-time 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 voice company, said

"There was no agreement for him to be cloned by an unforeseen technology 20 years later"

"There's no protection if you're part of a data set of people whose voices or likenesses have been scraped"

Marston's voice came from IBM's cloud text-to-speech service. The start-up bought it from IBM, "like thousands of other developers", at a rate of \$20 for 1mn characters' worth of spoken audio, or roughly 16 hours.

Legally, artists have little recourse. Data privacy laws are the only legislation that cover AI, and the UK government has stated its desire for light-touch IP regulation that allows AI innovation to prosper.

"The [UK] copyright act has not been 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.

"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 see how it is sustainable any longer."

Banks

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

OWEN WALKER AND ARASH MASSOUDI
LONDON
SIMEON KERR — DOHA

HSBC is in advanced talks to poach 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 comment.

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 Penabaz 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 imposed 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 export capacity in the coming years.

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 shares fell.

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

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 same-named 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 same-named institutions not just elsewhere in the US but often in their own state," said Bleedorn.

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

COMPANIES & MARKETS

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 debt.

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 lowest 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.

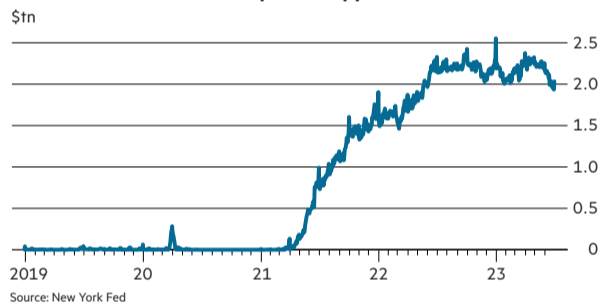
US government money market mutual funds, which manage \$4.5tn, aim to offer clients an ultra-safe and ultra-liquid product that delivers relatively stable returns.

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 system.

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

Use of the Fed's RRP facility has dropped



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 again.

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

Nathan Howard/Bloomberg

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 increases.

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 system.

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 said.

“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

‘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’

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 communications 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 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.

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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 quarter.”

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 new-vehicle 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

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

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 Russian banks following the Ukraine invasion last year.

The Ukraine war put a stranglehold on 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 shipping routes was first signed last July and

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 unaffected by western sanctions.

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

Moscow to extend the Black Sea agreement beyond its July 17 expiry date.

The idea was seen by its supporters as “the least worst option” to secure Vladimir Putin's support for an extension, 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 sector.

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.

MARKET DATA

WORLD MARKETS AT A GLANCE

Change during previous day's trading (%)



FT.COM/MARKETS/DATA

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

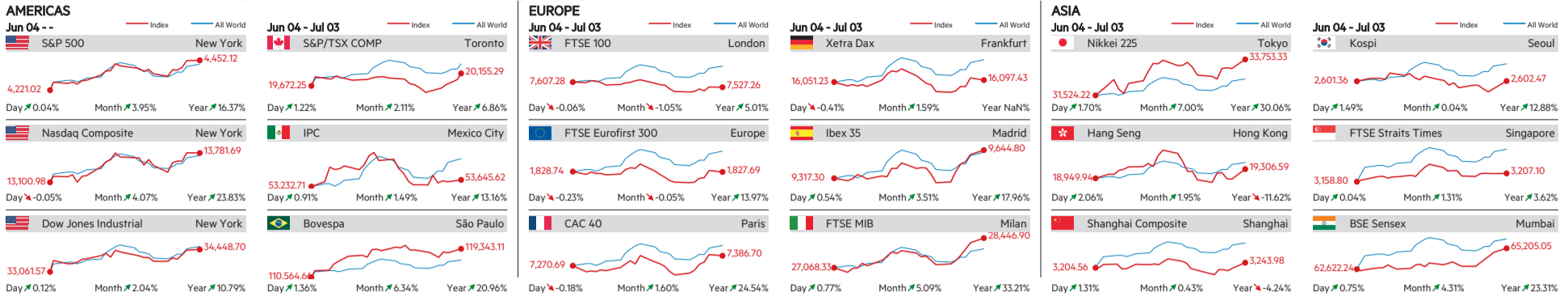


Table of stock market indices by region: Americas, Europe, Asia. Columns include Country, Index, Latest, Previous, and percentage change.

STOCK MARKET: BIGGEST MOVERS

Table of stock market movers categorized by region: Americas, Europe, Asia. Columns include stock name, price, change, and industry sector.

UK MARKET WINNERS AND LOSERS

Table of UK market winners and losers. Columns include company name, price, change, and industry sector.

CURRENCIES

Table of currency exchange rates for Dollar, Euro, and Pound. Columns include currency, closing price, and daily change.

FTSE ACTUARIES SHARE INDICES

Table of FTSE Actuaries Share Indices. Columns include index name, closing price, and daily change.

FT 30 INDEX

Table of FT 30 Index. Columns include date, closing price, and daily change.

FTSE SECTORS: LEADERS & LAGGARDS

Table of FTSE sectors: Leaders & Laggards. Columns include sector name, index value, and daily change.

FTSE 100 SUMMARY

Table of FTSE 100 Summary. Columns include index value, closing price, and daily change.

FTSE GLOBAL EQUITY INDEX SERIES

Table of FTSE Global Equity Index Series. Columns include region/country, index value, and daily change.

FTSE GLOBAL EQUITY INDEX SERIES

Table of FTSE Global Equity Index Series. Columns include region/country, index value, and daily change.

FTSE GLOBAL EQUITY INDEX SERIES

Table of FTSE Global Equity Index Series. Columns include region/country, index value, and daily change.

UK STOCK MARKET TRADING DATA

Table of UK Stock Market Trading Data. Columns include turnover, bargains, and trades.

FTSE Sector Indices

Table of FTSE Sector Indices. Columns include sector name, index value, and daily change.

UK COMPANY RESULTS

Table of UK Company Results. Columns include company name, turnover, pre-tax, and EPS.

UK RECENT EQUITY ISSUES

Table of UK Recent Equity Issues. Columns include issue name, price, and amount.

Data provided by Morningstar | www.morningstar.co.uk



UK RIGHTS OFFERS

Table of UK Rights Offers. Columns include issue name, amount, and date.

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period earlier. For more information on dividend payments visit www.ft.com/marketsdata

Figuring price. *Indicates. When issued. Annual report/prospectus available at www.ft.com For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table with 10 columns: Country, Price, Day, High, Low, P/E, MCap. Lists top 500 companies from Australia, Belgium, Brazil, Canada, China, Denmark, France, Germany, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

FT 500: TOP 20

Table with 10 columns: Company, Price, Prev, Day, Week, Month. Lists top 20 companies by market cap.

FT 500: BOTTOM 20

Table with 10 columns: Company, Price, Prev, Day, Week, Month. Lists bottom 20 companies by market cap.

BONDS: HIGH YIELD & EMERGING MARKET

Table with columns: Country, Red, Date, Coupon, S*, M*, F*, Rating, Bid, Bid yield, Day's chge, Mth's chge, Spread, Yield. Lists high yield and emerging market bonds.

BONDS: GLOBAL INVESTMENT GRADE

Table with columns: Country, Red, Date, Coupon, S*, M*, F*, Rating, Bid, Bid yield, Day's chge, Mth's chge, Spread, Yield. Lists global investment grade bonds.

INTEREST RATES: OFFICIAL

Table with columns: Country, Rate, Current, Since, Last. Lists official interest rates for major countries.

INTEREST RATES: MARKET

Table with columns: Over, Change, One, Three, Six, One. Lists market interest rates for various terms.

BOND INDICES

Table with columns: Index, Day's change, Week's change, Month's change, Return 1 month, Return 1 year. Lists bond indices and their performance.

VOLATILITY INDICES

Table with columns: Index, Day's change, Prev, 52 wk high, 52 wk low. Lists volatility indices.

GILTS: UK CASH MARKET

Table with columns: Index, Red, Day's change, Week's change, Month's change, High, Low, Em. Lists UK cash market data.

COMMODITIES

Table with columns: Commodity, Price, Change, Agri/Livestock, Cattle/Futures, Price, Change. Lists various commodities and their prices.

BONDS: INDEX-LINKED

Table with columns: Index, Price, Yield, Month, Value, Market, No of stocks. Lists index-linked bonds.

BONDS: BENCHMARK GOVERNMENT

Table with columns: Index, Red, Date, Coupon, Bid, Bid yield, Day's chge, Wk chge, Month, Year. Lists benchmark government bonds.

GILTS: UK FTSE ACTUARIES INDICES

Table with columns: Index, Red, Day's change, Month's change, Year's change, Total Return, Return 1 year, Yield. Lists UK FTSE actuaries indices.

BONDS: TEN YEAR GOVT SPREADS

Table with columns: Index, Bid vs vs, Bid vs vs, Bid vs vs, Bid vs vs. Lists ten-year government spreads.

REPRESENTATIVE STOCKS

Table with columns: Index, Bid vs vs, Bid vs vs, Bid vs vs, Bid vs vs. Lists representative stocks.

BONDS: TEN YEAR GOVT SPREADS

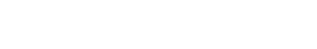
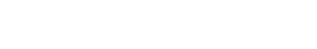
Table with columns: Index, Bid vs vs, Bid vs vs, Bid vs vs, Bid vs vs. Lists ten-year government spreads.

GILTS: UK FTSE ACTUARIES INDICES

Table with columns: Index, Red, Day's change, Month's change, Year's change, Total Return, Return 1 year, Yield. Lists UK FTSE actuaries indices.

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ARTS

Engrossed by epic streams of invention

JAZZ

Love Supreme Festival
Glynde Place, East Sussex

Mike Hobart

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 scater crowd drifted into a faraway marquee as saxophonist Immanuel Wilkins was sound-checking. 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



From far left: saxophonist Immanuel Wilkins at Love Supreme Festival; singer Jazzmeia Horn
Roger Thomas

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 mid-afternoon set twinned legacy elements with new ideas and provided show-stopping 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 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



clicked with whiplash drums, brass riffs 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 Pastorius", released on Miles Davis's 1989 album *Amanda*, 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 malfunctioning 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 to a close. ★★★★★

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 post-modern 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 improvisation 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 speak-easy a Trinidad vibe; a note-perfect "Opus 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. ★★★★★

lovesupremefestival.com



Bassist Marcus Miller played thumb-slapped grooves — Roger Thomas

Vintage rockers with puppyish energy

POP

Guns N' Roses

Hyde Park, London
★★★★★

Aine Kim Kennedy

"You're in the jungle, baby!" shrieked 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-yas 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 karaoke 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 swoop-throughs of a bombed-out city onscreen were a reminder that subtlety and gravitas have never been Guns N' Roses' strong suit. Barely had the yellow 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 atop 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 grown up.

gunsroses.com



Axl Rose on stage with Guns N' Roses in Hyde Park
Guilherme Nunes Cunha Neto

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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

Gunilla 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 1,500 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 right: Gunilla Osswald, chief executive of BioArctic, and co-founder Lars Lannfelt

Martina Holmberg/FT

cent in the past year, according to 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 subgroups 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-turned-scientist 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

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 unintended 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 patients.

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 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.

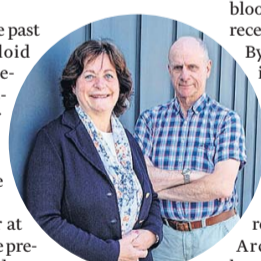
A new golden era?

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 when they are fairly healthy'



55mn
Number of people with dementia worldwide, of which up to 70% have Alzheimer's

£25bn
The cost incurred from the disease each year by the UK government

\$26,500
The official annual US price of BioArctic's drug lecanemab. Insurers will negotiate rebates that make it cheaper

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 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 warns.

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.

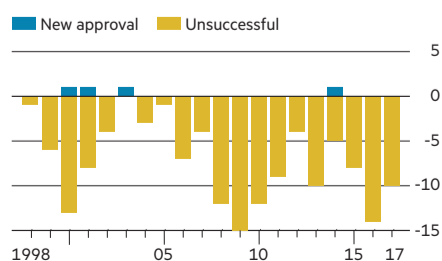
Some experts believe the current drugs have too serious side effects to affect asymptomatic people.

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."

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



Source: PhRMA analysis of Adis R&D Insight Database, Jan 2018

Opinion

Central banks shouldn't relax about R-star just yet

ECONOMICS

Megan Greene



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 pre-pandemic, 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 medium- to 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 long-term, 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

In 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 *banlieues* 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 unrav-elled. 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

GLOBAL AFFAIRS

Gideon Rachman



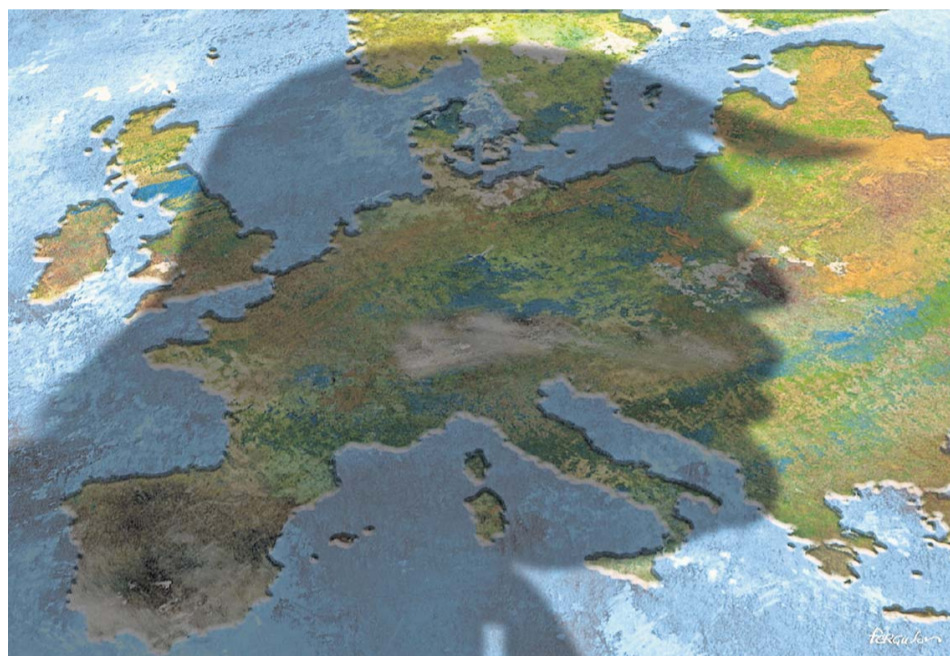
not have enough military materiel to keep Ukraine going. The US is also in a position to sharply reduce the budgetary support on which Kyiv depends.

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 cut-off with a strengthening of his often-stated 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 into a security crisis by a Trump presidency are strengthened by the fact that there 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.

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 towards 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 Orbán'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 it 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.

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Iran's protesters are in retreat – but for how long?

Kim Ghattas

Just 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 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'

