

INTERNATIONAL

Terrorist atrocity

French police hold 11 after teacher beheaded

Killing by Chechen followed lesson featuring cartoons of Prophet Mohammed

VICTOR MALLET — PARIS

French police have detained 11 people after a Chechen Muslim decapitated a teacher near Paris on Friday for having shown his pupils satirical cartoons depicting the Prophet Mohammed during a lesson about freedom of speech.

The assassination of 47-year-old Samuel Paty near the school in Conflans-Sainte-Honorine was immediately condemned by the government as an Islamist terror attack.

President Emmanuel Macron called for national unity. “They shall not succeed. Obscurantism and the violence that goes with it will not win,” he said outside the school just after the murder.

On Saturday, Jean-François Ricard, the national anti-terrorist prosecutor, said the attacker, who was shot dead by police shortly after the attack, was an 18-year-old Chechen refugee born in Russia. In March, he had been granted a 10-year permit to stay in France.

The man, Abdoullakh Abouyevdovitch, had no criminal record and was not known to be linked to extremists, although he had been accused of property damage and violence as a minor. Four of his relatives and seven others

have been detained. After the freedom of speech class given by Mr Paty earlier this month, the Muslim father of a pupil complained and demanded that he be fired. A threatening video naming Mr Paty, giving the address of the school and calling for action, was put on social media.

Mr Ricard said the half-sister of the parent who complained — he is among those arrested — had joined Isis in 2014 in Syria and was still being sought. He added that Mr Paty’s killer had asked people near the school to identify the teacher on Friday, and had claimed responsibility in a phone message.

The message from a Twitter account that has since been deleted was address-

ed to Mr Macron, “leader of the infidels”, and claimed the killing of “one of your hell dogs who dared to denigrate Mohammed” with a picture of the severed head, according to French media.

The Paris prosecutor’s office said it was investigating the message via Twitter as “justifying an act of terrorism through a means of communication”.

The killing was linked to the continuing trial in Paris of 14 accused of involvement in a terror attack on the offices of satirical magazine Charlie Hebdo in January 2015. They are charged with helping two extremists who killed 12 people in the newsroom in revenge for cartoons published of Mohammed, which the magazine republished last month to

mark the beginning of the trial. Mr Ricard said of the latest attack: “This confirms the very high level of terrorist threat we must face.”

A dagger, a knife with a 35cm blade and a replica “airsoft” pistol were recovered from the street. Police said the attacker ran towards them firing his gun. He was hit by nine police bullets.

On Saturday, pupils and parents paid homage to Mr Paty outside the school, with signs declaring “I am a teacher” — an echo of the “I am Charlie” messages after the Charlie Hebdo attack.

Several public meetings paid tribute to Mr Paty yesterday. Mr Macron and the family will attend a national ceremony on Wednesday, the Elysée said.

Food labelling

Bid to ban the term veggie burger fires debate among MEPs

EMIKO TERAZONO — LONDON
MEHREEN KHAN — BRUSSELS

A battle over whether vegan burgers and sausages should be replaced by vegan “discs” and “fingers” is intensifying in the EU ahead of a vote in the European Parliament on a contentious food labelling amendment this week.

On Wednesday, MEPs are set to vote on whether to limit the use of words such as steak, sausage, escalope and burger to labels for products containing meat. The move has been backed by the region’s meat and livestock industry and has won the support of the parliament’s agricultural committee.

The vote comes as vegan alternatives are growing popular, boosted by entrants into the plant-based substitutes market which mimic the look, taste, and feel of real meat. The pandemic has hit meat processors and also provided a tailwind for sales of plant-based products, which have jumped 73 per cent in Europe over the past five years, said consumer data group Euromonitor.

MEPs and campaigners say the vote hangs in the balance. If approved by a majority of MEPs, the amendment, part of a reform of the EU common agricultural policy, will be discussed as part of further talks between the parliament and EU governments. The measure will only make it to law if it is agreed by both institutions.

The livestock and meat industries claim that the use of meat-related terms and names confuses consumers. “If we do not protect [meat products], we risk misleading consumers and allowing the hijacking of the work done by the livestock chain over the years to develop their renowned products,” said Copa Cogeca, the association of European farmers and co-operatives.

Opponents argue a change in labelling would also confuse consumers. Elena Walden, Europe policy manager of plant-based meat advocacy group Good Food Institute, described a potential EU ban as “patronising” for consumers, while Jytte Guteland, a Swedish MEP, said names such as “veggie burger” had been around for a long time. “It’s important that we help consumers to make climate friendly choices and for them to eat less meat,” she said.

Some meat processors and distributors have started offering their own vegan products or forming partnerships with alternative protein producers, triggering the ire of livestock farmers.

“What is vegan meat?” said Antonio Tavares, a Portuguese pork farmer who also grows grains and vegetables. “I’m not saying vegan products are bad for our health, but it’s [a] completely different [product]. A burger, it’s meat.”

EU members already have the power to issue their own food labelling laws to prevent consumers from being misled. Earlier this year, France passed a similar law to ban the use of meat nomenclature for vegetarian and vegan substitutes.

However, the Dutch government last year announced that plant-based meat producers can use terms such as “chicken” as long as it was clearly marked that it was a vegan or vegetarian product.

Precedent has been set: in 2017, the European Court of Justice banned using terms such as milk, butter, and yoghurt for marketing non-animal products.

Comeback attempt

Pakistan’s former PM claims army threw him out

FARHAN BOKHARI — ISLAMABAD

Pakistan’s former prime minister Nawaz Sharif has accused the influential army chief of overthrowing him in 2017, escalating political pressure on Imran Khan’s government and the military. His speech was broadcast to thousands in Gujranwala, a city in Punjab, at the first of a series of rallies held by a coalition of opposition parties.

“General Qamar Javed Bajwa, you packed up our government which was working well, and put the nation . . . at the altar of your wishes,” Mr Sharif said in a video from London, where he is on medical bail while serving a seven-year sentence for corruption.

The former premier accused the army chief of exerting pressure on the judiciary and orchestrating Imran Khan’s rise to power in 2018. Analysts said he had broken an unspoken rule that the military’s influence on Islamabad should not be publicly criticised.

The military has come under scrutiny over its role in Mr Khan’s administration, including China’s \$62bn Belt and Road Initiative.

Mr Sharif’s attack followed claims from his Pakistan Muslim League-Nawaz party that he was removed by the Supreme Court in 2017 over a corruption scandal. The allegations stemmed from documents leaked by Panama law firm Mossack Fonseca which revealed information about Mr Sharif’s family, including ownership of luxury apartments overlooking London’s Hyde Park.

In 2018, Mr Sharif was convicted on unrelated corruption charges and sentenced to seven years in prison. A year later, he went to London for treatment.

Mr Sharif is exploiting discontent to stage a comeback by launching the Pakistan Democratic Movement, an alliance of 11 parties against Mr Khan’s government protesting against a backdrop of slow economic growth, high inflation and rising unemployment.

While Pakistan has emerged relatively unscathed from the pandemic compared to neighbour India, it has billions of dollars in debt-service payments due over the next year to bilateral lenders and other creditors. The IMF forecasts growth will be 1 per cent in 2021.



Truce broken New clashes in Caucasus

Armenian soldiers at the front yesterday as fighting continued between Armenia and Azerbaijan over Nagorno-Karabakh

Ante Messinis / AFP/Getty Images

A new ceasefire to stop fighting in one of the world’s longest-running conflicts between Armenia and Azerbaijan over the disputed enclave of Nagorno-Karabakh appears to have failed.

Hours after the ceasefire came into effect at midnight on Saturday, Armenia and Azerbaijan accused each other of violations with artillery bombardments.

Armenia’s defence ministry released video footage of what it said was Azerbaijani troops “grossly” violating the ceasefire with artillery bombardments four minutes after the truce came into effect. Azerbaijan said Armenian forces continued shelling the conflict line and border areas north of Nagorno-Karabakh.

The ceasefire is the second attempt to stop the fighting, which has killed at least 1,000 people since it began in late September. A Russia-brokered truce quickly collapsed last week.

Nagorno-Karabakh is within Azerbaijan’s borders but is populated

by ethnic Armenians who run the unrecognised statelet with support from Armenia.

The flare-up is the worst since a war in the early 1990s over the enclave, a territory in the Caucasus Mountains that is home to 150,000 people, in which more than 30,000 were killed.

Azerbaijan claimed it had retaken two of seven border areas outside of Nagorno-Karabakh seized by Armenia during the war. Azerbaijan’s vow to retake the region by force has been boosted by high-tech weaponry and political support from Turkey.

Armenia, which has a mutual defence pact with Moscow, and Russia say Azerbaijan is using Turkish-hired mercenaries from Syria and Libya — a claim denied in Baku and Ankara. Turkey, which has thrown its weight behind Azerbaijan’s efforts to reclaim land that Baku says is illegally occupied, has appeared lukewarm about the prospect of a ceasefire. President Recep Tayyip Erdogan has

repeatedly stressed that he wants a “lasting solution” to the conflict after the failure of decades of mediation by Russia, France and the US.

Speaking before the ceasefire announcement, Turkish defence minister Hulusi Akar accused those calling for negotiations and a halt to the fighting of “watching from afar as Armenia commits war crimes”.

Azerbaijan said 13 people died and a further 50 were wounded on Saturday when Armenian missiles hit residential areas in Ganja, the country’s second-largest city, which is 40km north of the conflict zone.

Nagorno-Karabakh’s government claimed Ganja was home to military installations, though Armenia denied it was responsible for the attack. Authorities in Stepanakert, Nagorno-Karabakh’s capital, said three civilians died during an Azerbaijani artillery assault on Saturday. Max Seddon and Laura Pitol

Citizenship

Cyprus scandal exposes EU ‘golden passport’ problem

MICHAEL PEEL — BRUSSELS

No sooner had Cyprus moved this week to suspend its scandal-ridden programme that offered EU “golden passports” to rich investors than others began jostling to fill the gap.

“Choose Montenegro citizenship instead of Cyprus!” trumpeted the website of Discus Holdings, an official agent of the Montenegrin scheme, pointing to the visa-free access available to Europe’s 26-country common Schengen travel zone.

Montenegro, which is in talks to join the EU, is among potential beneficiaries after a sting by news network Al Jazeera caught Cypriot politicians vowing to help a fictitious Chinese convicted money launderer with his application for nationality. The affair has highlighted the failure of longstanding EU efforts to regulate citizenship-for-sale programmes — and has raised questions over whether the bloc has the weapons or the will to do so.

“We see that these schemes allow corrupt people — sometimes people who have looted the treasuries of their countries — a safe haven in the EU,” said Eka

Rostomashvili, advocacy and campaigns co-ordinator for Transparency International, the anti-graft group. “They also risk corrupting the member states themselves.”

Discus Holdings told the Financial Times the Montenegro initiative helped clients seeking more international mobility to invest in government-approved projects that generate jobs.

Attention has focused on the three EU members — Cyprus, Malta and Bulgaria — that offer full citizenship in exchange for investment. But many other European countries, including France, the UK and Austria, offer “golden visas” granting a right of abode to the wealthy — and a potential path to nationality after a qualifying period of residence.

Cyprus announced it would shelve its scheme after an Al Jazeera undercover documentary this week showed Demetris Syllouris, the speaker of parliament, and Christakis Giovanis, an MP, offering to help the pretend criminal golden passport applicant. Both men have since resigned, while denying any wrongdoing.

The Cyprus exposé has highlighted broader fears over the problems linked

to the sale of citizenship and residence, from unsustainable local property booms to money laundering. The Mediterranean island has acquired thousands of new nationals and raised more than €6bn from real estate since the initiative was launched in 2013. Under the scheme, foreigners must pay at least €2m for a property in order to apply for a passport.

A primary concern is the scheme’s attractions for people with questionable financial and political connections. A 2018 Reuters report showed that eight relatives and associates of Hun Sen, Cambodia’s authoritarian prime minister, had received Cypriot nationality.

Weeks later, the Cypriot news organisation Politis revealed the country had also given citizenship in 2015 to Jho Low, a Malaysian businessman later indicted by US authorities over an alleged plot to siphon billions of dollars from the country’s IMDB state investment fund. He has denied any wrongdoing.

Across the Mediterranean, Malta’s programme has also run into trouble. Police last month arrested Keith Schembri, ex-chief of staff to Joseph Muscat, the former prime minister, as part of a probe into alleged money laundering linked to kickbacks from the country’s golden passport scheme. Mr Schembri has denied any wrongdoing.

The golden passport and residency schemes have also exposed a wider problem for the EU, because applicants can exploit generous rules in specific countries to gain full access to nations that may have tougher checks.

Brussels has said it is considering legal action against Cyprus, Malta and Bulgaria over their schemes.

Additional reporting by Valerie Hopkins in Budapest

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INTERNATIONAL

Shortages hit campaign to increase flu vaccinations

Manufacturers struggle to meet demand surge as effort to prevent 'colliding epidemics' is hampered by capacity limits

ANNA GROSS — LONDON

Efforts to increase influenza vaccination rates to prevent "colliding epidemics" are being hampered by a limited supply, as manufacturers struggle to meet demand.

Germany has ordered 26m flu vaccines ahead of the European winter, with health minister Jens Spahn saying the country had "never had so many". The UK government said it aimed to vaccinate 30m people this year, more than double the 2019 figure.

However, manufacturers say they have been unable to meet the increased demand at such short notice. Seqirus, one of the top three flu jab producers globally, along with Sanofi and GlaxoSmithKline, estimated that global production had only increased 1-2 per cent.

"If we get an overlap of Sars-Cov-2 [the virus responsible for Covid-19] and influenza, that could be a disaster," said Rebecca Jane Cox, professor of medical virology at University of Bergen. "The question will be how hard the northern hemisphere is going to be hit by the flu now."

Cheryl Cohen, associate professor in epidemiology at Witwatersrand University, South Africa, said: "The spectre of colliding epidemics is a concern. Should the two epidemics be overlaid, that would obviously be really worrying."

The World Health Organization has warned of the difficulties faced by some

countries in obtaining flu vaccines as supplies are snapped up. "Whoever has extra flu vaccine let us know," Ann Moen, the WHO's head of influenza preparedness and response, said at a conference last month.

The 1.5m doses that Turkey expects to receive this year will be insufficient, according to the country's pharmacists' association. "With Covid-19 we think there's a need for three to four times that," said Erdogan Colak, the group's president. This claim is refuted by Turkey's government.

Concerns about the two respiratory illnesses compounding one another — and the impact on health systems — has led governments to act fast to begin strict flu inoculation programmes in place of what were previously voluntary and unenforced campaigns.

John McCauley, director of the world-wide influenza centre at the Crick Institute in London, said it "would be remiss" if governments did not increase flu vaccinations this year. Flu vaccine prevented 15-52 per cent of UK cases over the past five years, according to Oxford university research. The wide range is because in some years the vaccine is less well matched to the circulating strains, which constantly mutate.

Up to 650,000 people die from influenza each year globally, according to the WHO, compared with more than 1m from Covid-19 so far this year.

Last year, before coronavirus boosted demand for flu vaccines, Seqirus estimated that 650m vaccine doses would be bought by governments and health bodies in 2020, costing \$5bn.

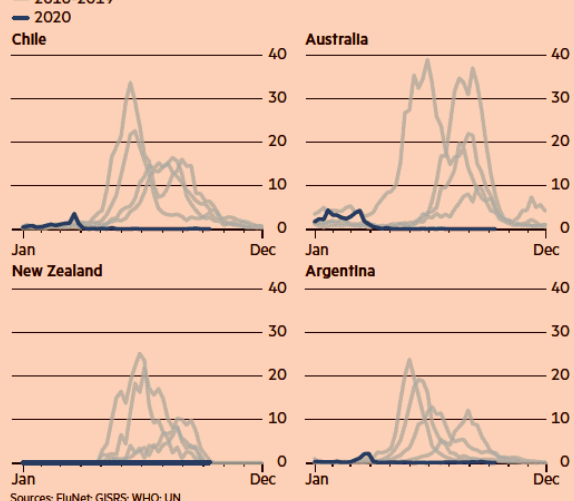
After the Australian government called on more of its population to get the flu jab, imports of vaccinations jumped to a record high of 18m doses, up from an average of 8m doses from 2012-17.

But as demand surges, supply has only increased marginally. "Manufacturers can extend their campaign up to a point, but at that short notice there's a limit to what we can do," said Beverly

Southern hemisphere survives the spring with few flu cases

Weekly influenza cases per million people

— 2016-2019
— 2020



Sources: FluNet; GISRS; WHO; UN

Taylor, head of influenza scientific affairs at Seqirus. Companies would normally need 12-18 months' notice for any large-scale manufacturing scale-up.

"Some governments have offered things before there was sufficient first," she added.

GSK said it was "looking at all opportunities to produce and distribute more flu vaccine doses for 2020 and the coming years, but expects demand to continue to outpace manufacturing capacity". It said it was "very difficult to quickly adjust manufacturing capacity to match changes in demand".

Experts also noted influenza levels have been exceptionally low so far this year in the southern hemisphere — which normally has a peak from June to August. The same trend had been observed in other serious respiratory diseases, such as pneumococcal, rotavirus and respiratory syncytial virus.

Professor Cohen attributed this "unprecedented reduction" in flu cases to measures adopted to contain coronavirus, including the use of masks, hand-washing and limits on mass gatherings.

And for illnesses such as flu and RSV, for which children are responsible for most of the spreading, school closures are thought to have played a big role.

"It does make you wonder whether masks and social distancing could help in the future," noted Mr McCauley.

The relative absence of flu has thrown up a few challenges, however. For one, scientists such as Mr McCauley spend months each year analysing new influenza strains to tailor vaccine production for the following year. Without much influenza in circulation, it is difficult to know if new mutations will be picked up, meaning vaccines from 2021 could be less effective.

And some see the lack of flu so far this year as an ominous sign of what might be to come. "Could a lack of immunity this year increase the scale of the epidemic next?" Prof Cohen asked.

Flu experts agreed the priority was to lift production and ensure the public took vaccines already procured. In Germany, for example, up to 8m unused flu vaccine doses are destroyed each year.

Additional reporting by Guy Chazan in Berlin and Laura Pitel in Ankara



Flu vaccine prevented 15% to 52% of UK cases over the past five years

Germany. Virus response

'Bottom-up' testing keeps outbreak at bay

Network of more than 100 private labs has been effective but faces new trial as cases rise

JOE MILLER — FRANKFURT
ANNA GROSS — LONDON

"It is much more expensive to test too little, than to test too much." That is the mantra Germany's health minister, Jens Spahn, has repeated for months as the country mobilised a vast network of private and public laboratories to quadruple its early Covid-19 testing capacity to almost 1.6m tests per week.

Such early interventions helped the EU's most populous state tame the pandemic more successfully than most of its neighbours. Germany's 362,000 infections represent just a fraction of the 4.5m in Europe so far, significantly lower than the 936,000 cases in Spain and the 708,000 cases in the UK, both of which have much smaller populations.

As of last week, Germany had processed more than 19m polymerase chain reaction tests and is handling more than 1.1m samples a week. That is fewer tests per capita than the UK — 1.5m tests a week — and a similar level to Spain — 700,000 tests a week. But until now Germany's system has largely avoided the bottlenecks and regional supply shortages that have curbed testing elsewhere.

"The special situation in Germany is that we historically have a network of private labs, spread out nationwide, which are more or less connected and work together cooperatively," said Michael Müller, chairman of ALM, which represents 109 laboratories doing the bulk of the country's testing.

Roughly 90 per cent of testing in the country is done by self-governing private laboratories. That means Germany has consistently had excess capacity of about half a million tests a week, leaving the system well placed to deal with sudden spikes in demand. One outbreak in the Tönnies meat processing plants in North Rhine-Westphalia in June created a need for 50,000 extra weekly tests as the disease was traced locally.

This contrasts with the UK system, which was heavily centralised from the start. The government bypassed existing labs in favour of creating five "light-house laboratories" — outsourced, purpose-built facilities to process tens of thousands of tests a day.

The sites quickly faced setbacks and became overwhelmed several times, creating bottlenecks and delays. NHS England eventually asked all its labs in

August to provide additional capacity.

Christoph Mahnke, chief executive of Germany's Synlab, a private equity-owned business that handles 200,000 tests a week, said the expansion of testing had been "a bottom-up process" that gathered speed once Berlin said it would fund all necessary tests. "That gave us the assurance to invest," he said.

With funding in place, private laboratories co-ordinated with a pre-existing network of 400 local health authorities, which had been contact-tracing for years. They were strengthened to face the pandemic and, together with the lab and hospital network, were able to track and test infections without waiting for federal government.

The ALM network of labs has adhered to a tiering system developed by the Robert Koch Institute, Germany's public health agency, and the health ministry, to assess who to test first. Symptomatic patients must be first, followed by those who may have come into contact

'We have a network of private labs nationwide, which are connected and [we] work together'

with a confirmed case and then people in hospitals and care facilities.

Germany also has an effective gatekeeper system. While paid-for private tests are available at airports and online, those wanting to be tested under their insurance must go through a doctor, who decides whether a test is necessary.

This has led to consistent excess capacity in much of the country. It allowed Bavaria to offer free tests to all who wanted them this summer and for the government to fund tests for all arrivals into the country until mid-September.

Yet in the UK, access to testing is not mediated by any public health body. Official guidance states that only those showing symptoms should get tested but in practice anyone can go online and request a test, symptomatic or not.

Some of Germany's largest employers have also helped. Deutsche Post, which has 220,000 staff in Germany, said it had done nearly 6,000 tests largely using its own facilities, while Volkswagen has processed more than 3,000 tests since opening its lab in August.

The system now faces its biggest test since early in the outbreak, with daily cases rising and the flu season expected to strain testing capacity.

Additional reporting Daniel Dombey in Madrid

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INTERNATIONAL

Sanctions

Iran hails expiry of UN arms embargo

Symbolic victory for Tehran after Washington failed to extend ban

ANDREW ENGLAND — LONDON
NAJMEH BOZORGMEHR — TEHRAN

Iran yesterday hailed the expiration of a UN arms embargo on the country, representing a blow to the Trump administration, which failed in its attempts to extend it.

The lifting of the embargo, part of the nuclear deal that Tehran signed with world powers in 2015, is a symbolic victory for the Islamic republic, which has been under intense pressure from Washington since President Donald Trump unilaterally withdrew

the US from the accord two years ago. Mohammad Javad Zarif, Iran's foreign minister, said the expiration of the embargo was a "momentous day" for the international community, which had defied the US's "malign" efforts and protected the nuclear accord.

Mike Pompeo, US secretary of state, said Washington would sanction "any individual or entity that materially contributes to the supply, sale or transfer of conventional arms to or from Iran". "Every nation that seeks peace and stability in the Middle East and supports the fight against terrorism should refrain from any arms transactions with Iran," Mr Pompeo said in a statement. "Providing arms to Iran will only aggravate tensions in the region."

The Trump administration sought to

extend the embargo but suffered a defeat at the UN Security Council in August, when Russia and China voted against the move and 11 powers, including the UK, France and Germany, abstained.

The following month, the US imposed more sanctions and Mr Trump claimed that all UN sanctions on Iran had been restored and the arms embargo extended. While sharing some of the US's concerns, Washington's European allies said that the US could not take such measures because it had already withdrawn from the nuclear deal, known as the JCPOA.

"In the short term, the impact of the expiry will be limited. Iran's financial position means we don't expect them to be able to make large purchases of

'In the short term, the impact of the expiry will be limited'

arms," said a European diplomat. "We share the US objectives; where we differ is on whether you should collapse the JCPOA to achieve them. For us it's really important to prevent Iran developing a nuclear weapon and we still believe the JCPOA is the best vehicle."

The UK, Germany and France opposed Mr Trump's decision to pull the US out of the deal in 2018 and impose swingeing sanctions on the republic. Iran increased its nuclear activity in response but Tehran and the other signatories, including Russia and China, have remained committed to the 2015 deal.

The expiration of the embargo, which the UN Security Council imposed in 2007, was agreed as one of the so-called sunset clauses in the accord.

GLOBAL INSIGHT

MIDDLE EAST

Simeon Kerr



Demise of Gulf wise men bodes ill for conflict resolution

The death of two Gulf peacemakers this year augurs ill for the war-torn Middle East, where conflict has defined the decade that followed the Arab spring.

Sheikh Sabah, Kuwait's emir since 2006 who died last month aged 91, sought to resolve regional conflicts over his half a century of shaping foreign policy in the most democratic state in the Gulf.

When Saudi Arabia and the United Arab Emirates led a trade and travel embargo over fellow Gulf state Qatar, accusing Doha of fostering extremism, the elder statesman Sheikh Sabah adopted his traditional mantle as mediator, shuttling between capitals seeking to restore unity within the six-member Gulf Cooperation Council.

While the dispute outlasted his attempts for resolution, Sheikh Sabah claimed mediation had at least prevented military conflict between Gulf neighbours who used to describe each other as "brotherly states" but now engage in virulent smear campaigns on social media.

The late Sultan Qaboos of Oman, who died in January, maintained good relations with Iran. He held out the hand of friendship to Israel long before the UAE and Bahrain signed normalisation deals with Israel brokered by the Trump administration.

"The region has lost two longstanding mediators and the younger leaders already in place in other Gulf countries have often seemed more interested in asserting themselves, especially militarily, than in making peace," said Jane Kinninmont, a Gulf analyst. "They've confused dialogue and compromise with weakness."

The roots of this new era are the Arab spring. Fearing US ambivalence, conservative Gulf monarchies have over the past decade been flexing military and fiscal muscle as never before to counter the rising tide of political Islam, an existential threat to their tribal-based rule.

The powerful alliance of Saudi Arabia and the UAE, most recently channelled through the meeting of minds between Mohammed bin Zayed al-Nahyan, Abu Dhabi's crown prince, and his young Saudi counterpart Mohammed bin Salman, accelerated regional adventurism in Libya and Yemen. In the other corner, Recep Tayyip Erdogan's Turkey and tiny Gulf ally Qatar, led by a millennial, supported Islamist movements seeking to capitalise on the wave of people power around the Middle East.

This confrontation pitting expanding Turkish influence against emboldened Gulf autocrats has emerged as a new great game for leadership of the Sunni world, adding another dimension to the traditional Gulf rivalry between Saudi Arabia and Shia-leader Iran.

Ms Kinninmont argues that it is instead time for governments to utilise a wider cohort, including youths and women, who are already highly active in grassroots dialogue, but who are often excluded from official processes.

This emerging talent could help develop coexistence in a region that has been so heavily dominated by royal men flitting between aggression and external arbitration via bodies such as the UN, she says.

As Saudi Arabia and the UAE explore resolution for the wars in Yemen and Libya, and perhaps even the self-defeating dispute with Qatar, all eyes are on the November election in the US.

While a victory for Donald Trump would reinforce the status quo, there are nerves in some capitals about Joe Biden's pledge to reassess Saudi relations on the second anniversary of journalist Jamal Khashoggi's murder.

Amid these shifts, the new leaders of Oman and Kuwait are expected to pursue the regional mediation roles of their predecessors, said Kristin Smith Diwan, a senior resident scholar at the Gulf States Institute in Washington.

"The question is whether the loss of these elder statesmen, with decades of experience and near universal respect, will weaken those efforts," she said.

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Presidential race. Democratic policy

Biden tipped to abandon 'America First'

Rival for White House plans to undo Trump's legacy by rebuilding diplomatic ties

KATRINA MANSON — WASHINGTON

If Donald Trump loses next month's election, many US allies hope it will be the last the world hears of "America First". Joe Biden, his Democratic rival, is planning to reset four years of isolationist US foreign policy by "restoring American leadership", in an attempt to repair strained diplomatic relations.

Mr Biden has made clear his administration would reverse Mr Trump's signature foreign policy decisions by immediately re-entering the Paris climate accord and halting America's exit from the World Health Organization.

The former vice-president has also signalled he will rejoin the Iran nuclear deal if Tehran comes back into compliance, boost diplomatic support for Nato, rein in Saudi Arabia, and lead a series of international initiatives, including on the global response to the pandemic.

"America First has made America alone," Mr Biden said last week, adding that Mr Trump had embraced "thugs" like North Korea's leader while undermining support for Nato to the point it was "at risk of beginning to crack".

Foreign policy ranks among the least important issues for the voters who will determine the outcome of the election, according to the Pew Research Center. But if Mr Biden unseats Mr Trump it could be the area where the most immediate impact is felt.

"Biden will have a lot of repair work to do," said Brian McKeon, his foreign policy adviser. "Trump has attacked all our allies and partners, embraced dictators, launched trade wars that haven't worked very well for the middle class, and walked away from global institutions."

Many European capitals hope the tone of Mr Biden's foreign policy will help assuage fears the liberal international order and its rules-based multilateralism are in danger of collapsing. "Europeans need a powerful America," said a western diplomat based in Washington, although he warned it was "naive" to think everything would return to the way it was before Mr Trump was elected.

"What will happen is you will have



Global view: Joe Biden has decades of experience in foreign policy
Tom Brenner/Reuters

much friendlier language — you'll have smiles, you'll have pictures, you'll have travel." Unlike Mr Trump, Mr Biden has decades of foreign policy experience as a former vice-president and chair of the Senate foreign relations committee.

Europe is especially close to Mr Biden's heart, according to Tom Wright from the Brookings Institution, who said the Democratic challenger would be "the most pro-Atlanticist president in his bones since George HW Bush". Mr Biden is more committed to Europe than his former boss Barack Obama, Mr Wright added. The Trump campaign argues the president has had foreign policy achievements, not least in the Middle East, where he brokered a deal to normalise ties between Israel and the UAE and Bahrain, which won praise even from Mr Biden.

Trump supporters also say he has extracted more from Nato allies and tout his decision to kill top Iranian military commander, Qassem Soleimani. A senior administration official said criticism of his foreign policy failed to acknowledge his efforts to develop alli-

ance structures outside Europe, such as with the quad of Australia, India, Japan and the US, which aims to counter China's influence.

Ken Farnaso, deputy national press secretary for the Trump campaign, said a Biden-Harris ticket "would return us to the days of appeasement and globalism that were catastrophic for American foreign policy".

Yet even if a Biden administration adopts a different tone, some US allies are not convinced it will lead to as much change as expected. "There are quite a lot of issues where Biden isn't going to be that different from Trump," said a European diplomat, noting Mr Biden is not planning to reverse the controversial decision to move the US embassy in Israel from Tel Aviv to Jerusalem. The diplomat also predicted a Biden administration might not align closely with Europe on relations with Russia or Iran.

He added: "[Biden] will go back on what Trump has done, but he will not give Europeans everything they want or go back to where we were before."

Rebecca Lissner, assistant professor

at the US Naval War College, said a legacy of the Trump era would be more "informal diplomacy" rather than formal treaties. She said Mr Trump's decision to pull out of so many international agreements had demonstrated US presidents could not force future administrations to abide by previous deals.

She added: "The era of major treaties is over. Even if the US wants to reclaim its traditional mantle of leadership, we will always be the country that elected Donald Trump."

Mr Biden is also limited by the rise of China, Ms Lissner said, adding that America is in a "state of relative decline" and must fundamentally reimagine its approach to foreign policy. But Mr McKeon did not think Mr Biden "accepts the notion of relative decline", noting the foreign policy establishment in the US had similar fears in the past over Japan.

Mr Wright argued the Biden camp held restorationists and reformers who were divided on China, the Middle East, the economy, liberal democracy and Russia. He said the splits would reveal themselves if Mr Biden were to win.

Messaging group

WeChat ban risks silencing Trump's Chinese-American fans

YUAN YANG — BEIJING

Ming Dao, a 57-year-old Chinese-American who came to the US almost 30 years ago, is a recent convert to Donald Trump's campaign. Over the past two years, he has started at least 10 social-messaging groups with names such as "Americans for President Trump" to reach fellow Chinese-American voters.

But these groups could disappear at any moment: they are all on WeChat, the Chinese social app that Mr Trump has threatened to ban in the US.

While most Chinese-Americans voted for Hillary Clinton in the 2016 election, four years later the loudest voices on

WeChat are pro-Trump. The partisan blogs on WeChat with the most reach are Republican leaning, according to research by Chi Zhang with Columbia's Graduate School of Journalism, who describes the platform as "asymmetrically polarised".

Chinese-Americans tend not to be passionate about either party — 85 per cent call themselves independent, according to the National Asian American Survey — but a vocal, mobilised pro-Trump faction has shaped WeChat discourse.

The app has about 3m users in the US, mostly first-generation and recent Chinese immigrants, and has had little success becoming more widely used.

As a result, WeChat's isolation from most Americans, compared with mainstream platforms such as Twitter, Facebook or WhatsApp, has created a safe space for pro-Trump views "without concerns about one's neighbours or colleagues finding out", according to Christina Wu, from Hofstra University in New York.

Mo Fan, a data analyst in Portland, posts on WeChat with his real name and photo. But on Instagram and TikTok,

the short video app that Mr Trump has also targeted, he uses an alias.

Pro-Trump misinformation proliferates on WeChat's US-based blogs, which are easy to register and generally serve audiences of fewer than 10,000 readers. One first-generation immigrant in his 60s with an engineering PhD took hydroxychloroquine after reading WeChat articles about Mr Trump promoting the drug as a remedy for coronavirus. "WeChat's official fact-checking initiatives generally do not focus on overseas political news," said NoMeLoGroup, a volunteer group of US-based Chinese diaspora fact-checkers.

At the same time, the group said, political disinformation on WeChat is boosted by commercial accounts such as study-abroad blogs, which use fear-provoking headlines to drive clicks, meaning it spreads more quickly than fact-checking articles.

Chinese-Americans back Mr Trump for many of the same reasons as his other supporters. "US conservative culture is very similar to the culture of our fathers and grandparents," said Mr Tian, a 31-year-old engineer in Missouri awaiting his green card who did not

want to use his first name. "People value family, promote hard work and oppose many modern ideas, such as homosexuality and sexual freedom."

Yet Chinese-Americans differ from the average Trump voter in their high levels of education and salaries. Those attributes add to their narrative of self-made successful immigrants, who do not rely on government handouts. As a result, some elite Chinese immigrants have joined working-class white Americans as unlikely Trump supporters.

Affirmative action has also mobilised conservative Chinese voters who fear that their high representation in educational institutions is at risk.

Trump activists on WeChat use the app to keep in touch with friends and family back in China, but draw a distinction between their love of Chinese people and the Chinese government, which they said was the target of Mr Trump's policies.

Some accept sanctions on China as it is in the interests of the US. Others are happy to see Beijing bashed, particularly those who came to the US out of disillusionment with China.

Additional reporting by Nian Liu in Beijing

Pandemic

New Zealand on Covid alert as Ardern savours election win

JAMIE SMYTH — SYDNEY

New Zealand has reported its first locally acquired case of Covid-19 in more than three weeks on the heels of a sweeping electoral victory for Jacinda Ardern's Labour party, dealing a blow to hopes the country had eliminated transmission of the virus within its shores.

The positive test was recorded on Saturday — election day in New Zealand — by a person who worked on ships docked at ports in Auckland and Taranaki. Authorities said the case had been caught early and the risk was contained, while close contacts of the man are undergoing testing and hotels where he stayed are deep cleaned.

News of the latest Covid-19 case follows the governing Labour party's landslide electoral victory on Saturday, which will see Ms Ardern serve a second term in office. Labour achieved its best result in half a century on the back of a campaign based around its 40-year-old leader's adept handling of Covid-19,

which has caused just 25 deaths in New Zealand.

Ashley Bloomfield, New Zealand's director-general of health, said testing would be stepped up to contain any potential spread of the virus. He said the most likely source of the new case were vessels on which the man worked, rather than a previous Covid-19 outbreak in Auckland in August, which ended a run of 100 days without a locally acquired case.

"This is most likely a border related case, and so far there is no evidence of onward community transmission," said Dr Bloomfield, adding that the rapid response by authorities showed their systems were working. "The case is another reminder that Covid-19 is not going away any time soon."

Community transmission of the virus in New Zealand was eradicated in late September for a second time following the outbreak in Auckland in August. Over recent weeks, New Zealand was able to remove almost all social-distancing restrictions.

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Rana Foroohar A Biden presidency must bridge the growing divide between Wall Street and Main Street **OPINION**

Companies & Markets

Fund houses rejig holdings to profit from 'blue wave'

- Reaction to Biden's progress in polls
- Small-cap US stocks back in favour

ATTRACTA MOONEY
AND SIOBHAN RIDING

Fund managers are switching out of technology and into small-cap stocks as expectations grow of a "blue wave" where Joe Biden wins the US election and the Democrats take both houses of Congress next month.

Portfolio managers at asset management groups including Janus Henderson, Schroders, Invesco and Candriam said they had rejigged their portfolios in anticipation of Donald Trump losing the presidential election.

"The markets aren't really thinking about Trump. They are thinking 'this is going to be Biden and his crew'," said Paul O'Connor, head of the UK-based multi-asset team at Janus

'We have rotated to areas we feel will benefit from a Democratic clean sweep'

Paul O'Connor, Janus Henderson

Henderson. "That means fiscal easing." The Financial Times poll of polls suggests Mr Biden is on course to win the election, although several states are too close to call.

"We have rotated to areas we feel will benefit from a Democratic clean sweep," said Mr O'Connor. This includes buying a Russell 2000 value exchange-traded fund to gain exposure to the domestic small-cap US market.

Should they take control of both houses, the Democrats are expected to unleash a hefty fiscal package, which investors believe could lead to an uptick in economic growth and give a boost to undervalued "value" stocks. This is offsetting investor fears over an expected increase in corporate tax rates and regulations under a Biden presidency.

Mr O'Connor said investors had always expected Mr Biden to spend heavily if he won. But with unemployment on the rise and the pandemic wreaking havoc on economies around the world, investors "are beginning to focus on the fact that some of the tax hikes that were planned will probably be watered down".

Mr O'Connor has reduced his positions in US tech over the past few weeks, both because the sector has performed well and in expectation that a Biden administration will impose new regulations on tech companies.

Asset managers are also adjusting their fixed income portfolios.

Adrien Pichoud, chief economist and senior portfolio manager at SYZ Private Banking, said the Swiss group was seeking to protect its portfolios from a sell-off in long-dated government bonds by pivoting into shorter-duration securities. The gap between yields on short-term bonds and long-term bonds tends to increase — a phenomenon known as a steepening yield curve — when investors expect stronger economic growth and rising inflation, as anticipated under a Biden administration.

Some investors are re-evaluating their exposure to US healthcare stocks over concerns about the impact of potential Biden-led reforms of the pharmaceuticals market.

Expectations that Mr Biden will invest heavily in green energy and infrastructure are spurring some managers to favour housebuilding companies.

Despite the changes to portfolios, investors cautioned that the outcome of the election was far from certain. Mr O'Connor said: "If we get a divided house or a weak government, investors will be unhappy about that. They will sell assets. Markets will welcome a strong government of either side."

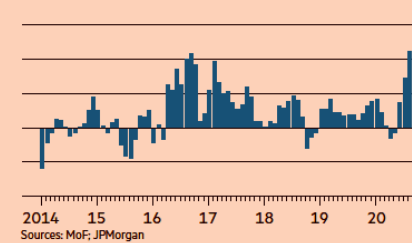
Bonds puzzle Clues point to Japanese investors as strategists ponder China's Tokyo debt spree



Philippe Lejeune/Getty

China's Japanese government bond purchases soar

Three-month rolling sum (¥tn)



Sources: MoF, JPMorgan

Pace of Japan's foreign asset purchases remains historically high

Portfolio outflows, 12-month rolling sum (¥tn)



LEO LEWIS — TOKYO

China stormed back into Japanese government bonds over the summer with ¥2.2tn (\$21bn) in purchases between June and August — the biggest three-month spree since Japan's Ministry of Finance began compiling data in 2005.

The country has made several similar incursions to the JGB market since 2016 — the previous record high for purchases — snapping up Japan's low-yielding debt on a grand scale and causing head-scratching over what might have triggered the rush.

One interpretation is that China's JGB purchases over the four years of the Trump administration are a proxy for geopolitical tensions. On this read-

ing, China has diversified some of its foreign-currency reserves out of US Treasuries as a response to diplomatic strain between Beijing and Washington. The symbolism of JGB purchases is stronger because of historic animosities between Beijing and Tokyo.

Several top JGB analysts see this as plausible: the currencies team at JPMorgan noted last week that it was "not difficult to imagine" that some Chinese JGB purchases were driven by geopolitics.

But this is at odds with growing signs of how closely the two financial systems are linked, from China last week issuing debt directly to US buyers for the first time, to the US welcoming a rush of Chinese stock market listings.

Analysts at Nomura offer an alternative explanation: Japan's growing appetite for overseas bonds offering yields that are not available at home. In many cases, that involves Japanese investors buying dollars from major holders such as those in China, leaving those Chinese accounts with yen that tends to be invested for the short term in JGBs.

In the week that ended October 10, Japanese investors bought about ¥1.9tn worth of foreign bonds, according to Nomura.

China's surging JGB purchases are therefore either technical or political. The question will be resolved depending on which happens first: China-US tensions subside, or Japanese investors cut back on foreign bonds.

UK watchdog unveils plan to rein in Google and Facebook

KATE BEIOLEY — LONDON
JAVIER ESPINOZA — BRUSSELS

The UK competition regulator has told the government to set up a digital watchdog within a year or his agency will take action against Facebook and Google.

Andrea Coscelli, chief executive of the Competition and Markets Authority, told the Financial Times he was preparing to mount investigations into the two internet giants if the government did not act fast enough to curb their powers.

In his clearest statement of intent yet, Mr Coscelli said the watchdog would give the government a year to come up with a regulatory regime for big tech, including a new digital regulator, or he would take action.

It comes after the watchdog attracted criticism for backing away from launching market investigations or antitrust cases into Facebook and Google at the end of a year-long study into the online ad sector in July despite uncovering serious issues.

The CMA said the dominance of Google and Facebook and the nature of the search and online advertising markets gave them an "unassailable incumbency advantage" that needed to be tackled with new laws.

At the time, the CMA said it would wait until its Digital Markets Taskforce — a group tasked with advising the government — had finished its work at the end of 2020. This week Mr Coscelli said he would give parliament a year to hand down new laws, because of disruption wrought by Covid-19, but set down clear plans for direct intervention.

"Plan A is to have a regulatory framework," he said. "If [in a year] there is little action because of Covid-19 and Brexit then we would certainly do something ourselves directly — that is plan B."

Mr Coscelli said the CMA was considering multiple market investigation references — intensive probes that enable the watchdog to intervene directly in markets — and was discussing potential antitrust cases against internet giants, too, to be run in parallel with the EU.

He said: "Essentially, we found problems with Facebook on social media, Google on search and Google on ad tech, so there are three possible market investigation references."

He said action would be a "combination of antitrust and market investigation references".

Retail. Delayed releases

Grim picture for US malls as movie crisis takes toll

Reduced footfall caused by cinema closures adds to shopping centres' struggles

ALISTAIR GRAY AND ALICE HANCOCK

The crisis in the movie business is spreading through US shopping centres as cinema closures hit footfall for restaurants and other tenants, exacerbating financial problems for malls that are already struggling.

Before the pandemic, mall owners turned to movie theatres — among other businesses such as health clinics — to fill sites as the rise of online shopping prompted retailers to vacate shops. More than a third of the country's top quality malls house cinemas — usually as "anchor" tenants, which occupy particularly large spaces and are supposed to draw in customers.

But coronavirus disruption has hit cinemas even harder than the retail sector. Hollywood studios have postponed big releases such as *No Time to Die*, the latest James Bond film.

AMC, the world's largest cinema chain, warned this week it could run out of cash by the end of the year, raising fears of more closures, after rival operator Cineworld this month shut indefinitely its more than 530 Regal screens.

Retail properties suffering the fallout include Oviedo Mall in suburban Orlando, where Regal is an anchor tenant. The cinema drove 600,000 customers to the site each year, said Kevin Hipes, a commercial real estate consultant and broker who manages the mall.

"The food court is suffering, as that was one of the main traffic drivers," he

said. "Theatres and entertainment are critical to the turnaround of old malls."

Malls are already under pressure from store closures and bankruptcies of retailers, which during the pandemic have lost yet further market share to e-commerce. Morgan Stanley this week forecast that between 30 and 35 per cent of US malls will close within five years.

Movie theatres have faced big restrictions across the US since March and as a result paid even less rent during the pandemic than hard-hit retailers.

Retail Properties of America, a listed real estate investment trust that owns 102 properties, received only 9 per cent of rent due from movie theatres in the second quarter.

Cineworld, which had \$4.2bn worth of lease liabilities on its balance sheet as of June 30, said last month that it had renegotiated scores of leases to defer or reduce its rent bill.

Movie theatres occupy large sites —

typically between 45,000-65,000 sq ft — and pay rent in the region of \$20-\$30 per sq ft.

That is significantly more than department stores, which pay very little rent since they secured generous deals with developers when the shopping

'Theatres and entertainment are critical to the turnaround of old malls'

centres were built decades ago. Cinemas tended to arrive at malls later, but in recent years have become increasingly important to retail landlords. AMC is the seventh largest contributor to rent for National Retail Properties, another real estate investment trust, or Reit.

"Movie theatres are now an important part of the mall ecosystem and have

been a popular 'backfill' option over the past five years," said Vince Tibone, retail sector head at commercial property adviser Green Street.

"There's been a huge shift from just selling goods. The hot word has been 'experiential'."

About 90 of the 240 high-quality 'A' malls in the US house cinemas, according to Green Street, while about 170 of the 700 lower quality 'B' and 'C' malls have them.

Regal has described its closures as "temporary". Permanent closures would pose an even bigger problem for landlords, since exits of mall "anchors" can trigger clauses for other tenants that allow them to secure lower rent or get out of their leases altogether.

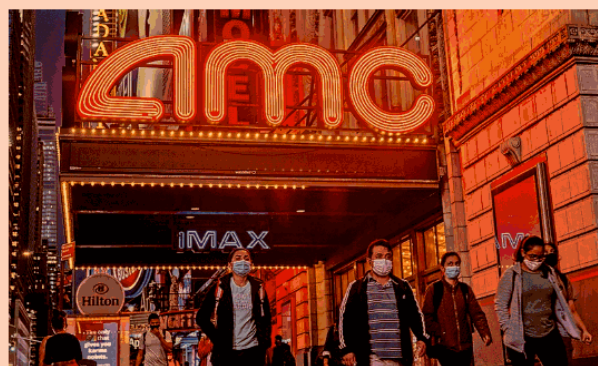
Cinemas leaving for good also require landlords to invest considerable sums to convert the spaces for use by other tenants, Mr Tibone added. "It's fairly costly to turn a former movie theatre into a different tenant. There's no other use that requires sloped floors."

Mooky Greidinger, Cineworld's chief executive, said the company would not reopen Regal until it had a "full slate" of blockbuster films for at least two months ahead — which may not be the case until well into next year.

Mr Hipes, who as well as managing the Oviedo mall also owns a burger restaurant in the property, said his own outlet was performing well despite the cinema closure. "If you're an entrepreneur, you figure it out," he added.

He is confident the mall's Regal cinema will ultimately reopen.

"They're not going to walk away from this good a location," Mr Hipes said. "They just have to wait for the movies to come out."



AMC this week warned it could run out of cash by the end of the year — Bloomberg

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COMPANIES & MARKETS

Ant Group seeks to paint itself out of a corner

Fintech arm of Alibaba hopes creative distribution of funds from coming IPO will finally win it success beyond China

MERCEDES RUEHL — SINGAPORE
RYAN MCMORROW — BEIJING

Nearly four years ago Ant Group's then chief executive Eric Jing made going global a core mission, taking to a Davos stage to lay out a vision of building a worldwide customer base of 2bn people within a decade.

Since then the fintech arm of Jack Ma's Chinese internet giant Alibaba has struggled to realise its international ambitions, with investments faltering in markets from the UK to India and south-east Asia. Overseas operations still account for less than 5 per cent of Ant's revenues.

The company hopes its blockbuster initial public offering expected this month can put it back on track, with 10 per cent of the more than \$30bn it wants to raise destined for its international expansion.

But like many leading Chinese companies that have made it big in a vast home market free of international competitors, it faces a challenge replicating its success overseas.

"While Ant is hugely successful in China, the importance of international expansion is real," said Howard Yu, professor at IMD Business School in Switzerland and Singapore. "Relying on one single market for growth always entails risk."

The group, born out of Alibaba's ubiquitous mobile payments platform Alipay, dominates online finance in mainland China and made a net profit last year of Rmb18bn (\$2.6bn) on Rmb120.6bn in revenue.

Getting overseas merchants to accept Alipay was the first step in its global strategy, according to one person familiar with the company's international operations. Growing numbers of Chinese tourists venturing abroad helped Ant handle Rmb622bn in international payments last year.

Next came investments and partnerships in foreign markets. Ant now has 20 such deals, according to Capital IQ, with businesses ranging from e-wallets to insurance providers



An employee sits beneath a mural at Ant's headquarters in Hangzhou, China. The business hopes to raise more than \$30bn this month — Ollie Shen/Bloomberg

Ant's international business is still small compared with its China operations

Revenues (%)
2019 total revenue: Rmb 120.6bn



Payments transaction value (Rmb), 12 months to Jun 30 2020

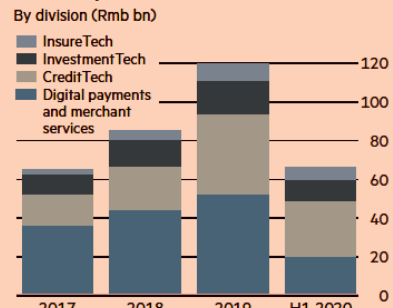


Sources: company; FT research

Ant Group's digital wallet partnerships in Asia



Ant Group's revenue breakdown



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and business process outsourcers.

Finally, Ant is harnessing Alibaba's international commerce ventures Lazada and AliExpress, which encourage customers to use Alipay, the person said.

In China, Alipay's rise accompanied that of Alibaba, whose 742m online shoppers have to use it to pay for their goods. But Alibaba lacks the same stranglehold on online shopping globally, said Ke Yan, an analyst at DZT Research in Singapore. "Internationally, Ant doesn't have the first-mover advantage."

It has sought to reach the many hundreds of millions of underbanked people in south and south-east Asia by taking minority stakes in 10 e-wallet ventures, sharing its expertise and technology with its local partners.

"Ant's mission is financial inclusion and to get as many people to have access to what they provide," said Jan Sodprasert, a Bangkok-based partner at MCKinsey who specialises in digital financial services.

One fintech consultant, who asked

not to be named because of a business relationship with the group outside of China, said Ant's problem was a tendency to "airdrop" in Chinese executives.

"Even in south-east Asia, Ant is regarded as a very Chinese company. To get a deeper understanding they need to build a stronger local team... because you're competing against incredibly strong local players."

Increasing suspicion of China has limited Ant's options. It has had to be a lot more "arm's length" than it is at home, according to Peng T Ong, founder of south-east Asian venture capital fund Monk's Hill Ventures. The question, he said, was "how good they are as investors rather than operators."

Two of Ant's biggest international

'Even in south-east Asia, Ant is regarded as very Chinese. They need to build a stronger local team'

Support services

GardaWorld advisers in line for £312m payday if hostile bid for G4S succeeds

GILL PLIMMER AND ARASH MASSOUDI

Advisers to Canada's GardaWorld, the security group pursuing a £3bn deal to buy UK rival G4S, stand to make up to £312m in fees if they are successful in clinching shareholder support for the hostile takeover.

The fees were laid out in an offer document released by GardaWorld on Saturday, in which the Canadian group argued that its 190p per share offer for G4S was justified given the level of investment needed to address long-standing financial and reputational issues.

Bankers including Barclays, UBS, Bank of America and Jefferies stand to earn as much as £100m in fees for providing financial advice and broking services should a deal be reached, GardaWorld said in the document. A further £180m would be paid to banks that provide the financing arrangements used to pay for the deal.

One senior London banker not involved in the transaction said the financial advisory fees were unusually high, highlighting a series of similar private equity-backed transactions in the UK market, where banks earned far less.

For legal work, lawyers on the deal led by Simpson Thacher may make up to £18m, while public relations advisers, including London's Montfort Communications, stand to earn as much as £7m.

The lucrative fees at stake underscore the importance of the transaction to advisers in the London market, where mergers and acquisitions activity has been sluggish this year.



Canada's GardaWorld is offering £3bn for the UK security group

betts face challenges. Since 2015 it has poured Rmb2.9bn into India's Paytm, building a 30 per cent stake. Once the south Asian country's leading payments provider, it has lost market share and reported a net loss last year that exceeded its total revenues, which were down 6 per cent on 2018.

It is a similar picture at WorldFirst, the UK payments group Ant bought in January 2019 for \$700m in its largest expansion into western markets. Under Ant's ownership last year the company's losses also exceeded revenues, according to Ant's IPO filings.

Shane Chesson, a founding partner of south-east Asian VC fund Openspace Ventures, said that while Ant had been busy adding partners, not all of them had turned out to be market leaders.

In Indonesia, the world's fourth-most populous country, Ant-backed e-wallet

'These JVs have ownership complexities. It remains to be seen if Ant can knit this network together'

platform Dana has been sidelined by local rivals.

"These JVs have ownership complexities... it remains to be seen if Ant can knit this network together or if larger M&A and more patience is required," said Mr Chesson.

Mr Yu said offering its technology to other firms could be Ant's best path to expanding and scaling abroad quickly.

This strategy has worked well for peers including insurance group PingAn, whose OneConnect fintech business has expanded rapidly outside of China by sharing its financial technology both with companies and regulators.

Some of Ant's partners are already paying to use its services. For example, Singapore's currency exchange platform M-Daq, in which Ant has a large minority stake, paid it Rmb158m last year in fees.

However, Mr Yu warned that Ant should not be "spreading itself too thin" in a rush to enter every market.

"US and Europe may harbour too much scepticism against a Chinese tech giant," he said. "For Ant, it would do well staying in south-east Asia before going elsewhere."

The company has come under attack from lawmakers in the US, where Donald Trump's administration is considering placing the group on a trade blacklist, according to a recent Reuters report. Any such move could have implications for its partnerships with US companies, including Mastercard.

But for investors in its IPO, Ant remains a China play.

Kevin Kwek, an analyst at Bernstein, said that for now, "Ant's investment story is mostly about China."

The international push is still in its early days and what Ant is focused on is learning about other markets, he said. And given the its dominance in China and the cash at its disposal, "they, better than anyone else, are best placed to do that."

The offer caps weeks of bitter accusations from the smaller Canadian company, in which the private equity firm BC Partners owns a 51 per cent stake.

In the document, GardaWorld accused the UK company of having "baseless optimism" about its prospects and pledged to make sweeping "cultural change" if it takes control.

"Simply said, a cookie-cutter approach will not succeed in fixing G4S's operations," said Stephan Cretier, chief executive of GardaWorld. "This operation needs a deep root-and-branch reprogramming."

G4S, best-known for running prisons and providing security guards, is fighting to keep investors on its side after having rejected the 190p bid from GardaWorld last month.

Its largest investor Schroders has stated that it is open to a takeover at a higher price. The latest documents are a formal offer, but do not prevent GardaWorld from increasing its bid should it choose to do so.

The board of G4S yesterday repeated its recommendation that shareholders reject the offer, which was unchanged from GardaWorld's late September 190p-a-share cash bid.

Additional reporting by Kaye Wiggins

COMPANIES & MARKETS

Food & beverage

Carlsberg looks beyond beer for growth

Danish brewer to accelerate push into non-alcoholic drinks

RICHARD MILNE — NORDIC AND BALTIC CORRESPONDENT

Carlsberg is to expand its range of non-alcoholic drinks and flavoured alcoholic sparkling waters, as the Danish brewer looks beyond beer for growth and taps consumers' renewed focus on health in the pandemic.

Cees 't Hart, chief executive, told the Financial Times the world's third-largest

brewer was stepping up efforts in alcohol-free beer, where annual sales in most countries were increasing by 20-25 per cent. Zero-alcohol ranges' share of the beer market could triple to 15 per cent in western Europe over the coming years.

He said Carlsberg was also developing fermented beverages — a new category in between soft drinks and beer — although he declined to say if the drinks would resemble the increasingly popular kombucha or fermented tea.

"People were already more health conscious. That message is even more reinforced after coronavirus," Mr 't Hart

said. "That is where we have an advantage in our portfolio. We are preparing the next generation of alcohol-free drinks . . . that is interesting for people that do not like beer or the alcohol taste."

Carlsberg has rebounded from a big hit from coronavirus, becoming the first global brewer to reinstate its financial guidance in August, which it then lifted in an update the following month.

It now expects full-year operating profit to fall by a high single-digit percentage, in line with the 8.9 per cent drop in the first half of this year, rather than a previous expectation of a 10-15

per cent decline. Mr 't Hart said coronavirus had shown the brewer to be "an extremely resilient company".

Its underlying volumes fell 7.8 per cent in the second quarter, less than half the amount of industry leader Anheuser-Busch InBev.

Carlsberg said the alcohol-free category was set to grow five times faster than beer in the next five years and it had zero alcohol drinks for most of its main brands, such as 1664, Kronenbourg and Tuborg.

In the UK it has launched an alcohol-free beer named Special Effects with Brooklyn Brewery that now accounts

for 30 per cent of Brooklyn's sales there.

It is also pushing into hard seltzers — alcoholic, flavoured, low-calorie carbonated water — that have proved highly popular in the US. It has launched a hard seltzer in Norway and one under its Somersby cider brand this month in Singapore.

"Consumers are looking for an offering that is healthy, low- or no calories, and no additives. We have an asset: brewing, and knowledge of fermented drinks," Mr 't Hart said.

Trevor Stirling, an analyst at Bernstein, said Carlsberg was "pushing hard on this, with some success".

Travel & leisure

'Final Fantasy' creator warns of hit to games development

LEO LEWIS AND KANA INAGAKI — TOKYO

The head of the Japanese games group behind the *Final Fantasy* series has warned that Covid-19 has caused "time to stand still" on production of new titles, threatening to undermine the boost the industry enjoyed after global lockdowns.

Yosuke Matsuda, chief executive of Square Enix, said that while the \$145bn sector had benefited from people spending more time at home in lockdowns, social distancing restrictions had hit development pipelines.

"There is also a considerable impact on the production side. What we are selling now may have provided some positive aspects, but on the negative side time has stood still in terms of production. We couldn't develop anything. That is where the impact will come," said Mr Matsuda, whose company has annual revenues of \$2.5bn.

The assessment from one of the Japanese gaming sector's most senior executives differs from the rosier picture painted by other industry figures. It suggests that the game release schedules focused on the November launches of Sony and Microsoft's next-generation consoles may be in jeopardy.

Mr Matsuda's comments come as shares in Square Enix, which is also responsible for the popular *Dragon Quest* franchise, have risen 68 per cent from a mid-March low hit during the worst of the virus turmoil. Brokerages including

"Time has stood still in terms of production . . . That is where the impact will come"

Mizuho, Daiwa and SMBC Nikko have raised their target price on the stock after an increase in digital sales of games such as *Final Fantasy VII Remake* resulted in more than a three-fold rise in first-quarter operating profits.

Development of the type of games in which Square Enix specialises has much in common with film production, requiring motion capture and voice actors to interact in studios. Artists and programmers must also work on machines not easily taken home.

Executives at big gaming companies have yet to acknowledge any tangible postponements to production schedules. But Hiroki Totoki, Sony's chief financial officer, has said it is watching closely for potential delays, noting that productivity could fall with developers working under "various constraints".

Square Enix said on Friday that the launch of its *Marvel's Avengers* game for the new PlayStation 5 and Xbox Series X would now be delayed to an unspecified date next year. Much is riding on the launch of the two platforms, which represents a reprise of the "console wars" between the pair and a scramble to secure the best exclusive content.

Analytics firm NewZoo forecast in May that revenues for the global games sector, which includes smartphone-based titles, would rise over 9 per cent this year to \$159bn driven by lockdowns and the new console launches.

Market Questions. The week ahead

Brussels braced to test investor appetite for debt

FT REPORTERS

How cheaply can the EU fund its borrowing spree?

Since July's agreement by EU leaders to establish a €750bn coronavirus recovery package funded by borrowing, investors have been preparing for the arrival of Brussels as a force in bond markets. That shift begins in earnest as soon as this week with the bloc due to sell the first bond under its separate €100bn SURE programme before the end of October.

The SURE borrowing will fund member states' efforts to help workers keep their jobs during the pandemic, at a time when a second wave of virus infections is sweeping across the bloc.

Bankers and analysts say the sale will provide an early indication of how cheaply Brussels can fund the huge expansion of its borrowing. The EU has about €50bn of outstanding bonds, but it is expected to sell as much as €200bn of new debt next year alone.

Michael Leister, head of interest rate strategy at Commerzbank, expects the SURE funding to begin with the sale of a new 10-year benchmark, possibly with a 15- or 20-year bond, mirroring the long-term loans provided by the programme.

EU debt is trading at higher yields than those on German bonds, the eurozone's safe benchmark asset, and France, but well below riskier debt such as Spain or Italy. Mr Leister points to the EU's top-notch credit rating with two of the three big rating agencies as a draw for investors.

"Remember, the EU has a higher rating than France, and there's a shortage of triple-A bonds in the eurozone," he said. *Tommy Stubbington*

Can the US housing market maintain its momentum?

The US housing market has been one of the biggest winners from the economic fallout of the coronavirus crisis as record-low interest rates help propel demand for homes. Data this week expected to show continued expansion in activity despite fading fiscal stimulus hopes and delays to Covid-19 vaccines.

Economists surveyed by Bloomberg expect the National Association of Home Builders to report today that confidence in the sector held steady at an all-time high of 83 in October. A reading



The EU is due to sell the first bond under its €100bn SURE programme this month in a push to help workers keep their jobs during the pandemic — FT mortgage, Bloomberg, Alex Plov

above 50 indicates favourable conditions. The economists also forecast that Department of Commerce data for September, out tomorrow, will show a month-on-month rise in housing starts and building permits of 2.4 per cent and 3.3 per cent, respectively. Finally, data on Thursday from the National Association of Realtors is predicted to show month-on-month sales of previously owned homes advanced 3.3 per cent in September.

The housing market has so far outperformed the broader economy, where recovery has slowed, and has delivered knock-on benefits to home furnishing stores, DIY retailers and even the automotive sector.

"Home ownership is through the roof and you have a lot of people leaving major cities," said Jim Tierney at AllianceBernstein. "When you leave a city, you need a car to get around."

Higher lumber and home prices are expected to limit the growth in activity — but "as long as mortgage rates remain

as low as they are, home prices going up is not going to kill this golden goose", said Joshua Shapiro, chief US economist at MFR. *Mamta Badkar*

Will no-deal Brexit risk shake the pound?

Talks aimed at forging a trade deal between the UK and the EU appeared to fall through on Friday, when prime minister Boris Johnson said the country must ramp up preparations for dropping out of the bloc's single market and customs union without a safety net.

The market reaction to this news was curious, in that it did not happen. Sterling, which started the Brexit process in 2016 with intense sensitivity to every incremental development, barely budged on the day against the dollar. It dipped, but only slightly, and quickly pivoted back to around \$1.29, roughly the midpoint of the range it has held since the start of September. The currency has long acted as the main barometer of investors' views on Brexit, giving a cleaner view than, say, the blue-chip FTSE 100 stock index, which is dominated by overseas earners.

So the pound's failure to budge is curious. Few would argue that it indicates comfort with the idea that the UK will leap into the unknown without an agreement with the EU. Most analysts agree that would prove damaging for the currency's value.

Instead, it suggests that traders have grown weary of Brexit talks, which are now in their fifth year, and particularly weary of the long set of self-imposed deadlines on both sides that rarely prove meaningful. Rightly or wrongly, investors still believe a deal, even a slim one, will emerge.

However it is worth noting that market crises have, since the vote to leave the EU, been effective at encouraging politicians into action. Without a collapse in sterling holding flames to the UK government's feet, the pressure to do a deal may be weaker. *Katie Martin*



Airlines. Flight restrictions

Latin America carriers face empty runways as tourists stay home

Some providers collapse while others call halt to operations in region at centre of pandemic

JUDE WEBBER — MEXICO CITY
BENEDICT MANDER — BUENOS AIRES
GIDEON LONG — BOGOTÁ

During a pandemic that has wreaked havoc with global travel, Enrique Beltranena is something of a rarity: a happy airline boss.

Volaris, his Mexican low-cost airline, has added routes during the crisis, has a healthy balance sheet and is "cautiously optimistic" in its outlook, he said.

But with three leading carriers forced into bankruptcy protection and another three halting operations altogether because of the pandemic, Latin America is staring at a difficult future for its industry and the likelihood that travel options will be permanently reduced.

The region that remains the centre of the pandemic — with nearly 40 per cent of daily deaths — sucks up money from tourism in a normal year. This year is exceptionally bad and likely to remain so, with travellers escaping the northern hemisphere winter expected to stay away, in part because of restrictions on

flights to Europe from all Latin American countries except Uruguay.

"What all this process is going to do is delay growth [of the industry] in the region," said Pablo Ceriani, president of Aerolíneas Argentinas.

Peter Cerda, vice-president for the Americas at the International Air Transport Association (Iata) believes many regional airlines will come out of the crisis smaller and operating fewer flights. "That will limit opening new destinations," he said.

He expects it will take until 2024 for international flights to recover to pre-pandemic levels and that even domestic routes will take until 2023 to pick up.

Within the region, people will start to travel again, especially to visit friends and family, but they are unlikely to journey far. "Long-haul business travel will take longer to recover," Mr Cerda said.

Stephen Trent, director of Americas airline research at Citi, said Mexico, Central America and Colombia remained "within short-haul international flight range from the US" but for the south of the continent, "it's a different issue . . . maybe now there'll be sparser choices for example for flights from the US to Buenos Aires". Flights between Latin America and Europe and Asia are also likely to be less frequent.

Short-term, Mr Trent said, low-cost airlines with smaller balance sheets, less debt and lower fixed costs would have an advantage, if demand for shorter routes recovers more quickly.

Volaris is one such potential winner. It had overtaken Mexican flag carrier Aeroméxico as the country's largest airline in passenger numbers even before the pandemic and its cost per available seat mile, a metric used to measure efficiency, is roughly a sixth of Aeroméxico and Copa Airlines, Panama's flag carrier.

Mr Beltranena prides his airline on having the third-lowest unit cost in the

world, behind Budapest-based Wizz Air and Malaysia's AirAsia, and on a par with Ireland's Ryanair. All its 84 aircraft are leased, it has \$436m in cash and no debt to repay before June 2020. At the end of this year, it hopes to be back to 85 per cent of capacity, he added.

"We've had to open new routes — five domestic and five international," he said of Volaris, which floated in 2013. "The next five to six months are going to be defining for Latin American airlines but Volaris will be one of the big winners."

Covid struck Latin America at the end of February, prompting travel restric-

tions in some countries with dramatic consequences. In Mexico, for example, the number of international carriers serving Latin America's second-biggest economy nearly halved between April and July, from 64 to 34, according to the country's federal civil aviation agency.

Few regional airlines have the liquidity to weather more than seven months of low or no income, Mr Cerda said. As a result, the biggest, LATAM, as well as Colombia's Avianca and Aeroméxico, have all filed for Chapter 11 protection from creditors and face painful restructurings that will slash their capacity.

"With Chapter 11, you typically gain operating efficiencies but your footprint shrinks significantly," Mr Trent said.

Some have fared even worse: LATAM's Argentina operations, as well as TAME in Ecuador and Caribbean airline Liat, have ceased operations altogether.

Few Latin American carriers have had access to state aid, receiving just 1 per cent of the \$130bn in government bailouts offered worldwide, said Mr Cerda, "and of that 1 per cent, only two countries stepped up — Brazil and Colombia".

Brazil offered aid to Azul, which is still evaluating whether to accept. A Colombian bailout for Avianca has been held up in court after a member of the public filed a lawsuit arguing the company was



A low-cost business model has paid off for Mexico's Volaris — Pedro Pardo/AFP

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Additional reporting by Bryan Harris in São Paulo

COMPANIES & MARKETS

How to Lead. Sergio Ermotti, chief executive, UBS

‘My best decision was not to follow consensus’

The outgoing CEO reflects on nine years at the bank, and why it is not always possible to be friends, writes *Stephen Morris*

When Sergio Ermotti became chief executive of UBS in November 2011, the 158-year-old Swiss bank was at one of the lowest points in its history.

Markets were plunging amid the eurozone sovereign-debt crisis and just months earlier UBS had revealed that a rogue trader had hidden SFr1.8bn (\$2bn) of losses, a scandal that took down Mr Ermotti's predecessor, Oswald Grübel.

Mr Ermotti, who had joined UBS in 2010 from Italy's UniCredit, received a battlefield promotion to right the ship alongside new chairman Axel Weber, an ex-economics professor and former Bundesbank president.

Nine years later, the 60-year-old is stepping down in the middle of a new kind of crisis, one he describes as “profoundly different” because clients and staff are “scared for their lives” this time, not just for their homes or investments. “Do I enjoy crises? I'm not as masochistic as that... but of course I know this is the time where I'm meant to be most visible,” Mr Ermotti says. “It's very difficult to enjoy such a situation, but of course, it makes the job a fantastic one when you never really know what's next.”

Mr Ermotti will hand over to Ralph Hamers in November and move to chair insurer Swiss Re. There is little doubt that despite lingering misconduct issues — such as the bank's potential €4.5bn fine for helping French clients evade tax — he leaves UBS in a better state than he found it.

Since 2011, UBS has made \$37bn in pre-tax profit and returned \$20bn to shareholders, all while absorbing \$15bn of litigation and regulatory costs.

The chief executive won plaudits for a shrewd repositioning after the financial crisis, slashing back — but retaining — the investment bank's trading arm and



As a teenager, Sergio Ermotti dismissed business as “boring”, but an apprenticeship at a private bank changed his life
Wei Leng Tay/Bloomberg

solidifying its position as the world's largest wealth manager, increasing assets under management by more than \$1tn to \$2.6tn. Many, including rival Credit Suisse, copied his strategy.

Mr Ermotti says the best decision he made was to ignore the clamour from journalists, analysts and shareholders calling on him to sell the US wealth business and shut down the investment bank in the wake of the rogue-trading scandal.

“My best decision was not to follow consensus... I'm sure I wouldn't be the CEO today if I had done it,” he says. “With hindsight it's always easy [to second-guess], but as a leader, your first instinct is usually the right one... So if I have to learn anything, it's to rely on those instincts even more.”

Wealth management in the Americas contributed pre-tax profit of \$1.3bn last year and the investment bank — despite

a series of embarrassing losses in 2019 — has benefited from a surge in trading revenue during coronavirus, cushioning the blow from 100s of millions of dollars in potential losses from consumer-loan defaults.

“My advice to Ralph is to take his time and not to listen to the consensus,” Mr Ermotti says. He should “not be tempted to impress people just for the sake of it in the first few months”.

In the early days of the pandemic, Mr Ermotti worked a few days a week from his home office in Lugano — the small lake town where he was born, 200km south of Zurich on the Italian border.

During coronavirus “it's been a different intensity than usual. The topics discussed are all top priorities,” he says.

At the nadir of the pandemic in Europe in late March, UBS had more than 90 per cent of its staff working from home.

“I know it's an issue when you have a family, maybe a husband and wife both working with kids around, how complicated it can be logistically,” he says.

Mr Ermotti has had to learn to communicate in a different way, making staff “comfortable that they are operating in a safe place, that we care about them... the soft part of the equation, a dimension that was never as present before, to be honest”.

In 1975, Mr Ermotti left school at 15 to become a football player, but quickly realised he “wasn't good enough” and decided to be a sports teacher instead. But first, he was required to do an

‘With hindsight it's easy [to second-guess], but as a leader, your first instinct is usually the right one’

apprenticeship and was assigned to the securities department of a family-run private bank. Initially dismissing business as “boring”, the experience “changed my life” and “by the time I was 16 I knew I wanted to be a trader”, he says. “I heard people talking about political matters, economics, the financial market was hectic, everything that was going on in the world was affecting what those people were doing... every day was different.”

His first big move was to Citibank in Zurich, then in 1987 Merrill Lynch asked him to open a Swiss capital markets operation when he was only 27.

Running rapacious trading floors and overseeing wealth managers with the ear of some of the world's richest people, Mr Ermotti has had to deal with many mercurial characters, notably ex-wealth management boss Jürg Zeltner — who died this year — and Andrea Orcel,

whom he recruited to turn around UBS's investment bank.

When managing “big personalities... I always try to be complementary, let people manage their business, interfere only when necessary”, he says.

I have “a philosophy like when I was captain of the football team in my younger years... You need to create teamwork, while understanding that it's not possible to be friends all the time.

“As long as everybody drives in the same direction, I had no problems... [but] when people are thinking more about their own personal profiles and their own interests than... the good of the clients and the organisation, it's not working,” he adds.

“I don't want to have blind loyalty, but I expect truthfulness and transparency, and when I discover that people are not that way, I act accordingly.” Does that mean getting rid of them? “Yes.”

Mr Ermotti has never been shy about voicing blunt opinions. Consistently one of Europe's best-paid bankers — earning an average of SFr11.5m a year over his

FT Leadership
More interviews illuminating the personalities of high profile leaders by focusing on the issues they faced ft.com/howtolead

tenure — in 2017 he said regulators' criticisms of bonuses were “made by people who are maybe frustrated that they do not make that kind of level of money”.

Last year he started a Twitter account, @UBS_CEO. And when the bank was going through a bad patch of earnings, became mired in a €4.5bn French tax scandal, was criticised for slashing the pay of women on maternity leave and speculation swirled about his future, he occasionally used it to lambast news organisations, including the Financial Times, about their coverage of the lender.

Mr Ermotti maintains that he takes criticism well as a leader, when it is justified. “Generally speaking, I'm open to criticism, but what I don't like is people who are superficial and not well-informed,” he says. “If there is one thing I really hate, it's hypocrisy. For me, it is one of the worst malaises in our society.”

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Illustration by House of Hackney, a 2015 Brand of Tomorrow.

Affordable access to a public research cloud would stimulate innovation and choice



John Thornhill
Technology

There are two schools of thought about the market impact of Big Data and artificial intelligence, although, paradoxically, both may be simultaneously true.

The first says that only the biggest tech companies know how to swim in the deep end of AI. To build state of the art models requires massive amounts of data, computational power, expertise and capital. Only the likes of Google and Microsoft in the US and Alibaba and Tencent in China can ever hope to make a splash.

The second argues that AI, like almost every other modern technology, will eventually become “democratised”. The tech companies are themselves empowering others to access powerful AI tools, such as Facebook's PyTorch and Google's TensorFlow, and cloud computing. Researchers are becoming better at building smarter models with less data. Traditional companies with specific industry expertise and innovative start-ups with entrepreneurial vim can also dive into the AI pool.

Policymakers in the US and Europe have been spending a lot of time recently thinking about how to break the grip of Big Tech. That may indeed be necessary to create a freer marketplace. But they should also be spending more time thinking about how to open up access to data and AI to encourage a broader range of competitors to emerge.

One intriguing way to do just that is being championed by the Stanford Institute for Human-Centered Artificial Intelligence, led by John Etchemendy and Fei-Fei Li. Their idea is to build a National Research Cloud, a three-way collaboration between federal government, private enterprise and research universities, to provide affordable access to powerful computational resources and public data sets in a secure cloud environment.

The aim of the research cloud is to enable more academic and industry researchers to work at the leading edge of AI, help train a new generation of experts in the most sophisticated techniques and — with luck — deliver breakthroughs in highly complex

areas, such as climate change and healthcare. Prof Etchemendy says that some cutting-edge AI research is currently inaccessible to universities because of the cost. He points to the example of GPT-3, the deep learning language prediction model developed by the Microsoft-backed Open AI research company, which machine-read all text accessible on the web, at an estimated cost of \$12m.

Remarkably, given the current political environment, Stanford's public cloud initiative has won bipartisan support in both houses of Congress and is likely to be added to the National Defense Authorization Act after November's election. This would authorise a task force to come up with specific proposals to develop the research cloud, which has also been backed by 22 universities and several companies. The federal government would then inject public data sets and subsidise researchers to access the cloud, layered on top of existing industry infrastructure. “I can see this being funded at anywhere from \$1bn to \$10bn a year,” says Prof Etchemendy. “This will benefit the US and democratise the technology, whether for industry or academia.”

Several European countries and companies are attempting to develop their own cloud computing infrastructure, known as Gaia-X, to reduce their dependence on US tech groups. The EU's draft Digital Services Act also envisages forcing the big US companies to share some of their data.

But Willem Jonker, chief executive of EIT Digital, an innovation institute, says too much of Europe's policy is geared towards the transition of established companies rather than the creation of new ones. There is little point in creating a level playing field in Europe if that field is still dominated by big US tech companies. “Europe has to create the makers,” he says. “Digital sovereignty is about having a choice.”

A public research cloud could be a great way to stimulate such innovation. The US proposal is such a good one that Europe should build something similar itself.

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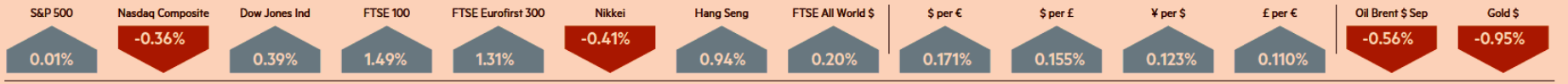
I can see this being funded [by up] to \$10bn a year. This will democratise the technology, whether for industry or academia

MARKET DATA

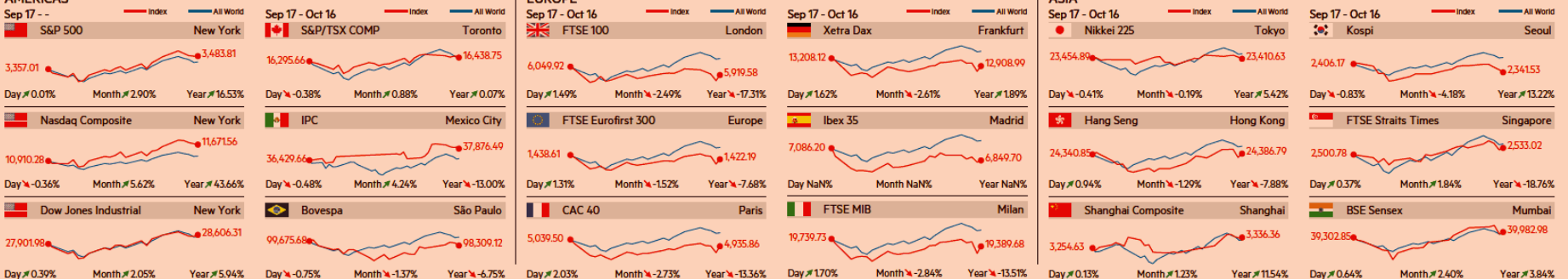
WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous days trading (%)



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



Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous
Argentina	Merval	4824.08	4829.27	Dominican Republic	CSE-MAP Gen	68.46	68.68	Italy	FTSE Italia All Share	2118.23	2087.30
Australia	All Ordinaries	6395.00	6414.20	Czech Republic	PX	667.08	655.46	Poland	FTSE WIG	48210.12	47482.00
Denmark	SAP/ASX 200	6176.80	6210.30	Denmark	OMX Copenhagen 20	1417.89	1408.78	Portugal	PSI 20	4272.02	4194.82
Austria	ATX	2196.20	2176.91	Egypt	EGX 30	11322.71	11311.01	Romania	BET Index	3278.48	3247.17
Brazil	SEL Mid	7617.84	7667.58	Estonia	OMX Tallinn	1174.76	1176.38	Russia	Micex Index	2799.54	2817.29
Canada	S&P/TSX 60	962.67	966.63	France	CAC 40	4835.86	4837.42	Saudi Arabia	TASI	11322.80	11322.22
China	FTSE A200	12587.70	12598.12	Germany	M-DAX	27785.20	27462.03	Singapore	FTSE Straits Times	2533.02	2532.29
Colombia	COLCAP	1166.01	1170.72	Hong Kong	HSI	24388.79	24158.54	South Korea	KOSPI	2341.53	2361.21
Croatia	CROBEX	2013.05	2011.29	India	Nifty 50	8625.25	8625.25	Spain	IBEX 35	6848.70	6816.80
				Indonesia	Jakarta Comp	5103.41	5105.15	Sweden	CSE All Share	5945.79	5920.00
				Inland	ISEQ Overall	6609.61	6517.92	Switzerland	SMI Index	10207.13	10067.96
				Ireland	ISEQ 100	1388.59	1433.84				
				Israel	Tel Aviv 125	1398.59	1433.84				

STOCK MARKET: BIGGEST MOVERS

Company	Price	% Change	Company	Price	% Change	Company	Price	% Change
Amazon	3277.14	+0.18	BP	158.44	+5.66	Softbank	756.1	+7.60
Apple	134.9	+11.02	British American Tobacco	206.0	+24.40	Fast Retailing Co.	75.8	+30.10
Microsoft	57.2	+21.66	Astrazeneca	148.7	+27.10	Almond Holdings	31.1	+30.60
Facebook	43.3	+25.93	GlaxoSmithKline	162.0	+23.90	Net.Docum.	25.1	+29.20
Nvidia	32.9	+52.46	Prudential	102.0	+20.10	Fujifilm Holdings	26.8	+19.40
Netflix	32.3	+53.79	Alliant Se Na Co.	22.9	+16.70	Toyota Motor	25.7	+8.00
Advanced Micro Devices	35.8	+62.17	Unilever	118.8	+4.66	Subaru	22.8	+7.10
Alphabet	25.7	+157.70	Glencore	98.4	+10.36	Takeda Pharmaceutical	18.4	+8.00
Alphabet	22.1	+157.01	Siemens Ag Na Co.	193.2	+11.06	Bank of China Ltd	18.5	+20.50

CURRENCIES

Country	Currency	Closing	Day's Change	Country	Currency	Closing	Day's Change
Argentina	Argentine Peso	171.8674	-0.0005	Indonesia	Rupiah	14020.1600	-0.0000
Australia	Australian Dollar	1.4821	+0.0000	Japan	Japanese Yen	105.4150	+0.0000
Bahrain	Bahraini Dinar	0.3771	0.0000	Malaysia	Malaysian Ringgit	4.1495	+0.0000
Bolivia	Bolivian Boliviano	6.9100	-0.0000	New Zealand	New Zealand Dollar	1.5141	+0.0000
Brazil	Brazilian Real	5.6265	+0.0224	Norway	Norwegian Krone	8.6622	+0.0000
Canada	Canadian Dollar	1.3198	-0.0005	Pakistan	Pakistani Rupee	162.5000	+0.0000
China	Chinese Yuan	6.8978	-0.0000	Philippines	Philippine Peso	53.7500	+0.0000
Colombia	Colombian Peso	3786.00	-0.0000	Poland	Polish Zloty	4.1274	+0.0000
Czech Republic	Czech Koruna	23.7756	-0.1079	Romania	Romanian Leu	3.9993	+0.0000
Denmark	Danish Krone	6.7902	-0.0175	Russian Ruble	Russian Ruble	79.9163	-0.0000
Egypt	Egyptian Pound	15.6897	0.0000	Saudi Arabia	Saudi Riyal	3.7513	+0.0000
Hong Kong	Hong Kong Dollar	7.7501	-0.0001	South Africa	South African Rand	15.5257	-0.1331
Hungary	Hungarian Forint	310.9002	-1.2529	South Korea	South Korean Won	1147.5000	+0.0000
India	Indian Rupee	73.1090	+0.0000	Sweden	Swedish Krona	8.9422	-0.0000
Indonesia	Indonesian Rupiah	14020.1600	-0.0000	Switzerland	Swiss Franc	0.9146	+0.0000
Israel	Israeli Sheqel	3.4875	+0.0000	Taiwan	Taiwan Dollar	28.7510	+0.0000
Italy	Italian Euro	1.0000	0.0000	Thailand	Thai Baht	31.1750	-0.0000
Japan	Japanese Yen	105.4150	+0.0000	Turkey	Turkish Lira	6.9273	+0.0000
Malaysia	Malaysian Ringgit	4.1495	+0.0000	UAE	UAE Dirham	3.6722	+0.0000
New Zealand	New Zealand Dollar	1.5141	+0.0000	UK	UK Pound	0.7725	-0.0012
Norway	Norwegian Krone	8.6622	+0.0000	USA	US Dollar	0.7725	-0.0012
Pakistan	Pakistani Rupee	162.5000	+0.0000				
Philippines	Philippine Peso	53.7500	+0.0000				
Poland	Polish Zloty	4.1274	+0.0000				
Romania	Romanian Leu	3.9993	+0.0000				
Russian Ruble	Russian Ruble	79.9163	-0.0000				
Saudi Arabia	Saudi Riyal	3.7513	+0.0000				
South Africa	South African Rand	15.5257	-0.1331				
South Korea	South Korean Won	1147.5000	+0.0000				
Sweden	Swedish Krona	8.9422	-0.0000				
Switzerland	Swiss Franc	0.9146	+0.0000				
Taiwan	Taiwan Dollar	28.7510	+0.0000				
Thailand	Thai Baht	31.1750	-0.0000				
Turkey	Turkish Lira	6.9273	+0.0000				
UAE	UAE Dirham	3.6722	+0.0000				
UK	UK Pound	0.7725	-0.0012				
USA	US Dollar	0.7725	-0.0012				

FTSE ACTUARIES SHARE INDICES

Index	Value	% Change	Index	Value	% Change
FTSE 100	5919.58	+1.49	FTSE 250	1782.91	-0.09
FTSE 250	1782.91	-0.09	FTSE 350	3256.89	+1.21
FTSE 350	3256.89	+1.21	FTSE 500	5919.58	+1.49
FTSE 500	5919.58	+1.49	FTSE 1000	11839.16	+1.49

FT 30 INDEX

Index	Value	% Change	Index	Value	% Change
FT 30	2141.40	+0.16	FT 30	2141.40	+0.16
FT 30	2141.40	+0.16	FT 30	2141.40	+0.16

FTSE SECTORS: LEADERS & LAGGARDS

Sector	Value	% Change	Sector	Value	% Change
Health Care	61.02	+5.92	Health Care	61.02	+5.92
Health Care	61.02	+5.92	Health Care	61.02	+5.92

FTSE 100 SUMMARY

Company	Price	% Change	Company	Price	% Change
BT Group PLC	105.5	+0.00	BT Group PLC	105.5	+0.00
BT Group PLC	105.5	+0.00	BT Group PLC	105.5	+0.00

UK STOCK MARKET TRADING DATA

Index	Value	% Change	Index	Value	% Change
FTSE 100	5919.58	+1.49	FTSE 100	5919.58	+1.49
FTSE 100	5919.58	+1.49	FTSE 100	5919.58	+1.49

UK COMPANY RESULTS

Company	Revenue	Profit	EPS	Dividend	Pay Date
BT Group PLC	12.00	0.00	0.00	0.00	0.00
BT Group PLC	12.00	0.00	0.00	0.00	0.00

UK RECENT EQUITY ISSUES

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

UK RIGHTS OFFERS

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

UK COMPANY RESULTS

Company	Revenue	Profit	EPS	Dividend	Pay Date
BT Group PLC	12.00	0.00	0.00	0.00	0.00
BT Group PLC	12.00	0.00	0.00	0.00	0.00

UK RECENT EQUITY ISSUES

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

UK STOCK MARKET TRADING DATA

Index	Value	% Change	Index	Value	% Change
FTSE 100	5919.58	+1.49	FTSE 100	5919.58	+1.49
FTSE 100	5919.58	+1.49	FTSE 100	5919.58	+1.49

UK COMPANY RESULTS

Company	Revenue	Profit	EPS	Dividend	Pay Date
BT Group PLC	12.00	0.00	0.00	0.00	0.00
BT Group PLC	12.00	0.00	0.00	0.00	0.00

UK RECENT EQUITY ISSUES

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

UK RIGHTS OFFERS

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

UK COMPANY RESULTS

Company	Revenue	Profit	EPS	Dividend	Pay Date
BT Group PLC	12.00	0.00	0.00	0.00	0.00
BT Group PLC	12.00	0.00	0.00	0.00	0.00

UK RECENT EQUITY ISSUES

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

UK STOCK MARKET TRADING DATA

Index	Value	% Change	Index	Value	% Change
FTSE 100	5919.58	+1.49	FTSE 100	5919.58	+1.49
FTSE 100	5919.58	+1.49	FTSE 100	5919.58	+1.49

UK COMPANY RESULTS

Company	Revenue	Profit	EPS	Dividend	Pay Date
BT Group PLC	12.00	0.00	0.00	0.00	0.00
BT Group PLC	12.00	0.00	0.00	0.00	0.00

UK RECENT EQUITY ISSUES

Company	Issue	Amount	Price	Issue	Amount	Price
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00
BT Group PLC	BT Group PLC	12.00	0.00	BT Group PLC	12.00	0.00

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table with columns for Stock, Price/Week, 52 Week High/Low, Yld, P/E, MCap, and various regional indices (Australia, Brazil, Canada, China, Europe, India, Japan, Korea, Latin America, Middle East, Russia, South Africa, Taiwan, Thailand, UK, USA, Vietnam, etc.).

FT 500: TOP 20

Table listing top 20 FT 500 companies with columns for Company, Price, Change, Day, Week, Month.

FT 500: BOTTOM 20

Table listing bottom 20 FT 500 companies with columns for Company, Price, Change, Day, Week, Month.

BONDS: HIGH-YIELD & EMERGING MARKET

Table showing bond market data for high-yield and emerging markets, including Red, Coupon, Ratings, Bid, Yield, Maturity, Spread.

BONDS: GLOBAL INVESTMENT GRADE

Table showing bond market data for global investment grade, including Red, Coupon, Ratings, Bid, Yield, Maturity, Spread.

INTEREST RATES: OFFICIAL

Table showing official interest rates for various countries and currencies.

INTEREST RATES: MARKET

Table showing market interest rates for various countries and currencies.

BOND INDICES

Table showing bond indices for various regions and currencies.

BONDS: BENCHMARK GOVERNMENT

Table showing benchmark government bond data for various countries.

GLTS: UK CASH MARKET

Table showing UK cash market data for various maturities.

COMMODITIES

Table showing commodity prices for various goods like oil, metals, and grains.

BONDS: INDEX-LINKED

Table showing index-linked bond data for various countries.

BONDS: TEN YEAR GOV SPREADS

Table showing ten-year government bond spreads for various countries.

GLTS: UK FTSE ACTUARIES INDICES

Table showing UK FTSE actuaries indices for various durations.

GLTS: UK FTSE ACTUARIES INDICES

Table showing UK FTSE actuaries indices for various durations.

Source: FT, Bloomberg, Reuters, etc. Data provided by Morningstar | www.morningstar.co.uk

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MANAGED FUNDS SERVICE

Table with columns: Fund, Bid, Offer, +/-, Yield. Lists various funds such as Janssen Global Equity, Janssen UK Property, Janssen US Growth, etc.

Data Provided by



www.morningstar.co.uk
Data as shown is for information purposes only. No offer is made by Morningstar or its publication.

Guide to Data

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

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

Guide to pricing of Authorised Investment Funds: compiled with the assistance of the IFA, The Investment Management Association, 65 Kingway, London WC2B 8TD. Tel: +44 (0)20 7611 0891.

Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Different share classes are issued to reflect a different currency, changing structure or type of holder.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OIEC and units of a single priced unit trust are the same.

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

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

The symbols are as follows: * 0001 to 1000 hours; + 1101 to 1600 hours; A 1601 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the manager/operator will normally deal on the price set at the most recent valuation. The prices shown on the latest available before publication and may not be the current dealing levels because of an intervening portfolio realisation or a switch to a forward pricing basis. The manager/operator must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that the manager/operator deal at the price to be set at the next valuation.

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

Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact data@ft.com or call +44 (0)20 7673 9132 for further information.

MIRABAUD Orbis 1819 2019 logo

Marlborough Fd Managers Ltd (1200)F (UK)
Balanced 211.23 211.23 -0.59 0.42
Bond Income 52.17 52.17 0.02 3.23
Cautious Inc 85.84 85.84 -0.23 2.24

Kleinwort Hambros Bank Limited (UK)
STH Floor, 8 St James's Square, London, SW1Y 4JL
Dealing and enquiries: 020 7064 0785
Authorised Investment Funds
Unit Trust Managers (UCITS) - Heat Capital

HC Diament Hambros Growth A Acc 228.28 - 0.39 1.36
HC Kleinwort Hambros Growth A Inc 207.09 - 0.35 1.38
HC Diament Hambros Equity Income A Inc 63.80 - -1.38 3.06

HC Diament Hambros Multi Asset Balanced A Acc 163.94 - 0.20 0.81
HC Diament Hambros Multi Asset Balanced A Inc 136.40 - -0.03 3.44
HC Diament Hambros Food Income A Inc 109.80 - -0.02 3.44

Lazard Fund Managers Ltd (1200)F (UK)
P.O. Box 364, Dartington, OX1 9RD
Dealing: 01270 6066400, info: 01270 6066459
Authorised Investment Funds
Lazard Investment Funds (OIEC) - Share Class

Developing Markets Acc 131.85 - 0.40 0.24
Developing Markets Inc 126.68 - 0.40 0.19
Emerging Markets Acc 301.17 - 1.78 -
Eng Mktz Inc 244.52 - 1.45 -

European Alpha Acc 913.39 - 8.99 1.20
European Alpha Inc 708.04 - 8.73 1.22
European Smaller Cos Acc 634.86 - 8.67 0.70

Global Equity Income Acc 175.53 - 2.51 3.53
Global Equity Income Inc 94.80 - 1.36 -
Managed Bal Inc 174.45 - 1.79 1.74

UK Income Acc 1189.04 - 14.75 4.54
UK Income Inc 472.02 - 5.81 4.66
UK Omega Acc 213.08 - 2.06 2.86

UK Omega Inc 162.97 - 2.63 2.92
UK Smaller Cos Inc 183.07 - 18.37 1.39
Lloyd's Investment Fund Managers Limited (1000)F (UK)
PO Box 311, 11-12 Esplanade, St Helier, Jersey, JE4 8DU 0154 94955

Lloyds Investment Funds Limited
Euro High Income £ 1580ml - 0.028 2.32
High Income £ 6379ml - 0.017 3.74
Sterling Bond £ 1890ml - 0.026 2.13

Lloyds Multi Strategy Fund Limited
Conservative Strategy £ 1,200m - 0.80 0.00
Growth Strategy £ 1,825m - 0.80 0.00
Aggressive Strategy £ 2,480m - 0.80 0.00

Global USD Growth Strategy \$ 1,760m - 0.80 0.00
Dealing Daily
Lloyds Investment Fund Managers Limited (1000)F (UK)
155 Bishopsgate, London EC2M 3JF, +44(0) 20 3551 4600

Liberty Property Trust (UK)
155 Bishopsgate, London EC2M 3JF, +44(0) 20 3551 4600
Property & Other UK Unit Trusts
Liberty Property Trust GBP £ 104.76 - -12.20 -

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Mirabaud Asset Management (LUX)
28 Dorset Square, London, W01 6DS
www.mirabaud.com, marketing@mirabaud-am.com
Orbis Investments (U.K.) Limited (GBR)
28 Dorset Square, London, W01 6DS
www.orbis.com 0800 339 2030

Mirabaud - UK Equity High Alpha £ 123.22 - -2.01 0.00
Mirabaud - UK Equity High Alpha £ 123.22 - -2.01 0.00
Mirabaud - UK Equity High Alpha £ 123.22 - -2.01 0.00

new capital funds by EFG Asset Management
PLATINUM CAPITAL MANAGEMENT
ram ACTIVE INVESTMENTS

New Capital UCITS Fund PLC (UK)
Lancfield House, Canon Street, London, W1J 5UB
www.newcapitalfunds.com
FCA Regulated
New Capital UCITS Funds
New Capital Asia Equity Fund £ 252.43 - -2.90 0.00

New Capital Dynamic UK Equity Fund £ 108.24 - -1.43 0.00
New Capital Global Alpha Fund £ 114.02 - -0.25 0.00
New Capital Global Value Credit Fund £ 157.49 - -0.29 0.00

New Capital US Growth Fund £ 412.25 - -2.76 0.00
New Capital US Small Cap Growth Fund £ 189.89 - 1.28 0.00
New Capital Healthy Nations Bond Fund £ 153.77 - 0.00 0.00

OASIS logo

Oasis Crescent Management Company Ltd (UK)
Oasis Crescent Equity Fund R 16.75 - -0.06 0.74
Oasis Crescent Global Equity Fund £ 32.23 - -0.23 0.50

Oasis Crescent Variable Balanced Fund £ 8.98 - -0.05 0.00
OasisCresCI Income Class A \$ 11.02 - 0.00 2.70
OasisCresCI LowVol D (SI) Dist \$ 12.04 - -0.04 1.05

Oasis Crescent Global Property Equity \$ 7.52 - 0.02 1.55
Polar Capital Funds Plc (UK)
Adventis Ardian Capital Partners (UK) £ 15.00 15.90 -0.12 0.00

Polar Capital LLP (UK)
European Foreign A EUR £ 171.88 - -0.93 0.00
Polar Capital LLP (UK)
European Foreign A EUR £ 171.88 - -0.93 0.00

Private Fund Mgrs (Guernsey) Ltd (UK)
Monument Growth 13/10/2020 £ 489.49 494.17 5.16 1.59
Polar Capital LLP (UK)
European Foreign A EUR £ 171.88 - -0.93 0.00

Prusik Investment Management LLP (UK)
Prusik Asia Equity Income B Dist £ 193.14 - -0.07 4.98
Prusik Asia Equity Income B Dist £ 193.14 - -0.07 4.98

Prusik Asia Equity Income B Dist £ 193.14 - -0.07 4.98
Prusik Asia Equity Income B Dist £ 193.14 - -0.07 4.98
Prusik Asia Equity Income B Dist £ 193.14 - -0.07 4.98

ROBECOSAM We are Sustainability Investing.
Parissima Investment Fds (UK) (1200)F (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 922 0044

Global Total Fd PCG A 341.77 - 1.50 0.52
Global Total Fd PCG B 330.61 - 1.49 0.33
Global Total Fd PCG INT 334.13 - 1.48 0.14

RobecoSAM Sln.Energy/A £ 26.25 - 0.22 1.27
RobecoSAM Sln.Energy/N £ 24.18 - 0.09 0.00
RobecoSAM Sln.Materials/A £ 208.05 - 1.00 1.35

RobecoSAM Sln.Materials/N £ 217.28 - -0.04 0.00
RobecoSAM Sln.Materials/No £ 141.67 - -0.03 1.35
RobecoSAM Sln.Healthy/Liv/B £ 235.31 - -1.50 0.00

RobecoSAM Sln.Healthy/Liv/N £ 227.36 - -1.44 -
RobecoSAM Sln.Healthy/Liv/No £ 170.48 - -0.23 1.39
RobecoSAM Sln.Water/A £ 303.25 - 0.93 1.44

RAM ACTIVE INVESTMENTS
RAM Systematic Energy Markets Eq £ 190.33 190.33 -2.36 -
RAM Systematic European Eq £ 445.83 445.83 -0.40 -

RAM Systematic North America Eq £ 337.52 337.52 -1.75 -
RAM Tactical Global Bond Total Return £ 154.66 154.66 -0.24 -
RAM Tactical II Asia Bond Total Return £ 154.34 154.34 -0.16 -

RUBRICS
Rubrics Global UCITS Funds Plc (UK)
www.rubrics.com
Regulated
Rubrics Global Credit UCITS Fund £ 17.43 - -0.02 0.00

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460
FCA Regulated
Slater Growth 592.31 592.31 2.00 0.00

Ruffier LLP (1000)F (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 601 9610
Authorised Investment Funds
Authorised Corporate Director - Link Fund Solutions

LF Ruffier European C Acc 698.35 - 7.49 0.06
LF Ruffier European C Inc 127.44 - 1.37 0.10
LF Ruffier European O Acc 661.38 - 7.26 0.00

LF Ruffier Japanese C Inc 155.22 - 1.12 0.09
LF Ruffier Japanese C Acc 333.35 - 2.42 0.09
LF Ruffier Japanese O Acc* 325.04 - 2.34 0.00

LF Ruffier Pacific & Energy Markets C Acc 371.28 - 7.16 0.04
LF Ruffier Pacific & Energy Markets C Inc 101.18 - 1.85 0.08
LF Ruffier Pacific & Energy Markets O Acc 361.94 - 6.96 0.54

LF Ruffier Total Return C Acc 483.19 - 2.44 0.87
LF Ruffier Total Return C Inc 312.70 - 1.59 0.88
LF Ruffier Total Return O Acc 471.44 - 2.35 0.87

LF Ruffier Total Return O Inc 304.92 - 1.52 0.88
Stonehage Fleming Investment Management Ltd (UK)
www.stonehagefleming.com/gbi
enquiries@stonehagefleming.com
Regulated
SF Global Best Ideas Eq B USD Acc £ 229.04 - -2.11 -

TOSCAFUND
Toscafund Asset Management LLP (UK)
www.toscafund.com
Authorised Investment Funds
Aptus Global Financials B Acc £ 3.24 - -0.01 5.01

Aptus Global Financials B Inc £ 2.26 - -0.01 6.62
Tosca A USD \$ 321.86 - 44.14 -
Tosca Mid Cap GBP £ 138.17 - -6.01 -

Tosca Opportunity B USD \$ 209.90 - -7.42 -
Pegasus Fund Ltd A-1 GBP £ 32.99 - -1.41 0.00
Toscafund Asset Management LLP (UK)
www.toscafund.com
Tosca A USD \$ 321.86 - 44.14 -

Tosca Mid Cap GBP £ 138.17 - -6.01 -
Tosca Opportunity B USD \$ 209.90 - -7.42 -
Pegasus Fund Ltd A-1 GBP £ 32.99 - -1.41 0.00

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65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 608 0550
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Authorised Corporate Director - Link Fund Solutions

Trojan Investment Funds
Spectrum Fund O Acc 250.43 - -4.48 0.24
Spectrum Fund O Inc 237.90 - -4.48 0.24

Trojan Ethical O Acc 119.22 - 0.28 0.05
Trojan Ethical Income O Acc 132.75 - 1.25 -
Trojan Ethical Income O Inc 116.45 - 1.10 -

Trojan Fund O Acc 365.35 - 1.11 0.35
Trojan Fund O Inc 287.77 - 0.90 0.35
Trojan Global Equity O Acc 429.48 - 0.94 0.23

Trojan Global Equity O Inc 354.36 - 0.77 0.23
Trojan Global Income O Acc 134.10 - 0.96 2.58
Trojan Global Income O Inc 119.22 - 0.86 3.04

Trojan Income O Acc 325.02 - 3.57 3.56
Trojan Income O Inc 169.50 - 1.96 3.58
Trojan Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460
FCA Regulated
Slater Growth 592.31 592.31 2.00 0.00

Slater Income A Inc 110.86 110.86 1.05 5.22
Slater Recovery 273.96 273.96 0.78 0.00
Slater Antivirus 244.99 244.99 1.68 0.42

Unicorn Asset Management Ltd (UK)
PO Box 10662, Chelmsford, Essex, CM1 9PD 0845 026 4267
Authorised Investment Funds
UK Growth A Inc 571.48 - 2.77 1.16

Mastertrust A Inc * F 514.75 - 3.13 -
UK Growth B Inc 574.98 - 2.79 1.52
Mastertrust B Inc * F 461.43 - 2.82 1.06

Outstanding British Cos A Acc * F 279.70 - 1.94 0.68
Outstanding British Cos B Acc * F 332.94 - 2.11 1.48
UK Smaller Cos A Inc * F 530.11 - 2.14 1.84

UK Smaller Cos B Inc * F 517.19 - 2.09 2.59
UK Income A Acc * F 268.12 - 0.77 3.65
UK Income A Inc * F 196.60 - 0.57 3.07

UK Income B Acc * F 296.47 - 0.86 3.50
UK Income B Inc * F 216.76 - 0.63 3.42
WA Fixed Income Fund Plc (UK)
Regulated
European Multi-Sector £ 124.81 - 0.03 3.26

Zedig Gestion (Memon Fund) (LUX)
FCA Regulated
Memon European Fund - Class G2 GBP £ 189.72 - -2.59 0.00

WORK & CAREERS

Pilots swap the cockpit for trading screens

A London firm gave flyers the chance to test their concise decision-making against the markets, writes *Laura Noonan*

Take five underemployed pilots. Give them intense markets training, add in an investment portfolio to experiment with, pit them against a control group from other backgrounds, and see what happens.

That is what a small London-based trading firm did in August, hoping to prove the “discipline, control, process and self-awareness” that pilots show in the cockpit would translate into above average pay-offs from the financial markets.

Kate North-Hill, a 45-year-old captain with 20 years’ experience who lost her job when Flybe collapsed in March, was one of the group selected from a pool of almost 200 applicants to train with Amplify Trading, and given a chance to share in the profits from a small portfolio she would run.

The mother-of-four hadn’t previously considered trading but realised “the markets are hugely flooded with pilots” and that airlines for the foreseeable future would be cutting jobs rather than creating them as the pandemic pushed the industry into crisis.

Ms North-Hill’s initial impressions, along with those of two other pilots turned trainee traders, seemed to prove the theory put forward by Will de Lucy, Amplify’s head and the creator of the experiment.

“It’s very similar to flight training,” Ms North-Hill says, two weeks into a five-week programme, which typically costs £5,000. It offers training, 60 per cent of any profits made on trades

approved on a case-by-case basis, and protection from any losses.

“[As pilots] we have to pre-think critical situations . . . what’s going to happen when you’re coming into land, that sort of thing. It’s exactly the same in trading, when the market is going up or down and it’s moving really sharply.”

Another parallel is that pilots “monitor the weather, almost constantly, and traders monitor the news almost constantly”. For Ms North-Hill, that meant swapping one app on her phone for another.

Dan Norman, 32, who was a pilot for Virgin Atlantic for 12 years before being laid off in the summer, replaced his daily cockpit checklist, which featured things like his flight plan and fuel needs, for a trading one, including deciding in advance at what level he would buy or sell a stock.

Samir Patel, a 36-year-old pilot who had been with easyJet for seven years before he was furloughed, says there is “overlap” in the personality type for flying and trading; both require decisiveness and quick and effective processing of a lot of information.

However, the pilots soon realised they had to reshape their views on risk — they had to be willing to take some. “The severity of losing a whole aeroplane’s worth of lives is huge so you want to make sure there’s zero chance of it happening, but losing a few quid on a trade is . . . not the end of the world,” as Ms North-Hill puts it.

Halfway into the programme, all three felt they were doing well and were enthusiastic about trading as a means of making some extra money through lulls in the aviation industry, or as a potential full-time career.

The experiment’s results, however, showed that all the pilots made an overall loss, even though their trading period coincided with a record rally in global equities. Three or four in the control



The pilots soon realised they had to reshape their views on risk — they had to be willing to take some. Dan Norman, right, remains burnt by some losses

FT Montage: Gorodenkoff Productions OU, E+/Getty

group made a profit overall, and continue to trade with Amplify’s capital, keeping 60 per cent of their profits as they grow their skills.

“I was a little bit disappointed,” Mr de Lucy says. “Dan was incredibly promising . . . [but] he would hold on to positions for a long time, he was absolutely convinced in a point of view and he just didn’t get out of it.”

Mr Norman remains burnt by the loss, which he puts down to underestimating the volatility of gold. He also underestimated “how trading professionally could affect one’s personal life, as I think it would be difficult to simply brush off a bad day”.

He wasn’t alone — overall, the pilots held their positions for an average of 102 minutes, compared with the control group’s average of 52.7 minutes.

Mr Patel says he was “gutted” to end up in the red, largely because of early rookie mistakes. “[In] my first trade . . . there was no discipline, structure, planning and a [I] also made an unintended order placement, which made a shocking loss, so in four days I only took that one trade,” he said.

Mr de Lucy had high praise for Mr Patel and Ms North-Hill, who was doing the programme part-time and still has the chance to end in the black. “The skills are definitely transferable,” Mr de Lucy says. “But that doesn’t mean that you can hasten the training.”

Jason Sippel, head of global equities trading at JPMorgan and the son of a pilot, says it’s “absolutely possible” for pilots to pivot towards trading roles.



JPMorgan has experience of lateral hires from other fields. It previously supported military veterans moving into trading and investment banking roles, after recognising that the calm under pressure forged in combat can be valuable in finance.

Mr Sippel says good traders are “very decisive about exiting a losing position — they accept reality, even if it’s a painful reality”.

He thinks pilots would be best suited to trading things such as exotic instruments, include more complicated derivatives, “where the risks to be managed tend to be more technical, and include a level of consideration that would not look unfamiliar to someone trained in the complexity of aviation and engineering”.

Fraser Silvey is managing director at Connor, a UK-based human resources consultancy, and has worked with clients on career transitions for 20 years.

“The severity of losing a plane is huge, but losing a few quid on a trade is not the end of the world”

He says it is important for pilots to “make peace with” leaving their old world behind, even if the career change has been forced upon them.

“[If they don’t,] there’s a big risk that it comes through . . . and any potential employer has a nagging doubt that ‘you’re only with me for as long as the aviation industry is in decline,’” he says.

Mr Patel and Mr Norman say trading cannot replicate the buzz of flying. Mr Patel is already back in the air, part time, and continues to trade demo accounts to build his skills. The plan is to “allocate my own funds in manageable steps with a goal to having some more financial freedom and doing my day job just because that is my passion”.

Mr Norman is now working as a flying instructor, and has set up a new business selling coffee online and in stores, but says trading is something he will “explore further” in future.

As for Ms North-Hill, she finds trading stimulating and enjoys the flexibility it gives her to spend more time with her children. “I’ve had breaks before, for maternity, but always looked forward to going back,” she says. “This time is different, perhaps because there isn’t a ‘back’ to go to.”

Consultants’ change fetish is clichéd, confused and all too often hollow



These are grim times. I was relieved, then, to receive a press release last week from Accenture, heralding its “biggest brand move in a decade”. For if I know anything about consultancies, it is that their po-faced advertising campaigns, name changes, identity tweaks, and purpose restatements are invariably a source of mirth.

This is the sector that brought us Monday — PwC’s ill-fated attempt to rename its consulting arm in 2002, before it was mercifully swallowed by IBM — and Strategy&, the brand PwC foisted on Booz & Company after buying it in 2014.

One reason this is such fertile territory for armchair critics is that the overlap between consultant-speak and marketing-speak is where the English language goes to die. “The new creative leverages the Accenture symbol — “>” — which has been part of the company’s logo for more than 20 years and will affect every touch point,” declares the latest communiqué from the cemetery.

Accenture has form here. It wrote its own crazy case study in 2000, when an employee invented the new name for Andersen Consulting after it split from the auditor Arthur Andersen.

This was also the point when Accenture added the “greater than” symbol over the T in its new name, a brand move so barney that two months later my former colleague Lucy Kellaway repurposed it for her satire about the jargon-spouting executive Martin Lukes. His company changed its name from A&B to a-b göbbäl, after Lukes argued passionately that a hyphen, umlaut and circumflex would

“provide a feelgood factor for our stakeholders globally.”

The timing of Accenture’s name change was fortuitous. Two years later, the auditor Andersen — which had dropped the “Arthur” to reflect its “unique ability to provide sophisticated, integrated solutions” — collapsed, as a consequence of the sophisticated, integrated solutions it helped provide for Enron. But by then, Accenture was free and clear of any brand taint, and the name, partly thanks to a \$175m advertising binge, had stuck.

Its latest initiative is less ambitious, and less costly. Accenture will triple its 2020-21 media spending to \$90m for a campaign based on the slogan “Let there be change”. It is aimed at

Many companies want to buy a purpose off the shelf to satisfy do-gooders

“optimistically capturing [the] power and beauty” of change, with a focus on cloud computing, cyber security and sustainability.

Accenture’s timing, again, looks good. Although the campaign has been under discussion for a year, it coincides with the wrenching transformation wrought by the pandemic, which has consultants everywhere rubbing their hands at the opportunity to advise businesses and governments.

Julie Sweet, Accenture chief executive for just over a year, has spoken intelligently about the challenges of managing through the crisis. She deserves some credit for bringing this project to fruition at all, given the obstacles.

I take exception, though, to the way in which Droga5, the Accenture-owned agency that helped develop the campaign, has wrapped the new

branding round the group’s new purpose: “To deliver on the promise of technology and human ingenuity.”

Giving substance to purpose is hard at the best of times. The Financial Reporting Council, a UK regulator, pointed out in January, in a report about adoption of its governance code, that “too many companies substituted what appeared to be a slogan or marketing line”.

At a time when many companies want to buy a purpose off the shelf to satisfy do-gooders, before moving back to what they see as the true business of business — making money — Accenture has set a poor precedent.

To suggest, too, that persuading clients to “embrace change” somehow “departs from convention”, as chief marketing officer Amy Fuller did in an interview with Campaign, is stretching a point.

Consultants have been urging companies to embrace change — and to pay them to show managers how — for decades.

The term first appeared in the Financial Times in 1985, when the new managing director of a Welsh car parts factory applauded his staff’s flexibility, since when it has become a management cliché. (Several years and rounds of transformation later, the plant was closed down.)

The current unpleasantness will oblige companies and employees to adapt. Ms Fuller does at least add the positive rider that Accenture intends to help clients change in order “to better businesses, communities, and lives”.

But the firm also needs to take account of many people, and businesses, who want to salvage good things from the present and cling to them, rather than hug an uncertain, Covid-ridden future. They are unlikely to appreciate the “beauty” of change, whether it is leveraged by the Accenture symbol, or not.

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WORK & CAREERS

Better design can improve where we work and live

Architects can adapt to the new challenges of building for a post-pandemic world, writes Elsie Owusu

A thoughtful middle-aged white man gazes across ranks of designers. For most of my career, this has been the image of a successful architect. Now, the pandemic, the climate emergency and the Black Lives Matter movement have fused to force a revolution in architectural thinking and practice. This may, in turn, change the way homes, work and public spaces are designed and constructed.

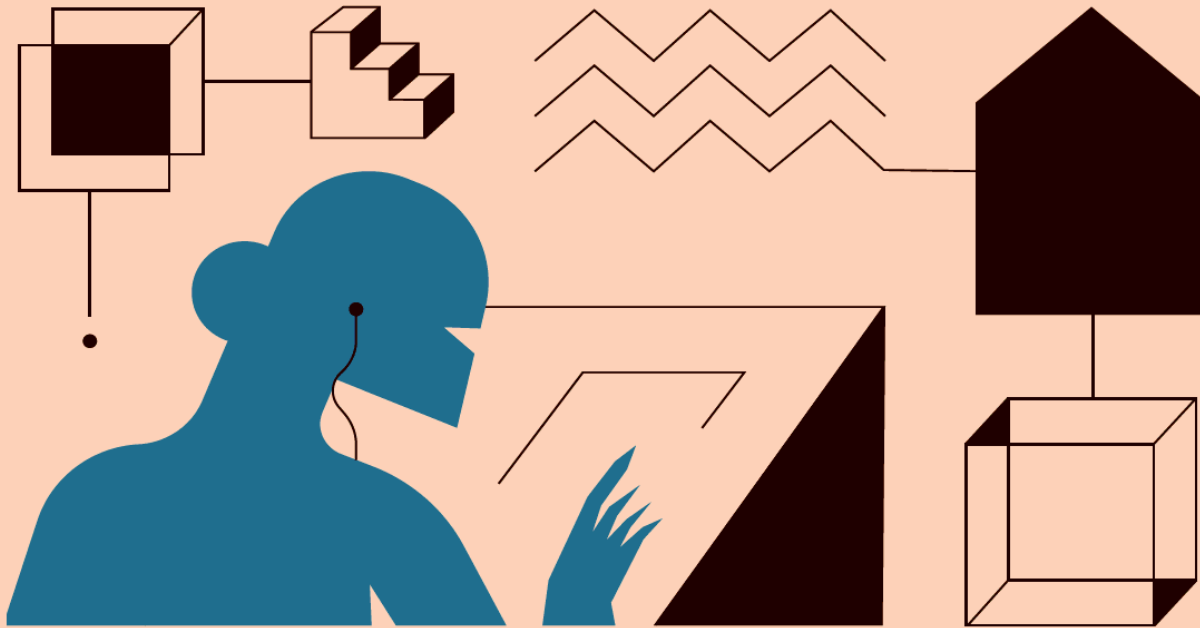
While the trend to work from home accelerates, architects worldwide are experimenting with ideas and concepts for a more integrated, resilient and Covid-proof workplaces.

Two decades into the 21st century, the successful architect's office is akin to the image of a 19th-century factory, with banks of screens instead of machines. A dollop of modernist creativity is added, by way of primary colours in fixtures and fittings – lime green carpets, yellow feature walls and orange swivel chairs. Architects and assistants converse in hushed tones, only moving when necessary.

Some have further "googlified" their design studios, with hot desks, kitchens and even the occasional pool table. But these are suspected to be ill-disguised devices to keep low-paid younger assistants working long hours in the office.

Emblems of success include displays of project models, awards and photos. The contemporary version is usually open plan, with a female receptionist, smiling brightly. Most architecture practices are predominantly white.

According to a recent survey of the profession by the Architects' Journal in June 2020: "The latest survey reveals that more than a quarter (27 per cent) of BAME respondents said they had been victims of racism at their place of



Architects, engineers and artists are well-placed to design greener communities

Dominika Lipniewska

work. This proportion has gone up from 24 per cent in the earlier 2018 survey."

Alan Vallance, chief executive of the Royal Institute of British Architects, has stated that lack of diversity in the architectural profession is a real concern. "We have not given adequate attention, resource or action to tackling injustice, systemic racism and discrimination... Architecture should be equally open to all, regardless of background or circumstance. But it is not," he says.

The survey results also show how widely architects have adjusted to working from home. More than a third of respondents (35 per cent) said all their colleagues were working from home. A quarter said most employees were based remotely and a further

quarter said "some" were embracing it.

The home has become the centre of architectural operations. Long vilified as the option chosen by women, sole practitioners and the semi-retired, working from home is the new normal for delivering buildings. From client briefings to design team meetings, we discovered the creativity and efficiency embedded in our profession.

But the demographic hierarchy of construction means that key decisions about design are made by teams led by men – for whom the space at home has been mostly a place for rest and recreation. It remains to be seen if the "different normal" will bring a Damascene conversion as CEOs and construction industry leaders awake to the necessity of home schooling, social distancing and pandemic protocols.

In the public realm, the car has become a pariah. Many cities, including Bogotá, Madrid, New York and London have been transformed into places for walking, cycling and child-friendly outdoor spaces. While this has created some local tensions, a new awareness of the primacy of pedestrians seems to have been welcomed by most people, from Athens to Dublin and Sydney.

With the acceptance that Covid-19 and its successors may be here to stay, architects have the opportunity to rise to the challenge of our collective experiences. After lockdown measures end, architecture must not return to "business as usual". We can take this enforced furlough as a chance to see visions and dream dreams of a new profession based on equality, diversity and social justice.

Small and medium-sized and micro-practices, long excluded from mainstream architecture, can leapfrog from the 19th-century hierarchical factory model to the 21st-century all-day pyjama-wearing lifestyle.

The post-second world war emergency housebuilding programme was championed by Winston Churchill. The great architect Jane Drew (1911-1996) played a leading role in the design and build of prefabricated housing. When I met her in the 1990s, she talked of her own practice and the importance of employing Jewish refugees who had fled Nazism and faced discrimination in their adopted country.

Her global leadership on housing design and construction in the UK, India and Africa provide us with lessons on the challenges and opportunities of the current crisis. She encouraged the then government to deploy aeroplane factories and technologies to meet the emergency. With so many

FT **Rebooting the Workplace series**
Thinkers, experts and policymakers examine the biggest questions posed by the pandemic. A new article will be published online each Monday until October 19. Read more at ft.com/rebootingworkplace

manufacturers mothballing their factories today, perhaps we can follow her example and employ redundant aircraft workers to make much-needed homes in the UK and overseas.

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The author is Principal, Elsie Owusu Architects

After lockdown measures end, architecture must not return to 'business as usual'

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ARTS

Bruce Springsteen returns with Letter to You

The singer's new album with the E Street Band is a reflective work that wields magnificent power, writes Ludovic Hunter-Tilney

"It's weird," Bruce Springsteen once said about his regular accompanists, the E Street Band, "because it's not really a touring band or just a recording band. And it's definitely me — I'm a solo act, y'know."

The singer's albums come out under his name alone, but it's "Bruce Springsteen and the E Street Band" when he tours with the E Streeters. Gigs involve extravagant displays of fellowship, with the singer introducing his musicians in the manner of a carnival barker unveiling the seven wonders of the world. Yet he has been ruthless in dispensing with the "testifying, death-defying, legendary E Street Band" when he judges it necessary. "We were put together strictly to serve Bruce," drummer Max Weinberg observed in 1999.

Their service resumes on Springsteen's new album, *Letter to You*, his first outing with the E Street Band since 2014's *High Hopes*. It follows a busy passage of time for the singer. In 2016, he published his memoir *Born to Run*, a revelatory account of the inner life behind his heroic facade, including a long experience of depression. The autobiography inspired the staging of a one-man show that he brought to Broadway, which ended up being extended to 236 nights. Then came the release of last year's album *Western Stars*, a whimsical exercise in the un-Bruce-like register of orchestral country-pop.

He reconvened the E Street Band in 2016 when he took his 1980 album *The River* on the road, for what became that year's top-grossing tour with revenues of \$268m. But he suffered writer's block when it came to penning new songs to record with his New Jersey brothers-in-arms. His touring life with the E Street Band had become uncoupled from his studio work. He feared he would never make another record with them.

It took the gift of an acoustic guitar from a fan, handed over to him at one of the Broadway shows, for the dam to break. According to Springsteen, the guitar lay around at his home until he picked it up one day and the nine new songs on *Letter to You* flowed forth. The

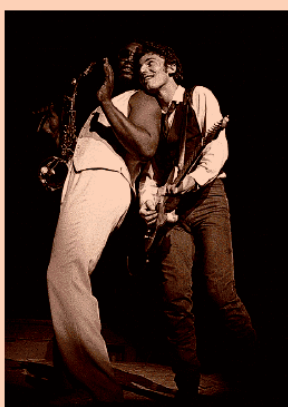


In the studio: Springsteen, centre, with the E Street Band and his manager, left, and producer and engineer, right
Rob DeMartin

album *The Wild, the Innocent & the E Street Shuffle*, where young blades "dressed in snakeskin suits" swagger through the summer night. But "Last Man Standing" goes back further, too. It is about Springsteen's first band, the Castiles, in which he played lead guitar. With the death of their singer George Theiss in 2018, he is the only member left alive.

The inclusion of three songs originally written in the early 1970s give *Letter to You* a sense of tying up loose ends (the title track opens with the singer pulling a "bothersome thread" before "grabbing my pen"). Like the rest of the material, they were recorded live in the studio, the first time he and the E Street Band have worked that way since *Born in the USA* in 1984. The effect is designed to recapture the sustained inten-

How he has reached 71 without blowing a vocal gasket is one of the great mysteries of laryngology



Above: Clarence Clemons and Springsteen in 1978. Below: Springsteen and the E Street Band during a 1985 concert in Cleveland
Getty AP

summons to the E Street Band followed.

The last time he suffered a similar block was before his 2002 album *The Rising*, which reunited him with the band after an even longer recording break of 18 years. The spur on that occasion was the terrorist attacks of 9/11. In a New York Times profile, Springsteen spoke of being accosted by a fan in a Jersey Shore parking lot soon after September 11. "We need you!" the fan shouted. Always attuned to rock's role in American history and his own role in rock's history, Springsteen did his duty. But the resulting album was dutiful in the wrong sense. It was a leaden, automatic version of the sacred noise that he and the E Street Band are able to conjure from the base material of bar-room rock and roll.

Letter to You arrives with his nation once again in peril. But social commentary is kept to a minimum. There's a reference to the 45th president of the US as "the criminal clown who stole the throne" on "House of a Thousand Guitars", while "Rainmaker" is a muscular fable about a conman tricking a desperate rural community. Otherwise, however, Donald Trump — whose use of "Born in the USA" during his 2016 campaign rallies was condemned by Springsteen, causing Trump to riposte, "I don't need little Bruce Springsteen" — is ignored in *Letter to You*.

Its prevailing mood is reflective, picking up where the memoir and one-man show left off. Yet this contemplativeness is given the charged E Street treatment, a stirring musical engine with big drums, muscle-car riffs, fishtailing swirls from the organ and emphatic piano chords. Springsteen roars his vocals with magnificent power, maximally dramatic rather than melodramatic. How he has reached the age of 71

without permanently blowing a vocal gasket is one of the great mysteries of laryngology.

Formed in 1972, the E Street Band cut their teeth in the New Jersey coastal resort Asbury Park, at the time a thriving centre for rock bands and musicians. Bassist Gary Tallent is the only original member remaining. After a flirtation with a looser, jam-band style of playing under the auspices of soon-to-depart keyboardist David Sancious — whose family address in the New Jersey town Belmar was the source of the band's name — the E Street Band had settled into a honed rock and roll unit by the time of Springsteen's breakthrough, 1975's *Born to Run*.

Letter to You opens with "One Minute

You're Here", an elegy commemorating a fallen comrade. "I'm so alone," Springsteen sings. The sentiments echo *Born to Run*'s "Tenth Avenue Freeze-Out", a romanticised account of the formation of the E Street Band. "I'm on my own," Springsteen sang on that occasion — but he wasn't really on his own in the song: sax player Clarence Clemons shadowed him on backing vocals. The "Big Man", as he was dubbed in the song, died in 2011.

"Last Man Standing" contains another lyrical echo of an old song. It looks back at a young rock band led by a singer in "a snakeskin vest and a sharkskin suit" taking a crowd "on a mystery ride". It leads back, obliquely, to "The E Street Shuffle", from Springsteen's sec-

city of their marathon concert shows.

"With Bruce, you wind up treating those four hours on stage as if someone said, 'You've got four hours left on Earth. What are you going to do with them?'" guitarist Nils Lofgren said in 1999. With *Letter to You*, he and the E Street Band bring their seize-the-moment mentality to the act of memorialising the past. Within that fusion lies another: the two sides of Springsteen's performing self, the solo act and the bandleader, have been repaired. ★★★★★

'Letter to You' is released by Columbia Records on October 23. An accompanying documentary of the same name is released the same day on Apple TV+



Danny and Dani dish out advice

PODCASTS

Fiona Sturges



Why did we want to do a podcast? the actor Danny Dyer asks his 21-year-old daughter, the reality TV star Dani Dyer, at the beginning of *Sorted with the Dyers*. "We like spending time together, don't we?" Dani replies. "We do," her dad agrees, "and let's have it right — we are earning a crust."

Nowadays, there are big bucks to be earned as a podcaster, but only if you're a celebrity and have millions of followers on Instagram. Be snooty if you like, but these are the people who routinely top the podcast charts. For reality TV stars in particular, audio is the ideal medium at a time when the usual TV revenue streams have been nixed by the pandemic.

The Only Way Is Essex's Gemma Collins, *Made in Chelsea*'s Spencer Matthews and Jamie Laing, *Queer Eye*'s Jonathan Van Ness, and *Drag Race*'s RuPaul are already old podcasting hands. News arrived over the summer that Kim Kardashian is to host her own criminal justice series. Now the Dyers have joined the party with this Spotify offering during which they do little more than pop to their garden annex, read out some emails and chat about family life.

In fairness, there's a bit more to it than that. *Sorted with the Dyers* is, ostensibly, about solving listeners' problems. Dyer Senior, best known for his role on *EastEnders* and his ribald remarks on everything from ex-prime ministers to the 9/11 terrorists, is a strong choice for the role of agony uncle. Meanwhile Dani plays the soft-hearted foil, expressing love and sympathy for their correspondents, however daft their problems. In the first episode, a woman wonders how she can stop her partner from eating nachos in bed, prompting Danny to recall the time that he consumed an entire roast chicken in bed and lost a drumstick in the sheets.

Meanwhile, a man reveals his feelings of anxiety as he struggles to find work and provide for his family. "Anxiety is just conspiracy theories that we're making up in our brain that haven't happened," says Danny; "We all go through

bad times in life. You can't always have it all," adds Dani. You wouldn't rely on the Dyers if your life was genuinely falling apart, but they are warm and funny and you could do worse than spend 20 minutes in their company.

The Gemma Collins Podcast, a chart-busting series from the BBC, has returned for a fourth season, and, as ever, is a curious mixture of the banal and brilliant. Previous discussions have included what pigeons might be thinking and what animal Collins was in a past life.

In the new series, she advises a listener whose mother has started dating her ex-boyfriend. "Block, delete both of them and never speak to them again," Collins yelps at ear-splitting volume. "Hun, it's said and done. I'm sorry [but] there's no conversation to be had... Don't waste any more time with them two rats."



Danny Dyer and his daughter Dani, TV stars turned podcasters



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FT SERIES. CORONAVIRUS: COULD THE WORLD HAVE BEEN SPARED?

What went wrong in Wuhan?

The first days and weeks of the pandemic were crucial – so why was no action taken? Through a six-month investigation in the city, the FT has uncovered the answers.

By Tom Mitchell, Sun Yu, Xinning Liu and Michael Peel



This is the first part of a major FT series, "Coronavirus: could the world have been spared?", investigating the global response to the crisis and whether the disaster could have been averted.

The Financial Times has spoken to dozens of medical professionals, government officials and ordinary citizens in Wuhan to find out what really happened in the first weeks of the outbreak. During the investigation, some of the people approached were threatened by police, who said that the FT had come to the city with "malicious intent". Police harassment of virus victims, their relatives and anyone hoping to speak to them is continuing, raising doubts about whether Xi Jinping's administration is really willing to facilitate the impartial investigation into the pandemic that it has promised the world.

EARLY WARNINGS

The virus arrives

It was in late December, while scrolling through his Twitter feed, that Gao Fei first noticed chatter about a possible virus outbreak in Wuhan.

Mr Gao, who had grown up near Wuhan, regularly used virtual private network software to hop over the "Great Firewall", as China's internet censorship regime is more popularly known, to access banned sites such as Twitter. While government officials and state media were saying very little about the virus, he was determined to learn more.

As doubts about the true size of the outbreak grew in January, Mr Gao, 33, decided to rush home from southern Guangdong province where he was working as a welder. He arrived in his

home village, about 120km from Wuhan, on January 21, just a day after the Chinese government finally broke its silence about the epidemic and confirmed the virus was spreading human-to-human.

The Chinese government had formally notified the World Health Organization on January 3 that a "severe pneumonia of unknown etiology" – science speak for a mysterious new respiratory disease – had been discovered in Wuhan, capital of Hubei province with a population of 11m. But for the first three weeks of January, Chinese officials said there were only a few dozen confirmed cases and downplayed the risk of human transmission.

Aghast to find life in his village unchanged, Mr Gao confronted local officials. "They told me they hadn't received any orders from higher level [officials], so there was nothing they could do," he told the Financial Times. "People in my village were still visiting relatives and gathering as normal."

On January 23, the same day that Wuhan was subjected to a strict quarantine, he ventured one rung higher up China's administrative hierarchy, visiting the county government. The message there was the same: "They told me they needed to wait for orders from higher level municipal officials" in Huanggang, the city that encompasses Mr Gao's village.

"It was shocking," said Mr Gao. "By the time the situation in Wuhan was totally out of control, other cities just one hour's drive away were totally unprepared . . . A lot of things could have been avoided if people had only been told the truth about the virus."

Above: doctors in Wuhan grew confused about what information they were supposed to report to which authorities in early January
FT montage/AFP/Getty
Science Photo Library

BLAME GAME

China and the WHO united

The sloth and complacency Mr Gao encountered in his home village is central to the ongoing blame game over the coronavirus pandemic, which has now infected 39m people globally, killed more than 1m and devastated economies on a scale not seen since the Great Depression of the 1930s.

On January 14, a day after coronavirus was confirmed to have spread beyond China, from Wuhan to Bangkok, the country's top health officials convened a confidential meeting in Beijing at which they fretted about a "high" risk of human-to-human transmission. The sudden appearance of Wuhan-linked cases in Bangkok and, a few days later, Tokyo suggested that Wuhan's official case count, which stayed at only a few dozen in mid-January, was nonsense.

In reaction to the news from Bangkok and Tokyo, Imperial College London released a study estimating that for the virus to be spreading beyond Chinese

'By the time the situation in Wuhan was totally out of control, other cities an hour's drive away were totally unprepared'

borders, there had to be about 4,000 symptomatic people in Wuhan. Yet during this critical week a large annual legislative meeting went ahead and a now infamous pre-Chinese new year dinner, attended by 40,000 families, was held in the city on January 18.

Beijing and the WHO also downplayed growing concerns about whether the disease could be transmitted readily between humans. Speaking at a press conference in Geneva on January 14, Maria Van Kerkhove, acting head of the WHO's emerging diseases unit, was quoted by Reuters as saying there had been "limited human-to-human transmission" in Wuhan.

The WHO scrambled to clarify Dr Van Kerkhove's reported comments, saying she had only mentioned that human transmission was "possible" and "may" be occurring. "There was a misunderstanding at the press briefing," the WHO told the FT that day. "Preliminary investigations conducted by the authorities have found no clear evidence of human-to-human transmission." Another six days would pass before Zhong Nanshan, a Chinese epidemiologist and a government adviser, finally confirmed to state media on January 20 that the virus could in fact spread between people.

This was the start of what would become a regular pattern during the initial stages of the pandemic. Externally at least, President Xi Jinping's administration sought to downplay the potential threat of the virus and initially lobbied against "excessive actions", such as the early declaration of a global health emergency and travel bans aimed at Chinese nationals.

Officially, it remains WHO policy not to support travel bans during pandemics – as the Chinese government urged in late January when its citizens were



the primary targets of such bans. However by late March, when the virus was coming under control in China but spreading unchecked across Europe and the US, Beijing changed its mind about the wisdom of travel bans as it barred almost all foreign arrivals.

In a meeting with Mr Xi on January 28 in Beijing, Tedros Adhanom Ghebreyesus, WHO director-general, praised "the seriousness with which China is taking this outbreak, especially the commitment from top leadership and the transparency they have demonstrated, including sharing data and genetic sequence of the virus . . . WHO will keep working side-by-side with China and all other countries to protect health and keep people safe".

Ross Upshur, a public health expert at the University of Toronto and a WHO consultant, said China has always had a lot of political sway at the WHO, and this has increased since US president Donald Trump announced in April that he would withhold funding for the organisation. "It's like David and Goliath, you've got big China and you've got Tedros . . . there's an asymmetry of power there."

China's critics who blame Mr Xi and the ruling Chinese Communist party for the ongoing catastrophe – including Mr Trump – contend that at the very least, his administration missed opportunities in late December and early January to slow the spread of the virus within China and around the world.

Many argue this failure was a direct result of the ever more authoritarian tendencies and increasing opacity of China's unique "party state" governance model.

"The coronavirus has alerted [everyone] that China has become a threat to people's livelihoods, and even their lives, around the world," said Jimmy Lai, the Hong Kong pro-democracy print

mogul and one of the party's harshest critics. "Without freedom, the people of China are deprived of information and facts [they need] to take care of themselves."

The Chinese government has defended its decision not to acknowledge publicly the seriousness of the outbreak, and the risk of human-to-human transmission, until January 20, arguing it was grappling with an incredibly complex situation in unclear circumstances. Dale Fisher, an infectious diseases specialist at Singapore's National Univer-

'You've got big China and you've got [WHO chief] Tedros Adhanom Ghebreyesus . . . there's an asymmetry of power'

sity Hospital, is sympathetic to this argument. "You've got to remember this was a novel virus and chaos is really normal, especially at the beginning of an outbreak," said Dr Fisher, who has experience working in west African Ebola hotspots and was a member of a WHO delegation that visited China in mid-February. "You don't want to push [the panic] button until you've got reasonable confidence [in your diagnosis]."

BATTLE STATIONS

A mounting catastrophe

As Wang Linfa toured Wuhan in mid-January, he had no inkling that he was witnessing the beginning of a global catastrophe. Prof Wang is one of the world's leading authorities on bat-borne diseases, but his presence in Wuhan was a coincidence. A Shanghai native living in Singapore, where he is director of the emerging infectious diseases programme at Duke-NUS Medical School, Prof Wang travelled regularly to China to meet colleagues. His trip had been scheduled since early December.

Many of the initial cases in Wuhan had already been linked to a live wet market, a fact that triggered memories of the SARS epidemic that emerged in the winter of 2002-03. SARS emanated from southern Guangdong province and Hong Kong, infecting more than 8,000 people and killing 774. The scientific consensus is that SARS originated in bats before transmitting to humans via an "intermediate host", most likely a civet cat sold for food in a market.

"The news of the market was certainly a déjà vu moment," said Prof Wang. "I was thinking to myself, 'Oh my God' it's winter, just before Chinese new year, and the market . . . I really thought it must be similar to SARS."

Prof Wang's experience working with Chinese medical institutions seemed reassuring as he toured Wuhan on January 15, 16 and 17. "Conditions [in China] are much, much better than 17 years ago," he said. "Chinese doctors and scientists are first-class. So I thought that even if this is like SARS, the impact will be smaller than SARS."

Arriving in Wuhan by high-speed rail on January 14, Prof Wang noticed very few people wearing masks. There were also no temperature checks, both signs

Grieving relatives Anger over human cost of cover-up

"The government cover-up cost my son his life," said Zhong Hanneng, whose 39-year-old son, Peng Yi, died from Covid-19. "The government kept saying there was no human-to-human transmission and we believed them. We had a large family dinner on January 20 with 20 people."

After Peng, a Wuhan primary school teacher with a young daughter, developed a fever, a CT scan of his lungs suggested he had contracted the virus. But the first hospital in the city where he sought treatment did not have enough test kits to confirm his condition and refused to admit him.

"Over the next two weeks we visited numerous hospitals," said Ms Zhong. "They were all full." When the family finally found one on Wuhan's outskirts, no ambulance was available. Peng was transferred in the back of a small truck at about 1.30am on February 7. The bumpy 90-minute ride would be his last. He died in hospital 12 days later. "Before the virus my son had just paid off his mortgage and life couldn't have been happier," said Ms Zhong. "Now every day is a misery."



Zhang Hai, a Wuhan native now living in the southern city of Shenzhen, also blames the government for a loved one's death. In January he arranged for his father, Zhang Lifa, to return to Wuhan for leg surgery. While in hospital his father contracted the virus and died a week later.

"The government knew how bad the virus was at an early stage but didn't give a public warning and chose to cover up the truth. That has cost so many lives," said Mr Zhang. He is now trying to sue the Wuhan government for Rmb2m (\$294,000) in compensation, but China's party-controlled courts will not take his lawsuit. Such citizen suits alleging local government negligence after disasters are not uncommon in China, although they rarely succeed.

Zhong Hanneng with her son Peng Yi and his daughter in 2019
Zhong Hanneng





that would have suggested local and central government authorities were on high-alert. When he was entertained by his Chinese hosts as on many previous trips, “every meal we went to a public restaurant, [all] very crowded with people”. Only in the early morning hours of January 18 did he begin to fear the situation in Wuhan might be far more serious than he had realised.

As Prof Wang prepared to board his flight back to Singapore, he saw the authorities at battle stations. “They were doing very stringent temperature screening” before boarding, he said. “There were lots of cameras and security people and medical staff wearing full PPE. [If you had a] fever you were banned from travelling out of Wuhan.”

For the first time he felt afraid and

I was able to see the extent of Beijing’s response. Unbelievable lockdowns. So it did spread across China, but they just shut it down!

moderated his behaviour: “I thought, it’s like a war zone, now it’s really serious.” He avoided contact with other passengers as best he could. The precautions he took may well have prevented him from contracting the virus. A woman on the same flight would later be confirmed as one of Singapore’s first coronavirus patients.

Prof Wang calls China’s political system a “double-edged sword” that inhibited the country’s initial reaction to the outbreak, but helped it to enforce effective containment measures. “It is not very effective in the early part of any outbreak because you’re not allowed to talk until the government said ‘OK, I’m convinced you’re right, you can talk,’” he said. “If China’s system becomes more democratic, it would help [with trans-

parency] but it may make [containment] less effective.”

So far Chinese health officials have traced the first confirmed coronavirus case back to December 1, but the hunt for the pandemic’s true “patient zero” is likely to be futile. While the majority of people who contract the virus exhibit either mild symptoms or none at all, they can still spread it to others. In medical parlance, Covid-19 is caused by an “early shedding” coronavirus that spreads rapidly through communities because most people are not aware that they are infectious. Sars was a “late shedding” coronavirus – patients generally became infectious after they had been hospitalised, making it much easier to contain. “Hospital control we can easily implement to shut down things,” said Dr Fisher. “Community infection control is much more challenging.”

Finding the original coronavirus patient – the person who ate the bat-bitten cat, pangolin or other as yet undetermined intermediate host – is as difficult as finding the first person to contract a seasonal flu. “Patient Zero could be someone who spread to another 30 patients but never knew he was infected,” said Prof Wang.

CONFUSION AND DENIAL

Inside Wuhan hospital

Three weeks before Mr Xi’s administration publicly acknowledged that a deadly new respiratory disease was spreading through one of China’s largest cities, doctors at Wuhan Central Hospital realised they had a problem.

On December 29 at 2pm, Yin Wei, a doctor in the public health department received a call from a colleague reporting that four patients were displaying symptoms of viral pneumonia. All four patients, Dr Yin’s colleague added, had come from a local seafood market.

According to an internal report prepared by Dr Yin and seen by the FT, he

Above: workers in protective gear disinfect a visitor to a medical factory in Wuhan in April. Above right: Wuhan’s seafood market on lockdown. Right: Wang Linfa, Duke-NUS Medical School’s emerging infectious diseases programme director, says China’s political system inhibited the country’s initial reaction to the outbreak, but then helped it to enforce effective containment

Roman Pilipov/EPA-EFE; Hector Retamal/AFP/Getty; One Huaying

immediately notified the responsible official in the local district government, Wang Wenyong. Mr Wang was not surprised by Dr Yin’s call. “Wang replied that he had received similar reports from other hospitals and the Wuhan Centre for Disease Control and Prevention couldn’t determine the cause of the disease after conducting multiple tests,” Dr Yin wrote. “Wang added that he would reply to me after reporting our hospital’s situation to his supervisor.”

At 4pm, three more cases of viral pneumonia were discovered at Wuhan Central Hospital. At 8pm, district CDC officials came to the hospital to collect patient samples, after which they told Dr Yin and his colleagues to wait.

Two days later, on December 31, they were still waiting. So Dr Yin called one of Mr Wang’s bosses at the district CDC to inquire about the test results. “I was told to wait for further notice,” Dr Yin wrote.

On January 3, Dr Yin tried again, asking Mr Wang if Wuhan Central should at least fill out an infectious disease report card (IDRC), an online reporting system for local and national health authorities. Again, he was rebuffed. “Wang replied that we should wait for further notice from higher authorities before reporting a special infectious disease like this,” Dr Yin recalled in his report.

It was not until January 4, seven days after Dr Yin and his colleagues tried to alert city officials, that they were finally allowed to fill out IDRCs for all suspected cases of unknown viral pneumonia.

Mr Wang, the official repeatedly mentioned by Dr Yin, said that “Wuhan Central Hospital was looking to shift blame to me in the report.”

“I didn’t do anything wrong,” he told the FT, adding that everyone was following orders. “[Yes] we were cautious in reporting cases early on. But that was a collective decision, not my own.”

Wuhan Central referred the FT’s requests for interviews with its administrators and doctors to the municipal government, which did not reply.

As medical staff at Wuhan Central tried to figure out what they were and were not allowed to report higher up the chain, central government officials from Beijing were already at ground zero in Wuhan. A delegation from the Chinese Center for Disease Control and Prevention first arrived on December 31, according to a Chinese government chronology of its virus control efforts.

One academic who advises central government health officials said they even discussed in the first few days of the new year whether daily public briefings should be held. But Beijing officials did not do so until January 22, in part because of the chaotic situation in Wuhan. “The information [from Wuhan] was not clear,” said the adviser, who asks not to be identified. “There were lots of rumours and local officials’ attitude was say little or, if possible, say nothing. It was a mess.”

The WHO said it asked Chinese government officials about the Wuhan outbreak on January 1 and received Beijing’s reply two days later. Communist party officials have also acknowledged that Mr Xi gave orders concerning the situation in Wuhan at a January 7 meeting of the Communist party’s most senior body, the seven-man Politburo Standing Committee. According to a leading party journal, the president

instructed officials to find the origin of the virus and “confirm the transmission mechanism as soon as possible”.

Another person who advises the State Council on public health matters said the problem ran deeper than the fog-of-war conditions on the ground in Wuhan. “The Chinese government, especially at local levels, lacks the ability to effectively communicate with the public in crisis situations,” he told the FT, also on condition of anonymity. “The main job of publicity departments is to keep the Communist party in power, not to promote transparency. The pandemic exposed the system’s weaknesses.”

The confusion among doctors at Wuhan Central about what information they were supposed to report to which authorities grew steadily over the first two weeks of January. They were variously advised by municipal and provincial health officials to “exercise caution” and “be cautious” before reporting any new cases, according to Dr Yin’s report.

Most of Asia really did a lot of work in January and February for the day that was coming when they were going to get smashed!

On January 13, contradictory instructions from Wuhan’s health department and the municipal CDC finally caused Dr Yin’s temper to boil over. “Dear Director Wang,” he wrote. “We have a situation about reporting suspected cases. The health department said we should ask the CDC to collect samples and conduct investigations, but the CDC said they need to wait for instructions from the health department. This has prevented a suspected patient from being tested and investigated. We have no idea what has gone wrong. Can you help us figure out the problem?”

Within days, however, the patients falling through the cracks in the reporting system were the least of Wuhan Central’s problems. The hospital’s own staff were beginning to fall sick, with at least 56 hospitalised by January 24. An outbreak among hospital staff is a tragic but tell-tale sign that a disease is transmissible between humans.

Among the Wuhan Central doctors who lay dying in their own wards was Li Wenliang, a 33-year-old ophthalmologist and one of several medical staff reprimanded by police on January 3 for allegedly “spreading rumours” about the then mystery virus, although all they had done was discuss it in a private chat group.

Li’s death in early February would provoke a firestorm of public anger, although one directed largely at local officials rather than Beijing.

NEED FOR CONTAINMENT

Other countries respond

With confusion rife across China through most of January, one of the biggest mysteries about the initial stages of the pandemic is why Wuhan-sized clusters did not emerge all over the country. According to Chinese flight data cited by state media, between December 30 and January 22 more than 465,000 people flew from Wuhan to 10 popular domes-

tic destinations, from Beijing in the north to the southern resort city of Sanya. At the same time, far smaller flows of people from Wuhan to international destinations seeded the global cataclysm that is still unfolding.

The answer lies in the vastly different responses by governments in China and the Asia Pacific region, Europe and the US. Real Chinese infection numbers were significantly higher than officially reported, but not recorded because almost the entire population was forced into strict lockdowns from late January through mid-February.

“Every province in China got infected within a month [of the Wuhan outbreak] and [their official case counts] generally settled into triple figures because their lockdowns were harsh,” said Dr Fisher. “Diagnoses weren’t made because everyone was staying at home. People with mild cases probably spread it to a couple of people in their family who also had mild cases and the virus just burnt itself out. Within three to four weeks they were able to unlock things.”

“I was in China [in mid-February] and was able to see the extent of the response,” he adds. “Unbelievable lockdowns with trains not moving, aeroplanes all with covers on their engines, and absolutely clear blue skies in [often polluted] Beijing. So it did spread across China, but they just shut it down.”

Meanwhile other countries and territories in East Asia – most notably South Korea, Taiwan, Hong Kong and Singapore – used a more flexible mix of visitor bans, contact tracing and lockdowns milder than China’s to contain community spread of the virus effectively.

But for those countries that were quick to issue travel bans while doing little else, such as the US, it was too late.

Dr Fisher was speaking to the FT by phone from Singapore on the morning of August 28. As he did so, he was also watching a live TV feed of the final night of the US Republican National Convention. While responding to questions, he occasionally interjected his amazement at the scene. “There’s Donald Trump’s daughter addressing everyone and she’s not wearing a mask!” he exclaimed at one point. “Nor is anyone else. They haven’t even distanced the seats!”

Dr Fisher’s view is that “another couple of weeks” of advance notice about the pandemic would not have helped many countries. Despite it being confirmed that the virus could be transmitted from person to person on January 20, he said “it’s not like [everyone] jumped up and sprang into action”.

“Most of Asia really respected this, had systems ready to go, and did a lot of work in January and February for the day that was coming when they were going to get smashed,” said Dr Fisher. “Unfortunately, most of the rest of the world needed to get smashed to have that realisation. As we said in our February [WHO China delegation] report, this virus can have devastating health, social and economic effects but the world is not ready, in capacity or in mindset, to deal with it.”

Prof Wang added that for all of the Chinese system’s shortcomings in the earliest days and weeks of the outbreak, the rest of the world should have been on high alert. As soon as human-to-human transmission was confirmed and Wuhan went into quarantine a few days later, countries could have prepared for its arrival as effectively as Taiwan and South Korea did, among others.

Most did not. In particular the Trump administration’s response will go down as one of the worst national security failures in the history of the US republic, with the virus breaching even the White House and infecting the president himself. As Prof Wang said: “For other countries not to have taken [the virus] seriously, there’s just no excuse.”

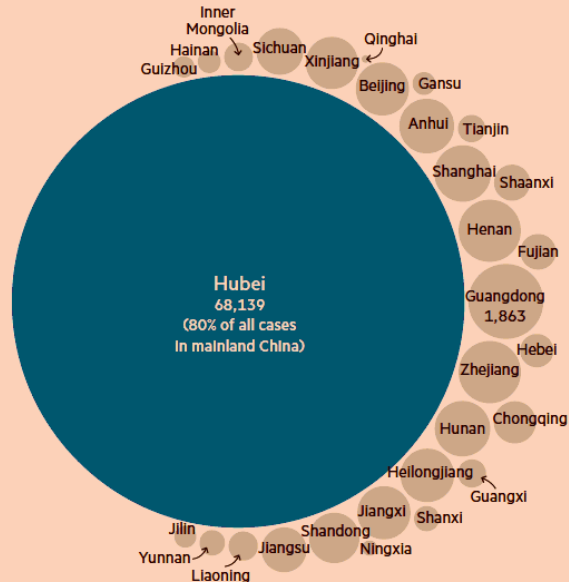
Additional reporting by Qianer Liu and Anna Gross



FT Series
Our investigation examines what went wrong – and right – as Covid-19 spread.
Next: The global crisis – In data
ft.com/coronavirus

Hubei was the centre of China’s outbreak

Cumulative confirmed coronavirus cases, by province, as at October 13 2020



Source: Chinese regional health commissions; DXY.cn via Statista

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FINANCIAL TIMES

'Without fear and without favour'

MONDAY 19 OCTOBER 2020

Transparency offers way out of Zambia debt crisis

The African state and its Chinese lenders must come clean

Zambia, Africa's second-biggest copper producer, came to the eurobond debt markets in 2012 with great fanfare. Its maiden issue, a \$750m 10-year bond, carried a modest coupon of 5.6 per cent. That seemed to herald a new era for African borrowers. After receiving debt relief under the Highly Indebted Poor Country initiative, a string of governments were able to tap the international debt markets and subject themselves to market discipline.

Zambia's ultimatum to bondholders last week that it would default unless it gets a six-month moratorium casts a shadow over that generally positive development. Like Zambia, some African governments, though not all, have used their newfound access to debt markets to borrow excessively. Nor have they always spent their money wisely. Too much has been about acquiring the funds to get re-elected rather than to pay for the hard and soft infrastructure required for sustained development.

Then there is Chinese debt. Zambia is not the only country to have ramped up borrowing from China. As in Kenya and elsewhere, some of the money has gone on what look like overpriced projects with plenty of padding to allow middlemen a cut. The terms of Chinese loans are opaque and often tied to specific projects. Eurobond holders are reluctant to bail Zambia out. Not without reason they suspect Lusaka will use the money to pay back China. When probed, the Zambian government has talked about drawing down \$700m from unnamed creditors – presumably Chinese – for unnamed, supposedly indispensable, projects.

One answer to this conundrum is more transparency. Chinese banks, whether state-run or quasi-commercial, should be more open about what they are lending and on what terms. Zambia's government too needs to

come clean about its borrowings and finances. The suspicion is that President Edgar Lungu's Patriotic Front party is building a war chest for next year's re-election campaign.

Zambia can help allay these fears by agreeing a long-talked-about IMF package. That would bring external scrutiny and comfort to lenders that it is serious about putting its finances in order. Nor need this compromise Zambia's efforts against Covid which has so far claimed a relatively few 350 deaths. The IMF has been clear it will not force countries to axe health programmes in the interests of fiscal rectitude.

Kristalina Georgieva, managing director of the IMF, has called for a new international debt architecture. To be truly effective, any such arrangement needs to include China, which too often opts out of collective action to pursue individual negotiations. New architecture looks impossible while the US and China are at loggerheads. Under Donald Trump, Washington has insisted on painting China as a predatory lender intent on hooking borrowers on unsustainable debts and then grabbing assets into the bargain. Outside Sri Lanka, where China now has a 99-year lease on the Hambantota port, there is little concrete evidence of a sinister Chinese plot. China can allay such fears by being more open about its lending, but the US needs to accept that Chinese loans and Chinese construction projects are a new fact of life in Africa.

Finally, Zambia's difficulties should not be used to tar all African borrowers with the same brush. Many governments have borrowed responsibly and, at least until Covid, had built up a good track record of repayment. Eurobond markets do have the virtue of being open to scrutiny. And as the Zambian debt saga shows, transparency is sometimes the rarest commodity of all.

Time is running short to resolve the Brexit drama

A path to a UK-EU trade deal exists, but theatrics risk a breakdown

Theatrics and brinkmanship have become a wearisome regular part of Brexit. Downing Street's declaration on Friday that talks on a future trade accord were "over" appears a reprise of Boris Johnson's tactics in exit talks a year ago: threaten no deal, use that as political cover to make concessions, then sell the final agreement as a triumph for toughness. The prime minister's claim that the UK is ready to go it alone when the transition period ends in December is surely a bluff. Brussels knows that. The danger is that miscalculations blow up the talks despite desire for a deal. That would be worse for the UK – but, on top of a resurgent pandemic, it would damage the EU too.

Both parties share blame for the current impasse. Mr Johnson had raised the stakes by threatening to "move on" if there was no agreement by last Thursday's EU summit. When, despite recent progress, a deal remained elusive, EU leaders called his bluff. But they fumbled the diplomatic footwork. The summit's concluding statement implied all concessions must come from the UK. A pledge to intensify talks was removed – apparently to avoid the EU and its lead negotiator, Michel Barnier, appearing to be dancing too much to Mr Johnson's tune.

The UK premier has not made things easier by adopting a disingenuous narrative: that the EU is unwilling to grant Britain the "Canada-style" trade deal it seeks, and an "Australia-style" arrangement is acceptable. In reality, the UK wants an accord that goes beyond the Canadian model in key areas. Britain's much closer proximity and higher trade volumes with the EU mean Brussels must take steps to ensure it does not become an unfair off-shore competitor. The Australian model is in essence a euphemism for no deal. Unhappy with its current terms, Canberra is even now trying to negoti-

ate an EU free trade agreement. A year ago, Mr Johnson may have calculated that risking an EU exit without a withdrawal agreement – with all the economic damage that would cause – was politically tenable given his pledge to "get Brexit done". Today, coronavirus threatens hundreds of thousands of jobs. Despite the prime minister's narrative, even many Brexit supporters will fail to understand why a trade deal the government once claimed would be the easiest in history could not be done.

Mr Johnson struggles to explain why the arcana of state aid rules or the need to safeguard fisheries – 0.1 per cent of the economy – are sufficient to trigger a rift that would slap hefty EU tariffs on businesses from carmakers to livestock farmers. Tellingly, both pro-Brexit chancellor Rishi Sunak and cabinet office minister Michael Gove are privately pressing him to come to terms.

Failure would be even more of a travesty since the bulk of an accord has already been agreed. A path to resolving remaining sticking points is emerging. After giving some ground on state aid – notably on the idea of an independent regulator – there is scope for the UK to move further and propose an adjudication mechanism for settling disputes. It could also provide cover for the EU to temper demands to preserve the status quo on access to British fishing waters. EU capitals will need to allow Mr Johnson some scope for face-saving. Even France's tough-talking Emmanuel Macron on Friday hinted at room for compromise on fisheries.

The need to persuade voters they are acting in their best interests means both the UK and EU have reason to hang tough in the talks. With a pandemic raging, however, time is running short for melodrama. The penultimate chapter of the Brexit saga has ended in suspense. Now both sides need to find a resolution in the final act.

Letters

As the Anglican primates of the four nations of the United Kingdom and Ireland, we wish to highlight the grave responsibility of peers in the House of Lords today as they debate the UK internal market bill (Report, October 15).

We are taking the rare step of writing together because the decisions implemented in this bill will profoundly affect the future of our countries and the relationships between them.

The bill represents a profound shift in how trading relationships within the UK will be regulated and governed. This will not be a return to a trade regime that existed before UK joined the EU; it will be an entirely novel system, replacing one that evolved

slowly and by careful negotiation over decades.

The Scottish Parliament and Welsh Senedd have made clear that the bill's weakening of both the principles and the effect of devolved policymaking is of constitutional significance. Moreover, if the bill is made law without consent from devolved legislatures (as will happen if it is not amended to address their concerns), this will further undermine trust and goodwill among those who govern the different parts of the UK.

The bill is, of course, not just concerned with domestic law. It currently asks the country's highest lawmaking body to equip a government minister to break international law. This has enormous

moral, as well as political and legal, consequences.

We believe this would create a disastrous precedent. It is particularly disturbing for all of us who feel a sense of duty and responsibility to the Good Friday (Belfast) Agreement – that international treaty on which peace and stability within and between the UK and Ireland depends.

The UK negotiated the Northern Ireland Protocol with the EU to "protect the 1998 Agreement in all its dimensions".

One year on, in this bill, the UK government is not only preparing to break the protocol, but also to breach a fundamental tenet of the agreement: namely by limiting the incorporation of the European Convention on Human

Rights in Northern Ireland law.

If carefully negotiated terms are not honoured and laws can be "legally" broken, on what foundations does our democracy stand?

We urge lawmakers to consider this bill in the light of values and principles we would wish to characterise relationships across these islands long after the transition period.

The Most Reverend John McDowell
Archbishop of Armagh
The Most Reverend Justin Welby
Archbishop of Canterbury
The Most Reverend Mark Strang
Primate of the Scottish Episcopal Church
The Most Reverend John Davies
Archbishop of Wales
The Most Reverend Stephen Cottrell
Archbishop of York

Saudi ban on Turkish textiles hits supply chains

Your article about Saudi Arabia's ban on Turkish textiles (Report, October 12) misses a critical point. It's correct that Saudi Arabia placed Turkey's textile producers in its crosshairs because of our government's vigour in seeking justice for the horrific murder of Jamal Khashoggi, but it's not Turkish industry alone who will pay the price. If this endures and harms Turkey's manufacturers, the European and American effort toward a diversified, resilient supply chain for the new era will be hindered too. Turkey is one of the largest textile suppliers in the world and has long been considered a prime alternative to China in this sector. It has the raw materials, competitive costs, reputation, and the delivery time to Europe and North America is a fraction of shipments coming from south-east and east Asia. As Covid-19 demonstrated the risks of overreliance on Chinese manufacturing, companies and entire economies started moving with urgency to find substitutes, including for textiles. This shift is crucial for corporate predictability, economic resilience and geopolitical strategy.

Saudi Arabia's belligerence toward Turkey should not be allowed to damage an industry that is fundamental to dismantling global overreliance on China. Corporations should respond accordingly.

Merih Kepez

Deputy Secretary-General, Foreign Economic Relations Board of Turkey, Istanbul, Turkey

Beijing stands to gain from another Trump term

Your article (October 15) which describes why China would prefer neither Donald Trump nor Joe Biden to be elected, I counter with the belief that they absolutely want a Trump victory simply because the US has vacated the South Pacific, politically and economically, allowing China to establish dominance. Mr Trump's first action was to cancel the Trans-Pacific Partnership which would have put the US in a stronger trade position in the region. Isolationist policies are expected to continue under another Trump term, allowing China to take the South Pacific and possibly Taiwan, which is completely unacceptable.

Matthew D Davis
Los Angeles, CA, US

China's crackdown on the Uighurs

Book review
by Christian Shepherd



The War on the Uighurs: China's campaign against Xinjiang's Muslims
by Sean Roberts,
Manchester University Press,
£20



Who wouldn't want their creativity enhanced by artificial intelligence?

Brave entrepreneurship needs development capital

Miles Johnson ("Brussels must think bigger to develop tech sector champions", October 15) points out that Europe's policymakers threaten to scale back the market power of giant tech companies made in the US, while actively dreaming of making our own giants of European nationality.

He proposes a number of reasons why Europe has been relatively unsuccessful in the competition but doesn't mention the, perhaps, single outstanding one, the availability of capital for marketing in the US. Start-ups with new tech ideas can emerge from garages in America and find early venture capitalists willing to take risks in financing the costs of proving the new technologies in the marketplace (and even of building a very strong market position against further entrants). Once they have the market more or less tied down, the techies can go back and further develop the technologies.

This brave entrepreneurship of the VCs is underpinned, almost routinely, by soft loans to the new project from the US Small Business Administration, contributing a multiple of the initial risk capital. The new tech project therefore has all the funds needed to demonstrate the viability of its technology and the venture capitalist has the comfort of substantial leverage of his investment.

The EU, by contrast, invests billions of taxpayers' funds into the development of technology, with little or nothing for market testing and

development. The Irish government, for example, has a "disruptive technology development" fund of €500m, to subsidise new technology creation by small companies, jointly with larger companies and (100 per cent funded) academics, but no subsidies for pre- or early-revenue stage market development.

It's not surprising that European start-ups, such as the Dutch company Booking Holdings, which Mr Johnson discusses; the Irish start-up, payment systems company Stripe Ltd; and many others from Britain and the continent have flown to the US, changed their nationality to become American incorporated, to avail of the much more realistic approach to the funding of new ideas evident in the venture capital system in Silicon Valley and across that nation.

Brian O'Doherty
Chief Executive, Netss.com,
Greencastle, County Donegal, Ireland

Tech transforms work – but people change society

It is a stirring glimpse into our future work life offered by Marcus Weldon (Opinion, October 15). Who wouldn't want an exoskeleton? Or creativity enhanced by artificial intelligence? Is that an oxymoron?

But his suggestion that advanced technologies will enable us to build more resilient businesses is misplaced. It is not a resilient economy that we desperately need, as much as resilient societies. The pandemic has demonstrated the harm done by an economy at odds with large segments of the population. Instead of investments in digital infrastructure, most of the world needs investments in foundational infrastructure, like clean water and sanitation, sewage and wastewater treatment, electrification, and safe, affordable housing. No amount of automation will automatically remove the drudgery of work life experienced by the majority.

In economically advanced but highly polarised societies like the US and UK it is a renewed social contract, community solidarity and a sense of collective welfare that will enable resilience, not merely bigger bandwidth and smarter machines. Technology will undoubtedly transform work, but it is up to us humans to transform society.

Eric Stryson
Managing Director, Global Institute For Tomorrow, Talkoo Shing, Hong Kong

Taiwan provides practical model for US healthcare

Why doesn't Oren Cass speak up and say what working people really need in the US – affordable healthcare? It is achievable (Opinion, October 14).

The US needs to start thinking big. We spend too much time figuring out how to provide quality medical care for the likes of Donald Trump and Dick Cheney while neglecting the overall healthcare needs of American people. Instead, we should emulate Taiwan's healthcare plan. They provide a practical template for the US to follow.

In 1995, when Taiwan first introduced comprehensive healthcare insurance to its people, the Taiwanese government was spending, percentage-wise, approximately the same amount as the US government is today. To cut costs, Taiwan opted for a single payer plan. Critics might call that socialism, but I ask, whoever thinks of Taiwan as a socialist country? The Taiwanese were mature enough to move on.

Taiwan uses a global budget system whereby the government determines how much money it will pay out in total for medical expenses on a macro level and how much it will reimburse providers for various treatments on a micro level. Healthcare providers, public and private, compete for public monies while making decisions about what is best for their bottom line. As a result, Taiwan devotes over 6 per cent of its gross domestic product to healthcare.

Not surprisingly, everybody in Taiwan pays for health insurance – individuals, businesses, and the government. But apparently the Taiwanese people think it's worth it. Over 80 per cent of the island residents are happy with their healthcare.

Walter Wells
Forest Hills, NY, US

Bonuses aren't greedy if they are available to all

You rightly describe executive pay wheezes as "greed" ("Companies tread a fine line on executive pay", October 13). The answer can be seen in the move to align executive pension contributions with contributions for other employees. Boards should be free to pay senior executives bonuses worth multiple times their salaries – as long as that multiple is also available to the rest of the workforce.

Roger Cowe
London N8, UK

A newly renovated hall in the largest museum in Urumqi, the capital city of the Xinjiang region in China, hosts an installation that makes little sense for a family outing: "The exhibition on major violent terrorist attacks in Xinjiang." Opened in February, the well-lit room is filled with grisly details blamed on murky "terrorist" organisations. Ancient firearms, rusting gas canisters and "home-made grenades" fill glass display cases.

The exhibit is part of the ruling Chinese Communist party's propaganda campaign to justify a mass internment programme of more than 1m Uighurs, Kazakhs and other Muslim-majority peoples in the region. Diplomats and journalists on closely managed government tours to Xinjiang inevitably visit.

For nearly two decades, China has sought to cast harsh security measures in the region as part of a battle against "terrorist" aggressors driven by extremist ideology. In the face of growing western condemnation of its "re-education" camps, Beijing has doubled down on this narrative. But the assertion that violence in Xinjiang is the work of international terror groups has little factual basis, according to the careful tracing of China's claims by Sean Roberts, an anthropologist at George Washington University's Elliott School of International Affairs.

One of the first books to concisely explain how and why the Communist party under President Xi Jinping has embarked on an all-out war on Uighur

culture, its publication comes as many western nations are waking up to the abuses. Hopes of a global response, let alone a change of course, must contend with China's assertions that the campaign is a necessary response to an imminent threat, a claim that diplomatic partners of Beijing have so far been willing to support at the UN.

Roberts, who has carried out 25 years of field research in Uighur communities in Xinjiang, Kazakhstan and Turkey, deconstructs how the "terrorism" label was appropriated after 9/11 to explain violent acts of resistance in Xinjiang. The claims had little evidence to support them but, in 2002, as part of diplomatic horse-trading to secure China's acceptance of the "global war on terror", the US publicly endorsed Beijing's claims that an essentially unheard-of militant group known as the Eastern Turkistan Islamic Movement had a role in violence in Xinjiang.

Although the primary driver for the campaign is Beijing's longstanding desire to assimilate the Uighurs, the justification and inspiration for its most recent drastic escalation can be found in the US-led war on terror, Roberts writes.

In 2014, Xinjiang's Communist party boss Zhang Chunxian launched a "people's war on terror" that was escalated in 2016 by the arrival of Chen Quanguo, a hardliner. The use of the terrorist label in Xinjiang is especially fraught. While a handful of apparently premeditated attacks have been documented, the vast majority of

incidents fit more easily as spontaneous violence sparked by locally motivated grievances.

Roberts describes "self-perpetuating" cycles of repression and violence between disenfranchised Uighurs and security forces that spiralled into the events that spurred Mr Xi to launch the most recent crackdown: an attack in central Beijing in 2013, and another shortly afterwards at Kunming railway station in south-west China.

Perhaps Roberts's greatest contribution to the debate over Xinjiang is his attempt to dismantle China's assertions about a "terrorist threat" by sketching a picture of the isolated groups it deems international terrorist organisations. Through interviews in Uighur communities, he concludes that the groups have for the past two decades mostly hovered on the edge of extinction as a poorly resourced, loosely organised bunch with aspirations, but no capacity, to launch militant operations.

Ironically, the "people's war on terror" may be planting the seeds of a real militant threat among Uighur exiles. When Roberts, in a recent interview, asked one former Uighur fighter whether he was afraid of dying in a fight against China, he replied that his entire family had already disappeared into camps or prisons, and "he had nothing left to live for anyway".

The reviewer is the FT's Beijing correspondent

Opinion

Europe is on track to repeat its fiscal policy mistakes

Shahin Vallée

The IMF spring meetings, the G20 meeting of finance ministers and the latest summit of EU leaders all seem to point to a failure of international economic policy co-ordination. While the IMF has called for ambitious international policy support, it is not leading by example and has only deployed about 10 per cent of its available lending resources.

G20 finance ministers have haggled about extending by six months a modest debt moratorium for developing countries, suspending a mere \$14bn in interest payments. They have not even discussed a more ambitious, co-ordinated response. Steven Mnuchin, US Treasury secretary, has urged his peers “not to withdraw critical policy support prematurely” but he is not able to pass through Congress the \$1.8tn fiscal pack-

age that the White House says the US economy needs.

Meanwhile, European leaders last week deliberately avoided putting the EU budget and recovery plan on their summit agenda for fear of a breakdown in the talks. As a result, they have barely tried to bridge differences over the €750bn recovery and resilience package agreed in July.

Critical issues between the European Parliament and the member states remain, and a sword of Damocles therefore hangs over the whole plan. What seemed like a historic breakthrough in July increasingly looks like a quagmire that is consuming extraordinary political goodwill, creating lots of uncertainty and leading neither to a great Hamiltonian leap forward nor to a very meaningful fiscal stimulus.

What is most concerning, perhaps, is that many member states are still betting on a sharp recovery in 2021 and planning fiscal policy accordingly. Few really understand that while the political agreement of July might turn out to be a turning point for European fiscal federalism it will not address on its own

the depth and breadth of the economic shock in 2020 and 2021. The initiative's force lay in the fact that, by partly mutualising the recovery effort, it would politically sanction the already large national fiscal responses, as well as the European Central Bank's sovereign debt purchase programme.

The draft budgetary plans submitted by all member states last week suggest

What seemed a historic breakthrough in July increasingly looks like a quagmire

that this message has fallen on deaf ears. Indeed, the peak in national stimulus efforts seems to be behind us. Germany plans to reduce its budget deficit next year to 4.25 per cent of gross domestic product from 6.25 per cent this year. France is also planning to cut its deficit. This pair is now setting the tone for the rest of Europe.

Meanwhile, the pandemic in Europe

is not contained, the weekly death toll is moving towards its April peak and the economy is far from being on a firm recovery path. This European policy mistake-in-the-making bears many resemblances to the self-induced double-dip of 2011.

After some hesitation, the ECB has played its part in delivering significant stimulus and rightly called for a common European response. But it remains too shy in advocating a bold fiscal expansion by national governments.

ECB board member Isabel Schnabel has stressed that “these are not the times to worry that rising government debt today could undermine price stability tomorrow” and has applauded the common European fiscal efforts in the making. But she has failed to encourage more active national fiscal expansion. Unlike Jay Powell, chair of the US Federal Reserve, she has not stressed enough the risks of an economic setback from too little national fiscal support.

The European Commission is also failing to play its co-ordinating role and to press the eurogroup to deliver an appropriately expansionary aggregate

fiscal stance. Indeed, letters sent by commissioners Valdis Dombrovskis and Paolo Gentiloni to European finance ministers do not issue a clear recommendation on the aggregate stance for the euro area in 2021 and might only timidly do so – too late – in December, when governments have already adopted their 2021 budgets.

Finally, while Germany has moved tremendously on European fiscal matters and delivered a bold expansion in 2020, it refuses to engage in a meaningful conversation around reforms of the European fiscal framework and the German constitutional debt brake. Both of these will continue to cast their long shadow on European fiscal policy.

Next year's German elections may even inhibit, rather than encourage, a more aggressive national fiscal response and a more open political discussion about the future fiscal policy and architecture of Germany and Europe.

The writer, a former adviser to the president of the European Council and the French economy minister, is a senior fellow at the German Council on Foreign Relations

‘Flatten the curve’ of traffic to make cities liveable

Anna König Jerlmayr

Few movie scenes do a better job of conveying frustration than the traffic jam that opens the comedy *Office Space*. Drivers inch along a California highway in a pathetic dance of honking and changing lanes. Yet this quotidian nuisance could be mitigated with the same strategy that is being used to fight the pandemic.

“Flattening the curve” aims to distribute the number of new Covid-19 infections over time. Social distancing and mask-wearing slow the spread of the virus so that ventilators, beds and healthcare workers do not become overwhelmed. Infrastructure – from hospitals and highways to power grids – fails when demand exceeds peak capacity. By “scheduling” healthcare demand, flattening the curve has saved lives.

Urban infrastructure suffers from similar peaks of demand. Morning commuters overwhelm highways. Workers form queues when they go out to lunch and push power grids to their limits when they return home. Widening roads and expanding restaurants creates expensive infrastructure that goes unused for most of the day. By reducing peak extremes, we can make cities more efficient.

Covid-19 has wrought changes to work patterns that were inconceivable only a year ago. Today people work on a staggered basis, using the office at different times to avoid overcrowding. Beyond reducing contagion risk, this practice spreads out the times when people use roads. In the future, employees might attend a 9am meeting over

Covid-19 has proved that changing routines is possible – we can decide how urban centres function

Zoom and arrive at the office at noon. Others might leave at 5pm and wrap-up the day online. Rush hour would be a thing of the past.

But cities must provide incentives. Digital platforms can help. In Singapore, drivers pay automatic congestion tolls based on the volume of traffic. This model, known as electronic road pricing, has reduced peak demand in Singapore for decades, despite more cars being on the road. As the internet of things grows more sophisticated, this model can be further refined with the power of digital sensing and incentives, perhaps via blockchain.

Innovations must also serve the collective good. Congestion fees encourage some to change their habits, but many people – including warehouse workers, teachers and Uber drivers – cannot always choose to work flexibly or afford regressive tolls. Just as flattening the curve of Covid-19 requires financial support for those who are not able to work remotely, urban infrastructure must be equitable. In the case of congestion taxes, people could receive discounts based on disability, profession or socioeconomic status. Revenue could help reduce public transport prices and subsidise fossil fuel-free cars.

Infrastructure will always face moments of high demand. Natural disasters leave citizens no choice but to evacuate, for example. In happier circumstances, such as when millions tune in to watch the Super Bowl, a strained power grid and overcrowded sports bars are the price of shared experience.

Still, “flattening the curve” has potential for our cities. A similar approach in the electricity sector, known as “peak shaving”, has been shown to save money. When one utility company in Oklahoma switched 20 per cent of customers to a variable pricing model, it was able to shave plans for a “peaker plant” facility, which would have generated power for small portions of the day. Similarly, urban congestion could be eased without adding more infrastructure, but through better use. In other words: less asphalt, more silicon chips.

Daily traffic jams are an absurd inconvenience of modern life. Covid-19 has proved that changing routines is possible, so we can decide how our cities function. Flattening the curve has been a painful response to a crisis but, in cities, it can be used as a strategy to bring greater wellbeing to our everyday lives.

The writer is the mayor of Stockholm. Carlo Ratti, professor of urban innovation at MIT, was co-author

Biden needs a team that puts workers first

BUSINESS

Rana Foroohar



There are still two weeks to go until the US presidential elections, but Democrats are feeling optimistic enough to start talking about what a Joe Biden cabinet might look like. Much of the conversation has been focused on race and gender diversity. But Democrats should be paying just as much attention to economic and political diversity.

That is because the next president will need a highly heterodox team to handle a very complex problem: how to bridge the historic divide between the fortunes of US companies and workers.

It has become almost a cliché to discuss the split between Wall Street, where asset prices remain near historic highs, and the real economy of the US, where the 31 per cent drop in gross domestic product reached Depression-sized proportions in the second quarter. At the same time, painfully high aggregate unemployment figures mask even more painful unemployment levels for certain types of worker.

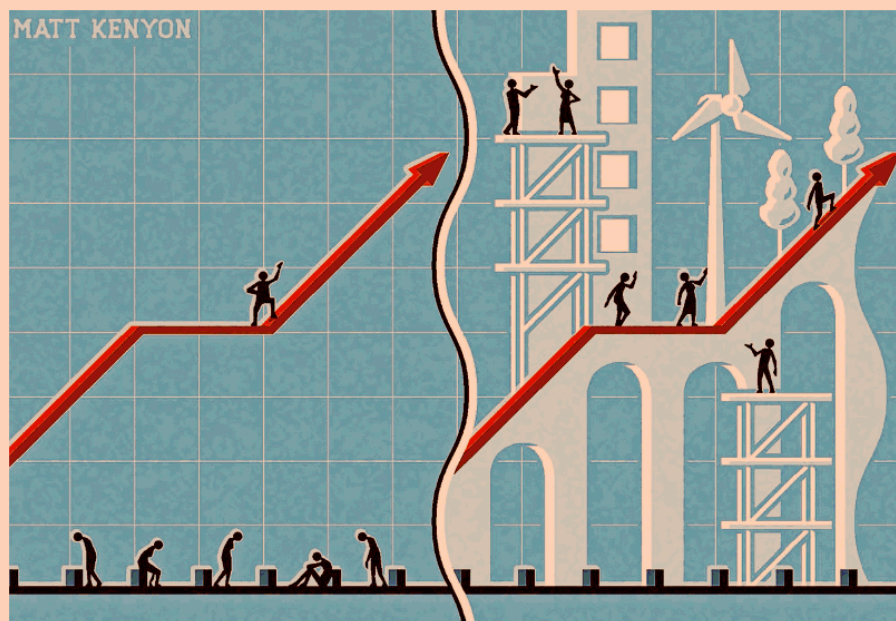
Even as we may all understand the basic outlines of the problem, there is new and disturbing data that shows just how separated financial markets have

become from Main Street. Addressing that separation requires a rethink in policy across nearly every area of government – from treasury and commerce, to labour and education.

For example, a new piece of research from academics at Ohio State University and the University of Pittsburgh shows that publicly listed firms in the US as a group contribute far less to levels of employment or gross domestic product than at any point since the 1970s. There are many reasons for this. But one key point is that the fortunes of the country, its companies and its workers were far more interlinked when the largest listed firms operated in the industrial and manufacturing sector than in services, as they do now.

That has become ever more true with the shift to a high-tech economy. While the share of technology companies as a percentage of market capitalisation at the end of 2019 was 32.8 per cent – rising to over 40 per cent in the second quarter of 2020 – those firms represented only 16.3 per cent of total employment among listed companies, and less than 5 per cent of total nonfarm private employment. As the study's co-author René M Stultz puts it, “high valuations can arise for many different reasons, but many of these reasons have nothing to do with the current economic contribution [of the companies]”.

This is why President Donald Trump's habit of equating stock prices to economic wellbeing, although helpful for 401k pension accounts, is so grossly misleading (10 per cent of households



own 84 per cent of the stock). As investors know, the upside down nature of today's markets has meant that in recent years “good” news, such as a stronger economy, has often been “bad” news for stock prices, which tend to dip if there's an indication central bankers will pull the plug on low rates and easy monetary policy. This is a key reason behind today's record high asset prices.

It's also why Mr Biden is absolutely right to say that we need to start rewarding “work, not wealth”. But slogans are one thing, and shifts in economic paradigm are another. The changes that will be required to right the listing ship aren't incremental but systemic. After more than four decades, financialised growth via easy monetary policy is tapped out. What is needed now is a big

New and disturbing data shows just how separated financial markets have become from Main Street

fiscal stimulus to get through the coming months and years.

There is also, quite rightly, growing concern about debt. While the failure to pass another short-term stimulus plan is more about pre-election politics than true concerns about the American fiscal position, it is also true that for the first time since the second world war, the US is approaching a national debt-to-GDP ratio of nearly 100 per cent.

That's fine as long as interest rates stay low and the dollar remains the global reserve currency. But I don't think the dollar's privilege will last for ever – in part because of the international goodwill and trust that has been squandered by the Trump administration (which has also run up the national debt faster than its Democratic predecessor). If the public sector takes on more debt, it must be productive debt – ideally, a fiscal stimulus that creates jobs in the short term and pushes long-term investment into high-growth strategic areas such as clean tech.

Mr Biden's multitrillion fiscal stimulus plan, which would link climate

change, infrastructure and human capital investment, could do both. Executed properly, it would also not be incremental. We are talking about reshaping the entire US economy, and that will require not only a team of willing and competent technocrats, but real leaders with the political capital to drive change.

That means someone like Massachusetts senator Elizabeth Warren at the Treasury, who has the will and ability to re-anchor the financial sector to the real economy, and perhaps former New York City mayor, Michael Bloomberg, at the commerce department, who could orchestrate a national competitiveness plan for a world in which we need closer collaboration between employers, educators and workers.

Mr Biden has said that, if elected, he would be a bridge to a younger generation of leaders. If that's true, he has nothing to lose by sticking to his economic vision – and picking a truly diverse team to execute it.

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Suga inherits an economy stabilised by Abenomics

ASIA

Gavyn Davies



The election of Yoshihide Suga as prime minister of Japan on September 16 has triggered many obituaries for “Abenomics”, which was launched by his predecessor, Shinzo Abe, in December 2012. Japan is back on the radar of global macro investors, after a long period in the doldrums.

Key questions are whether Mr Suga will offer foreign investors new opportunities, and what lessons can be learnt from Abenomics by other countries that are well on the way to so-called “Japanification” – a combination of zero interest rates, low inflation, subdued output growth and very high public debt.

After decades in which western economists have lectured Japan about the “correct” approach to macroeconomic

stimulus, it is ironic the US and European economies have started to adopt the same characteristics. Convergence has occurred, but in an unexpected way.

Abenomics aimed to end deflationary pressures by its “three arrows”: ultra-easy monetary policy, flexible fiscal policy and reformist industrial policy.

Haruhiko Kuroda, Bank of Japan governor, certainly delivered on the first arrow. Aggressive quantitative easing reduced interest rates across the yield curve to almost zero by 2016. Short-term interest rates then went negative and yield-curve control was used to keep 10-year bond yields below 0.1 per cent. As a result, the BoJ's holdings of government debt rose to 84 per cent of gross domestic product at the end of 2019, about 41 per cent of the level of public debt outstanding. This was a much larger dose of QE than in other major economies.

At first, the monetary arrow seemed to succeed. Inflation expectations rose towards the 2 per cent target, but this was mainly because the yen's real effective exchange rate fell 30 per cent in the first two years, reversing decades of

overvaluation. This devaluation, which increased import prices and boosted export competitiveness, was arguably Abenomics' winning feature.

Foreign capital inflows into equities boosted the Nikkei 225 index by 120 per cent in the first 30 months of Mr Abe's term, the best performance of the major stock markets. But since then, attempts at monetary stimulus have lost their force. Inflation has remained below tar-

Japan's prime minister will accept the macroeconomic aspects, but add emphasis on structural reforms

get as wages resisted a tightening labour market. The Japanese equity market has traded broadly sideways, while US and European markets have strongly outperformed.

On the fiscal side, there was confusion about the exact meaning of “flexibility” in Mr Abe's second arrow. Initially, budgetary policy was expansionary,

supporting the thrust of monetary policy. But the ministry of finance had always been eager to control public debt by raising consumption taxes.

In 2014 and 2019, higher sales taxes slowed economic growth, though they also shifted the primary budget balance into surplus, while stabilising the public debt ratio. Contrary to some expectations, extraordinary levels of debt never led to a government financing crisis, but nor did fiscal policy fully support monetary policy in stimulating inflation.

Finally, structural reforms in industrial policy proved politically difficult. According to the BoJ, potential GDP growth has been falling steadily since 2015, and has reached the worrying rate of 0.1 per cent, year on year, in the 2020 data. Adverse demographic trends account for much of this, but productivity growth has also slowed sharply.

A major achievement in the real economy has been the strong labour market. Unemployment halved during Mr Abe's time, reaching 2.2 per cent before the coronavirus shock in January.

Mr Suga inherits an economy that has made genuine progress under his prede-

cessor. He now has 12 months in which to cement his position at the helm of the Liberal Democratic party, and win re-election. His strategy will accept the macroeconomic aspects of Abenomics, but add sensible emphasis on structural reforms, such as the restructuring of regional banks, and more competitive pricing in transformed digital markets.

Given the outstanding performance of Japan relative to other advanced economies in handling Covid-19, the outlook for 2021 looks encouraging. The yen and the Nikkei 225 have not gained much from this achievement but may now close the gap with Chinese and Korean assets.

In the longer term, a re-elected Mr Suga might face the same macroeconomic problems as other advanced economies, assuming secular stagnation deepens after the pandemic. However, in contrast to recent decades, Japan might be better prepared for the slow bicycle race of the 2020s than some other advanced economies.

The writer is chairman of Fulcrum Asset Management



Stuck at home
Ant Group hopes its \$30bn IPO will open doors beyond China
COMPANIES & MARKETS

Good riddance to a lot of what I thought was normal life



Pilita Clark
Business Life

I went back to the office for the first time in seven months the other day, expecting to find the place largely unchanged.

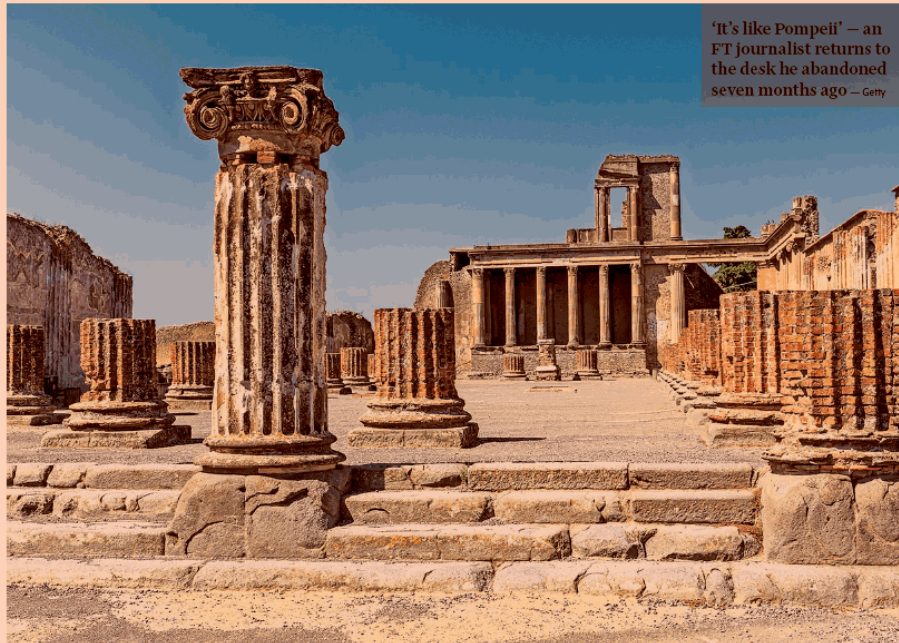
A colleague who had just done the same thing said he had found his desk still covered in newspapers from the days before the building emptied in mid-March, plus a withered Pret sandwich from the same era. "It's like Pompeii," he told me.

He had a point. My desk looked exactly as I had left it. In my mail tray there was a copy of The Economist from late March, with a cover picture of planet Earth behind a sign saying "Closed".

The rest of the office looked much as I remembered it, except for the lavish supplies of hand sanitiser and face masks.

Yet it was also deeply different. Not exactly ghostly, but subdued, with only a handful of the normal number of people, many working quietly alone. It was a reminder of one of the great peculiarities of pandemic life: so much of it looks so normal, until you realise it is not.

A passing bus in a city street looks as it always did, until you see it has just one lonely, masked passenger.



"It's like Pompeii" — an FT journalist returns to the desk he abandoned seven months ago — Getty

A favourite store appears to be the same as ever until you get close enough to look inside and see it has shut down.

An office still looks like an office, even when it is a pale version of what once was.

This discombobulating effect helps to explain some of the year's more bizarre developments, starting with all the apps that have sprung up to recreate the background noise of a bustling office.

Why anyone would want to listen to the distant whirr of a photocopier, let alone the excruciating sound of a masticating colleague, is beyond me, but now you can.

Likewise, the hum of a café is a click away on websites offering the "busy buzz" of a Texas coffee spot or the "gentle chatter" of a Danish eatery. I have zero interest in this sort of thing either.

Of all that we have lost this year, surely one of the least-mourned is a watery omelette tasting more of rubber than cheese

But since my office visit, I do have a better grasp of the urge to recapture a sense of normality in such abnormal times — up to a point.

I still find it staggering that people in Singapore have rushed to pay up to \$474 to eat in a parked A380 superjumbo at Changi Airport which Singapore Airlines has turned into a pop-up restaurant.

I shouldn't, having grown up in Australia, where dozens of my compatriots paid up to \$2,734 for a Qantas "flight to nowhere" sightseeing trip that took off from Sydney last weekend and landed back there seven hours later.

This is almost as shocking as the reports of frustrated travellers who have been buying actual airline food to re-create the lost thrill of flying. Of all that we have lost this year, surely one of the least-mourned should be a watery omelette tasting more of rubber than cheese.

The truth is, the longer the pandemic goes on, the clearer it is that much of what was deemed to be normal life should have been binned years earlier.

Lining up on a wintry morning outside my local doctors' surgery for a same-day appointment, while ill, is

close to the top of my list, now that I have had a video appointment.

Conversely, having just seen how an orderly queue can transform the Ikea shopping experience into something approaching calm order, I would happily see such store entry limits made permanent.

I would also wave a permanent goodbye to streets clogged by throngs of tourists, though I realise café and hotel owners will not agree.

Each of us will have our own list, but most will surely contain what I hope will be one of the biggest casualties of the pandemic: the daily commute.

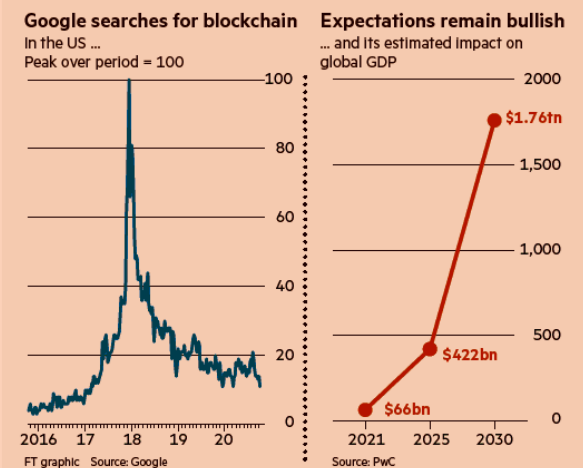
Having had a taste of life without it, 87 per cent of workers want to be free to choose whether to work at home or in the office once Covid restrictions ease, a survey of 10,000 people across Europe and the Middle East showed last week.

Before the pandemic, when just 5 per cent were working mostly at home, that would have sounded odd. Now it is entirely normal and long may it stay that way.

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Lex.

Blockchain: not hip to be square



Ah, blockchain. The open-ledger technology launched a million management consultancy reports. It was supposed to authenticate diamonds, underpin cryptocurrencies, prove the provenance of pork and replace signatures on contracts.

Bullish management consultants were chief flag bearers, insisting blockchain would prove as game changing as the Internet. Distributed ledger technology was supposed to collapse costs, eliminating duplicative record-keeping along transaction chains, and bolster trust.

As early as 2016, Bain & Co was chiding banks for being slow on the uptake. The ensuing four years have hardly seen a rush: a few piecemeal applications have emerged, such as HSBC in trade finance. Google searches for the term are running at roughly a 10th of peak popularity levels in 2017.

Bulls, leery of writing off the technology they championed, pin the delay on complexity and "scalability", reinforcing the sense that the main product of blockchain has been jargon.

Integrating blockchain into the financial industry was never going to be as straightforward as migrating data from in-house servers to the cloud. Intense collaboration is required:

between regulators, clients, infrastructure providers and rivals. In the absence of set standards, players have to risk ending up with blockchain's version of Betamax.

As apps like WhatsApp or Uber show, broad take-up and a deep ecosystem is needed. Coronavirus and geopolitics have diverted executive attention.

Financial services was once viewed as the most fertile ground. But the technology has suffered from its associations with bitcoin. The cryptocurrency has made some people very rich, but its reputation was tarnished by its use for illegal transactions. Other digital currencies have flourished: see Facebook's watered-down Libra plans.

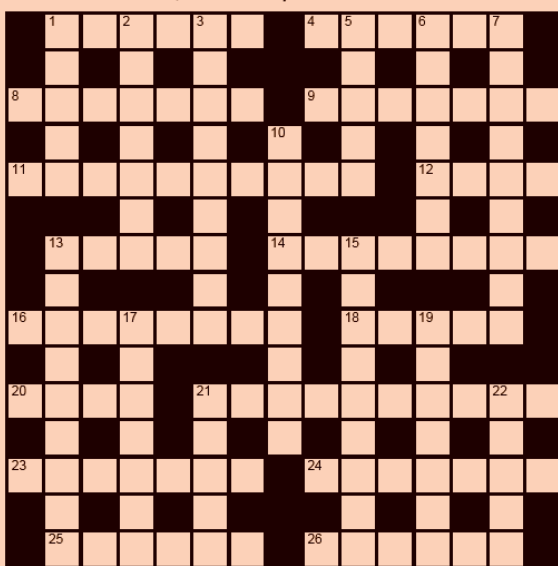
All this suggests the lead will not be taken by the private sector, after all. Fittingly, some of the biggest advances have come from China, led by the central bank. Millions of digital yuan transactions took place during a pilot programme. More tentatively, Bank of England governor Andrew Bailey has signalled plans to look into regulation.

PwC predicts blockchain could add \$1.76tn — or 1.4 per cent of global gross domestic product — to output over the next 10 years. More than a decade after its birth, that still looks a stretch.

NIKKEI Asia The voice of the Asian century

CROSSWORD

No 16,611 Set by SLORMGORM



ACROSS

- 1 Carp seen by banks of Gloucester river (6)
- 4 Ultimately criminal's bad, being recognised by cops (6)
- 8 Censure maiden entering criminal hangout (7)
- 9 Articles in The Post by foremost of sportswriters (7)
- 11 Bug messing around with printer is troubling (10)
- 12 Passion is displayed in amphitheatres (4)
- 13 Venture must get around concerning French cap (5)
- 14 Do cinema up to show The Joker? (8)
- 16 After day out, flirtation becomes mutual bond (8)
- 18 Famous educational establishment rejected daughter (5)
- 20 Revolving science room door initially is unlocked! (4)
- 21 One likely to throw mud in wild garden riot (10)
- 23 Delphi Visionary is written on bow of canal boat (7)
- 24 Stone fireplace with flipping hot interior (7)
- 25 Chatty nurses heading to racetrack covered with turf? (6)
- 26 Boris Johnson? One petitions to get rid of him! (6)

DOWN

- 1 Good relish that a hygienic chef had a hand in? (5)
- 2 Greybeard is tired, sitting on rear of ship endlessly (7)
- 3 I'm a star, an amazing friend to those in need (9)
- 5 A desire to get to a more advanced state (5)
- 6 Embarrassed-looking drunk collared by US agent (7)
- 7 Paul finally gets finale on a script for Help! (4,1,4)
- 10 Villain in car Met ordered around front of Subaru (9)
- 13 A drug pipe overlooked by police in Aussie backwater (9)
- 15 I agree men must let loose animals kept for display (9)
- 17 Island princess once seen touring northern state (7)
- 19 Did exercises (triceps primarily) then showered (7)
- 21 Small boy climbing around English valleys (5)
- 22 Snooker player, having lost head, is a beast (5)

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Are we ready for the next pandemic?

Short-term thinking and market failures are hampering efforts to prepare. By **Andrew Jack**

When business executives, officials and scientists met three years ago at the World Economic Forum in Davos, they had no inkling of the current coronavirus pandemic, but they were deeply concerned about sluggish progress in preparing for emerging fatal diseases.

Inspired by the recent failure of the international community to swiftly tackle Ebola, which threatened to spread from West Africa before ultimately receding through luck rather than design, they created the Coalition for Epidemic Preparedness Innovations (Cepi).

"The stimulus was the tragedy that we had a near 100 per cent effective vaccine that languished in development for more than a decade and arrived too late to prevent the damage," says Richard Hatchett, chief executive of Cepi, which has since become a pivotal mechanism to fund and accelerate vaccines to guard against Covid-19.

Ebola in Africa was just one of nearly a dozen new infectious outbreaks so far in this century that could have provoked large-scale global health and economic devastation. Sars, Mers, Zika and several influenza strains caused concern among health specialists before



Taking no chances: a worker sanitises a piazza in Pisa, Italy, as a precaution against coronavirus — Laura Lezza/Getty

ebbing away. Each time, worry gave way to complacency and remedial action faded in the aftermath of unrealised disasters. Political commitment and funding consistently waned, against a backdrop of accusations of crying wolf and more pressing short-term priorities.

John Bell, Regius professor of medicine at the University of Oxford, says:

"Western developed societies have managed to pretend they are interested in the problem but not do anything about it. The abject failure of most to be prepared for a pandemic is a pretty bad story."

He cites examples of slow progress in meeting calls to build an emergency vaccine manufacturing facility in the

UK. Elsewhere, the French sold off stocks of personal protective equipment before Covid-19, and, in the US, President Donald Trump undermined the Obama administration's pandemic preparation mechanisms.

Destabilising infections from HIV to drug-resistant tuberculosis continue to impose a heavy toll on medical systems

around the world, yet resources are skewed to non-communicable diseases. Even in lower-income countries, there has been an increase in the burden of long-term conditions such as diabetes and hypertension, driven by more sedentary lifestyles and less healthy eating habits.

Sir John, who is also a non-executive director of Roche, the pharmaceutical company, highlights a market failure: healthcare systems and drug companies alike are not incentivised to invest in preventing and preparing for future infectious disease threats.

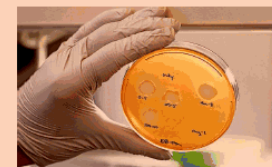
As a result, companies focus in large part on speciality medicines such as cancer treatments which command high prices and for which there is clear current demand. "All the big public health challenges are getting left on the sidelines," he says. "In the absence of a business model that works, governments need to pay up front."

Almost exactly a century after the "Spanish flu" pandemic at the end of the first world war, coronavirus has provided a striking reminder of how little has changed in disease response, with a focus on infection control measures led by travel restrictions, quarantine and social distancing.

But some factors have since increased the likelihood of a more frequent emergence and spread of infections. Prof Martin McKee at the London School of Hygiene and Tropical Medicine highlights the intersection of human hunger and animal diseases: climate

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A resilient economy needs a well-funded health system

OPINION

Tedros Adhanom Ghebreyesus

Covid-19 has stopped the world in its tracks, turned our lives upside down and forced us to re-evaluate what matters most to us all. That means how to protect the health of people, their loved ones and their neighbours today and in the future.

Governments have responded robustly. In Thailand, for instance, decades of investment in the public health system primed it to respond rapidly in early January when Covid-19 came knocking. Italy, the first western country to face the brunt of the virus, demonstrated through national collaboration and a commitment to science that no matter how challenging an outbreak, it can be turned around.

The pandemic has brought to the fore the inequities so many people around the world face today in health. Covid-19 has not stopped people needing insulin for diabetes, healthy food for nutrition, and services to screen for and treat cancer.

It has also presented new challenges to the world order that, for the past 75 years, has strived to promote peace and development, built on the principles of multilateralism, respect and collaboration.

And, following in the footsteps of the climate crisis that threatens our collective future, Covid-19 has underlined the need for a "One Health" approach to protecting the fragile interplay between human, animal and planetary health.

Sobering examples like HIV, Ebola and now Covid-19 show why we, as a human race, can no longer merely pay lip service to respecting the environment. We must and can do more to prevent the reckless, human-caused spillovers of viruses from the natural world into our communities.

Above all, the Covid-19 tragedy has left us with no option but to change how we approach health for the better. We need to ensure health services for all through investing in universal health coverage (UHC); strengthening national and global health emergency preparedness systems; and treating health as a series of political, security, economic and social choices.

We must ensure that everybody on the planet can access the services and care they need to attain the highest possible level of physical and mental well-being. This is why UHC, underpinned by primary healthcare, is so key. Countries like New Zealand and Rwanda that have invested in it are better able to deliver services to all, especially the most vulnerable, and to withstand sudden shocks brought about by health emergencies.

Preparedness is also pivotal. The world was woefully ill-prepared for the Covid-19 pandemic. Industrialised countries, confident in the medicalised nature of their seemingly strong health systems, lacked the human and local touch shown by countries like Thailand, where health workers went door to door, providing essential primary care services, and looking for warning signs of infection, at the community level.

To provide both UHC and preparedness, increased investment in health systems is essential. Herein lie the political and economic choices. When political leaders at the highest level prioritise investment in their people's health, they are also shoring up their societies against the devastating effects that health challenges can have on employment,



We must and can do more to prevent the reckless, human-caused spillovers of viruses from the natural world into our communities

vital services and local economic life.

Investment in health costs a fraction of the losses we see today caused by Covid-19. This underscores the importance of the historic global effort that is under way to develop rapidly distribute equitably safe and effective vaccines, treatments and diagnostics to fight the new coronavirus through the Access to Covid-19 Tools (ACT) Accelerator initiative.

We are pleased that scores of health partners and countries are supporting the ACT Accelerator, which requires \$35bn, almost half of which is needed for the vaccine component, called Covax. Such investment pales in comparison with the trillions lost in global economic activity, trade, travel and job losses. Rapid and full funding of this historic initiative offers the world the best way to end the acute phase of the pandemic.

At the World Health Organization, we are determined to use the seismic shock caused by Covid-19 as a driving force for change. It is essential for the entire world to reflect on all aspects of this response, and to learn collectively from what has worked, and what has not, to prevent a crisis like this from happening again.

But I have already seen how the impact of Covid-19 has caused a monumental shift across humanity, and this gives me hope. The pandemic has generated the most amazing stimulus for partnership and solidarity across so many sectors.

Scientists around the world are working together to develop the tools needed to protect people. Health workers are striving night and day to save lives and heal the sick. Diverse communities, from artists to athletes, philanthropists to tech giants, are using their influence and resources for the greater good.

And many political leaders and governments are putting the pandemic before politics and doing all that must be done to protect their public. This must become the norm. The human losses sustained, and the sacrifices that so many have made, oblige us to elevate public health to the highest level possible. We are duty bound to use Covid-19 as the turning point for the health of all people everywhere. I believe we can make the right choice.

Tedros Adhanom Ghebreyesus is director-general of the World Health Organization

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FT Health Communicable Diseases

A shot in the arm for the testing sector

Diagnostics

Covid-19 has highlighted the vital role of the 'eyes and ears of healthcare', writes *Sarah Murray*

Along with treatment and vaccines, diagnostic testing provides an essential tool in managing communicable disease. Yet this field of medicine has struggled to gain attention and attract investment. That was until Covid-19 pushed diagnostics up the agenda, spurring a wave of innovation.

Diagnostics not only enable faster, more accurate treatment of individuals. They also help prevent disease spread and, conducted on a large scale, inform policy decisions on where to focus resources. "Testing is really the eyes and ears of healthcare," says Catharina Boehme, chief executive of the Foundation for Innovative New Diagnostics (Find), which focuses on diseases that affect the world's poorest communities.

Meanwhile, tests that determine whether a patient's infection is viral or bacterial are key weapons in another

global health battle: the fight against antimicrobial resistance (AMR).

Too often antibiotics are prescribed for viral infections, for which they are ineffective, says David Boyle, who co-leads the diagnostics programme at Path, a non-profit focused on healthcare access. "If you know what's making a patient sick in terms of an infection, you can more accurately address that infection."

Despite its clear benefits, however, diagnostics development has lagged behind that of other disease management tools, particularly in less affluent parts of the world. "The systemic lack of investment in testing has been starkly exposed by the pandemic," says Ms Boehme. "But even before Covid-19 hit, for pretty much every disease, only half of patients in low- and middle-income countries would get diagnosed."

This is something Find wants to change. In September it announced that, along with partners such as the Bill & Melinda Gates Foundation and the World Health Organization, it would make 120m affordable Covid-19 tests available to low- and middle-income countries.

Part of the reason for the relative

under-investment in diagnostics is its challenging business model. "It's not a highly lucrative market unless you're looking at cancer," says Mr Boyle. "And diabetes and blood testing are high-value markets but they're so competitive that a new company would find it almost impossible to break into."

The diagnostics sector is also highly fragmented, says Ms Boehme. "There

'For almost every disease, only half of patients in lower-income countries would get diagnosed'

are many small players," she says. "It's a real 'Wild West' and compared to treatment and vaccines we are light years behind."

The pandemic is changing this, as the need to test large numbers of people has increased the pressure to find fast, affordable forms of diagnosis.

For example, a study that the University of Birmingham published in September found that using dried

blood spot samples is an accurate alternative to tests that require trained phlebotomists to collect full intravenous blood samples.

While its underlying science is not new, the study authors say the test — which is simple, cheap and can be collected by patients at homes through a simple finger prick — significantly expands access to Covid-19 diagnostics. "Even in resource-rich environments, you have lots of people shielding at home who need antibody testing," says senior co-author Matt O'Shea from Birmingham's Institute of Immunology and Immunotherapy. "They can perform [the test] in the safety of their own homes and get a result relatively quickly."

Rapid, easy-to-use tests also benefit developing countries where health infrastructure is weak. "If you're in sub-Saharan Africa in a village 100 miles from a health centre, this is a game changer," says co-author Adam Cunningham, also from the Institute of Immunology and Immunotherapy.

This applies to other diseases such as tuberculosis and malaria. For example, the molecular GeneXpert test for tuberculosis provides results in hours rather

than the months needed for traditional sputum smear microscopy tests.

And because they are more accurate and do not depend on sophisticated health clinics, rapid diagnostic tests (RDTs) that use a simple dipstick and a drop of blood are helping to combat malaria, which affects some of the poorest parts of the world.

Meanwhile, digital technologies such as artificial intelligence (AI) can play a role in diagnostics. For example, an AI diagnostic developed by researchers at King's College London, Massachusetts General Hospital and ZOE, a health science company, predicts whether, based on their symptoms, reported via an app, a patient is likely to have Covid-19.

But while the pandemic is prompting innovation, experts stress the need to go beyond reacting to disease outbreaks and to prepare for the next crisis.

"We worked on Ebola and yellow fever and each time our message was that we have to get into preparedness mode from a diagnostic standpoint," says Ms Boehme. "And each time the world has fallen back into response mode. But the preparedness mode would be so much cheaper and would allow us to react faster."



Are we ready for the next pandemic?

Continued from page 1

change, deforestation and industrialisation are bringing people and wildlife into closer contact and competition. "We are all interdependent," he says. "The rest of the world is paying for the profits of people making money from the wild animal trade."

If international alliances to track and tackle these threats have long been underfunded and underpowered, they are now also facing more direct political attacks, such as Mr Trump's scapegoating of China and his apparent resolve to stop funding the World Health Organisation (WHO).

Ed Kelley, director of integrated health services at the WHO, also points to the recent phenomenon of the "infodemic" of social media exacerbating contemporary epidemics. "There's tons of misinformation out there," he says. This has provoked false

'It's been a good era for the life sciences industry and its ability to work with the public sector'

advice and conspiracy theories, and helped fuel a wider trend of populism and nationalism.

More positively, Sir John points to signs of recent progress. "It's been a good era for the life sciences industry and its ability to work with the public sector towards greater partnership," he says. Rival pharmaceutical companies have formed unprecedented alliances while working alongside governments, international organisations and philanthropists.

Sir John is part of one such consortium: academics at Oxford with seed funding are developing an experimental vaccine with funding from Cepi, while working in alliance with UK pharmaceutical company AstraZeneca for testing and development, and Serum Institute of India for low-cost manufacturing, in close consultation with regulators.

Similar co-operation is taking place for a number of new drugs and diagnostics, with support from international donors. Yet funding is still far from what is needed to share the benefits globally, while the political atmosphere remains febrile.

As Mr Hatchett at Cepi notes: "A pandemic is a transnational threat requiring collaboration. Countries focusing exclusively on protecting their own populations will not end it without a global effort."

Poor countries flex collective muscle to procure drugs

Access Efforts to counter 'vaccine nationalism' are accelerating, writes *Donato Paolo Mancini*

When the World Health Organization's Margareta Simão first heard of the novel coronavirus earlier this year, she never expected it to alter so radically the market dynamics of the pharmaceuticals industry.

But now, after 1m deaths and more than seven months after the WHO declared the outbreak a pandemic, things have changed. "I've seen things I have never seen before, even good things," says the WHO's assistant director-general for access to medicines.

Pharmaceutical companies, usually jealous custodians of their technology and intellectual property, have begun collaborating to an unprecedented degree in order to speed up the development and manufacture of vaccines, drugs and testing kits.

Ten years ago, this level of cross-company collaboration would have been "unthinkable," says Dr Simão, who has 40 years of experience in public health.

France's Sanofi, for example, is collaborating with the UK's GlaxoSmithKline to develop a vaccine. Gilead and Roche have joined forces to understand how two of their drugs, remdesivir and tocilizumab, work in severe Covid-19 patients. The list goes on.

All the while, efforts to broaden access for lower-income countries to a safe and efficacious vaccine, if and when one is found, have picked up speed.

The WHO's Covax facility — a collaboration with the Global Alliance for Vaccines and Immunizations (Gavi) and the Coalition for Epidemic Preparedness Innovations (Cepi) — uses the alluring prospect of large orders to procure doses for poorer countries. Its scale has enabled it to counter a rise in so-called vaccine nationalism, whereby nations use their geopolitical and economic muscle to secure preferential access to the job. The EU has begun negotiating on behalf of its 27 member states. Even the UK, now a geopolitical outlier of sorts, has given money to Covax and increased funding for the WHO.

But the difference between the pre- and post-coronavirus worlds, Dr Simão says, is that the power of procurement now lies with countries that can make vaccines and drugs, not just those that can afford them. These new powerbrokers include India, which through its Serum Institute manufacturing powerhouse is ideally placed to help reach the Covax target of 2bn affordable vaccine doses next year.

The previous balance of power, notes Dr Simão, favoured countries' abilities



This won't hurt a bit: a medical worker takes a sample at a coronavirus testing centre in New Delhi — Prakash Singh/AFP via Getty

to acquire expensive drugs, leaving middle- and low-income nations to scramble for access. From July until the end of September, for instance, the US hoarded virtually all Gilead-made doses of remdesivir, which has shown some effect in shortening hospital stays for severely ill patients. Critics said this left poorer nations out of the equation, even though the California-based drugmaker had struck deals with generics manufacturers, such as India's, to expand access.

The limited successful instances of pooled procurement show, however, that it can indeed work.

Last month, the WHO unveiled plans to distribute rapid coronavirus testing kits to the developing world for a maximum of \$5 apiece. The deal, which involves testing behemoth Abbott and South Korean company SD Biosensor, spans at least six months and provides for the rollout of 120m tests. The Global Fund, a financing organisation, will provide an initial \$50m grant. Another five testing kits are under review.

Yet testing rates remain highly divergent between countries. If the developing world tested suspected cases at the rates seen in richer countries, the 120m tests would last a mere two weeks.

The deal is part of the WHO's Access to Covid-19 Tools (ACT) Accelerator

efforts, which the health body hopes will broaden access to effective interventions for coronavirus. The diagnostics part of that initiative aims to supply middle- and low-income countries with 500m tests in the next 12 months.

Another such initiative, called C-Tap, is also convened by the WHO, and is pushing for patents to be shared, though it has so far garnered limited government support and no backing from the

The power of procurement now lies with countries that can make drugs, not just those that can afford them

industry. Albert Bourla, the chief executive of Pfizer, for one, has dubbed the idea of pooling "nonsense".

The Medicines Patent Pool, an instrument to broaden access to medicines, has expanded its own remit beyond tuberculosis, malaria and HIV to cover Covid-19. And the Open Covid Pledge, which aims to open up intellectual property, covers diagnostic tools and face mask designs.

Some still say not enough is being

done. Jamie Love, the head of patent advocacy group Knowledge Ecology International, says "talk about solidarity has not yet been given concrete action as relates to knowhow and intellectual property rights".

A failure to share patents more extensively "reinforces shortages and higher prices, and works against building more distributed capacity for manufacturing, not only today, [but] for years to come and future pandemics," he says. "Every funder of R&D or purchaser of products should use their financial leverage to ensure that the knowhow and IP rights are open."

It remains to be seen whether the more collaborative approaches that have surfaced lately will take permanent root in the pharmaceuticals ecosystem. "It's difficult to predict now. This is an opportunity to do things differently to ensure that you have capacity in different countries," says the WHO's Dr Simão, citing the C-Tap initiative as something that could be helpful in the medium to longer term.

"It will depend on what it is that we can do, about laying the groundwork for what can make a difference to increase access to health products," she says. "Maybe I'm romantic, but I'm still hopeful."

Existing health problems boost Covid risk

Co-morbidities

People with conditions such as diabetes are being hit harder by coronavirus. *Jane Bird* finds out why

A pioneering study starting this month in Chicago aims to discover why some diabetes sufferers are more severely affected by Covid-19 than others. Meanwhile, a team in India is comparing the impact of Covid-19 on patients with and without diabetes.

Individuals with non-communicable diseases (NCDs) such as cardiovascular conditions, cancers and chronic respiratory ailments, as well as diabetes, are more susceptible to coronavirus. Patients with these so-called co-morbidities have a much higher rate of hospitalisation, and are more likely to die.

NCDs are already the world's biggest health problem, accounting for 71 per cent of deaths globally, and Covid-19 is likely to push the mortality rate up

further. In Italy in May, 67 per cent of people dying in hospital from the virus had hypertension, while in Spain, 43 per cent of people who died from it had heart disease.

Bente Mikkelsen, director of NCDs at the World Health Organization, says: "What we have seen is that there is a deadly interplay between Covid-19 and NCDs." In a September report, the WHO highlights the problem and calls for governments to include the treatment of NCDs in their national Covid-19 plans.

Diabetes is one of the most lethal co-morbidities. The Chicago study, which aims to look both at the US and at a developing country, will monitor the health of diabetes patients who contract Covid-19 over the next year, says Rachel Nugent, leader of the project.

"For some people, recovery is quick, while for others it takes a long time, or they die," says Prof Nugent, who is vice-president and director of the Center for Global NCDs at RTI International, a non-profit organisation.

"For those with an NCD, it may be that Covid-19 is worsening their condition or bringing on a whole new batch

of NCDs. We don't yet know," Prof Nugent says.

The study will look at factors such as diet, age, other health conditions, and, if possible, socio-economic status. "We are hoping to [be able to] recommend more targeted treatment based on patient differences," says Prof Nugent.

Studies show a causal link between co-morbidities and the severity of Covid-19, not just a correspondence, says

Rachel Nugent, of the Center for Global NCDs, says "we don't yet know" how Covid-19 and NCDs interact



Sanjay Kumar Bhadada, professor of endocrinology at the Postgraduate Institute of Medical Education and Research in Chandigarh, India. "Patients with diabetes and chronic obstructive pulmonary disease [COPD] have underlying immunodeficiency, which may make them more susceptible to Covid-19 complications," he says.

In diabetes patients, Prof Bhadada

explains, the immune system gets overstimulated, which leads to over-production of cytokines, proteins that normally help fight infection but which at high levels can damage the body.

COPD, on the other hand, could exacerbate coronavirus by suppressing the immune system and restricting production of a particular cytokine that helps defend against it.

In the case of hypertension and other cardiovascular diseases, the link may lie in the drugs often used to treat them, which increase production of a protein that is used by coronavirus to enter the lung cells.

People with NCDs are likely to be older, Prof Bhadada says. "But we now have data supporting the fact that co-morbidities are associated with an increased risk of poor prognosis with Covid-19 even after adjustment for age."

His team is conducting a study comparing Covid-19 patients with and without diabetes to gain more insights into the cytokine connection.

The WHO's Dr Mikkelsen points out that coronavirus has severely disrupted health services. This has led to delays in

diagnosis and an increase in damaging habits such as excessive consumption of alcohol, and physical inactivity.

Trevor Sheldon, professor of health services research at Queen Mary University of London, adds that social and economic risk factors link contagious illnesses to NCDs. These include insecure employment, income inequality, poor education, inadequate housing, and obesity, with age and ethnicity also playing a part.

The WHO reports that 53 per cent of 163 countries it has surveyed have partially or completely disrupted services for hypertension, 49 per cent for diabetes, 42 per cent for cancer treatment and 31 per cent for vascular emergencies. Almost two-thirds of countries have disrupted rehabilitation services.

"It's like an X-ray disclosing how we have failed to meet the needs of people living with NCDs," Dr Mikkelsen says. "It is a wake-up call, because we cannot defeat Covid-19 without focusing on prevention and treatment of NCDs."

As Prof Sheldon remarks: "This could make any gains against the virus a Pyrrhic victory."

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How to spot tomorrow's diseases today

Emerging threats

Early warnings depend on both technology and policy, says *Adam Green*

Covid-19 was described as a "black swan" event in a note sent out in March by Sequoia, a venture capital firm. In reality, plenty of experts had warned that a global pandemic of this kind was inevitable. Sars-Cov-2, as the infectious agent that causes Covid-19 is formally known, is part of a family of viruses with plenty of form in jumping into human populations. As catastrophic as the pandemic has been, it could have been worse.

"Covid has a relatively low R number [reproduction rate] and a low mortality overall," says Pietro Mastroeni of the University of Cambridge. "Imagine if something came out with an R of measles, which can be 12 or more, and the mortality of Ebola. That could wipe out a great proportion of the human population."

Sars-Cov-2, Sars-Cov-1 (which caused the 2002-04 Sars outbreak) and MERS-CoV (cause of Middle East respiratory syndrome) are just three of an estimated 4,000-5,000 different types of coronavirus, according to Dennis Carroll, chair of the Global Virome Project (GVP) and former director of the US Agency for International Development's Pandemic Influenza and other Emerging Threats Unit.

He says that coronavirus in turn is just one of 25 viral families whose members have a history of crossing between animal species. Collectively these comprise an estimated 1.6m types of virus circulating in our environment, of which between 500,000 and 600,000 could spill over and infect humans – though only a much smaller subset would then be capable of doing serious harm. "Most microbes that infect us, we're oblivious to," Mr Carroll says.

Founded in 2016, the GVP seeks to pinpoint geographic zones where such animal-to-human viral leaps are most likely to happen. Its models combine risk factors including mammalian diversity, which correlates with viral diversity, and changes in land use that



Handle with care: a worker with USAid's Predict initiative, which aims to detect new zoonotic viruses, takes a sample from a bat in Myanmar

bring about new interactions between people, livestock and wild animals. "In Sub-Saharan Africa, you are starting to see a replay of what happened in east Asia in the late 20th century, in terms of population pressure and land use trends," Mr Carroll says.

But viral outbreaks can come from unexpected sources too. "There's an ongoing mixing and churning of viruses in nature that have the opportunity to get into humans," says Professor Daniel Bausch, a physician and virologist at the London School of Hygiene and Tropical Medicine, and director of the UK Public Health Rapid Support Team, a government unit that leads the UK's public health response to disease outbreaks in developing countries.

"There was a lot of modelling work to find hotspots, with a focus on central

Africa and south-east Asia," he says. "But H1N1 [swine flu] came from Mexico, as far as we can tell, and central China [where Sars-Cov-2 emerged] was not really considered a hotspot."

The good news is that scientists have made remarkable progress in understanding emerging threats. "It took centuries to identify [the causes of] diseases we've known about since antiquity, like polio, and that's changing rapidly thanks to pathogen identification," says Prof Bausch.

So-called unbiased sequencing technology, which can detect unknown pathogens, is continually improving our ability to spot new risks. "This has existed for a decade or so, but the equipment was expensive and needed a large dedicated space," Prof Bausch says. Today's kit has been miniaturised into

palm-sized sequencers that can be hooked up to a laptop.

Ensuring that such machines are effectively deployed depends on health policy. Since we cannot know exactly where the next threat will emerge, healthcare systems need to be capable of quickly spotting a new disease. Prof Bausch calls for more syndromic surveillance, meaning the setting of thresholds for, say, the expected number of patients with respiratory problems. Where numbers go beyond these, samples need to be swiftly analysed.

In all likelihood, Sars-Cov-2 was circulating in the human population for months before the Wuhan outbreak, says Mr Carroll. He calls for proactive measures that could raise the alarm faster next time, enabled by better point-of-care diagnostic devices. "If you

had a surveillance system that was looking for tell-tale signatures, you would have picked it up at that earliest moment and not after it had infected thousands of people," he says.

The next step is a vaccine production system that is well-resourced in advance of any outbreak. Mr Carroll believes that a comprehensive database of all the "viral dark matter" out there could be an essential part of this. "Rather than developing a vaccine against Covid-19, if we have all the data analysis across viruses, could we begin developing broad-spectrum vaccines that are applicable across entire viral families?" he asks.

Mr Mastroeni at the University of Cambridge says more investment is needed in vaccine preparedness. "The technology is there but it needs to be coordinated and better funded," he says. Eventually, he would like to see ringfenced emergency funds to support readily scalable platforms for rapid mass vaccine production. These could take the form of stocks of inert viruses, into which specific antigens – the molecules which initiate an immune response – could be inserted.

"It takes a long time to develop vaccines," Mr Mastroeni says. "But if there were 'plug and play' platforms that make it easier to produce and scale up, with an already proven safety level, you could shorten considerably the time between laboratory and clinical testing."

Despite improvements in pathogen identification and the lessons learned during the current pandemic, experts are quick to point out that technological solutions are never enough on their own. Prof Bausch says that without universal health coverage, disease monitoring is likely to be inadequate: "If people don't come to care centres, if they don't have access to care, they're not going to be in any surveillance system." He notes that the World Health Organization chief Tedros Adhanom has put universal healthcare at the centre of his policy agenda, but Ebola and the Covid-19 crisis have occupied much of the organisation's resources and attention.

National leaders also need to respond more effectively, he adds. "This is about political leadership. If we have politicians that view this as a political emergency rather than a public health emergency, we won't do well."

'If people don't have access to care, they're not going to be in any surveillance system'

Scientists throw old drugs and new at novel virus

Treatments

Researchers are exploring multiple avenues as they try to help Covid-19 patients, writes *Alex Howlett*

Faced with an unfamiliar enemy, doctors treating coronavirus patients have had no choice but to reach for familiar pharmaceutical weapons. But so far few have proven effective, and then only for treating the severely ill. Intense efforts are now under way to bolster the arsenal, either by developing new treatments or repurposing old ones.

The World Health Organization's ongoing review of Covid-19 studies reports 1,905 randomised trials of potential treatments at the time of writing. Yet some of these are very small, involving no more than 10 patients, and are unlikely to deliver robust conclusions. "For small studies there are always problems," says the Wellcome Trust's Nick Cammack. "You never get definitive answers. When it goes into the larger studies, things that seem to work actually don't."

He adds, however, that they can still yield useful insights, and that other Covid-19 trials are more substantial. "It's great that there are big studies up and running," he says.

When the WHO last month recommended the use of corticosteroids for treating Covid-19 patients, the move followed careful scrutiny of multiple trials. One of the scientists involved was Jonathan Sterne, professor of medical statistics and epidemiology at the University of Bristol, who was approached by the WHO in April and became lead author of the resulting meta-analysis, which was published on September 2. "This was a record-breaking pace for us," says Prof Sterne.

According to Prof Sterne, corticosteroids are currently the only class of drug proven to reduce Covid-19 mortality in critically ill patients. One of the best known is dexamethasone, which has been approved by EU regulators for

treating Covid-19 patients. President Donald Trump was also given it after he became infected.

Yet the WHO does not recommend corticosteroids for people who have only mild symptoms. "Steroids only reduce mortality in really sick patients," says Prof Sterne. "We don't have anything for before the disease progresses."

Similarly, remdesivir, the only other drug that has received broad regulatory approval for treating Covid-19, is not used in mild cases. An antiviral medication developed for Ebola, it helps reduce the recovery time for severely ill patients.

Researchers are, however, trying to find drugs that can be used in milder cases. Along with the Bill & Melinda Gates Foundation and Mastercard, the Wellcome Trust has launched the Covid-19 Therapeutics Accelerator to focus on this area. Among the research it is investing in are studies of hydroxychloroquine – the antimalarial drug championed earlier this year by Mr Trump.

While the US Food and Drug Administration has withdrawn its approval for the use of hydroxychloroquine in treating hospitalised patients, Mr Cammack

Corticosteroids are the only class of drug proven to reduce Covid-19 mortality in critically ill patients

says it is still necessary to explore all of the drug's potential benefits. Several of the Therapeutics Accelerator studies are examining hydroxychloroquine's use as a protective measure for healthcare workers – though Mr Cammack notes that "the politicalisation of chloroquine" temporarily halted one trial.

As well as repurposing existing drugs to fight coronavirus, scientists are also trying to develop new ones. "There will be increasing evaluations of these," says Prof Sterne.

So-called monoclonal antibodies, laboratory-made versions of the body's natural defences, have attracted a lot of



Strong stuff: dexamethasone

attention. Though this type of therapy was first developed in the 1980s, researchers have been racing to engineer antibodies that will prevent coronavirus from binding to cells.

"I think at the moment this is the most promising class of drug," says Peter Horby, professor of emerging infectious diseases and global health at the University of Oxford and chair of the UK government's New and Emerging Respiratory Virus Threats Advisory Group.

REGN-Cov-2, a monoclonal antibody treatment developed by American biotechnology company Regeneron, is currently the subject of four late-stage clinical trials worldwide. One of these is the UK's Recovery Trial, a large-scale initiative to evaluate Covid-19 treatments. Prof Horby says that, of six different monoclonal antibody products considered for the trial, REGN-Cov-2 was the most advanced.

Regeneron's drug won praise from President Trump this month when it was also administered to him. Describing it as a "cure", he promised to make it and the other treatments he received freely available to patients in need.

"That would be good news for patients in the US if that were to happen – though the FDA has yet to approve REGN-Cov-2 – but patients in poorer countries are unlikely to be so lucky. Production, pricing and distribution issues can all hinder the developing world's access to innovative drugs.

Mr Cammack predicts that if the antibodies are successful, it will not be until the second half of next year that it will be possible to "scale them up" enough to distribute globally. Until then, he believes it is worth continuing to investigate pre-existing drugs, even if they are not as effective. "If you actually save a life, it's a massive step forward," he says.

Researchers set out to deliver an irresistible message on AMR

Antimicrobial resistance

The FT is working with the Wellcome Trust to improve understanding of the next big threat, says *Clive Cookson*

For most health professionals working with communicable diseases, the greatest fear for the future is antimicrobial drug resistance. AMR already kills an estimated 700,000 people a year and could claim as many as 10m lives a year by 2050, according to a memorable series of reports for the UK government by the economist Jim O'Neill.

Covid-19 can easily be seen as a setback for the AMR campaign, both because the pandemic is a distraction and because it has led many doctors to prescribe large quantities of antibiotics to coronavirus patients in the hope that they will suppress secondary bacterial infections, particularly in the lungs. But it is precisely such wholesale use of antibiotics that is enabling bacteria to evolve resistance to them.

A more positive view is that the pandemic has made people so much more aware of infectious diseases that it should be possible to turn the world's attention to the threat posed by bacteria as well as viruses.

To take advantage of the opportunity, the Financial Times plans with support from the Wellcome Trust to make a video that puts across the problem of growing antibiotic resistance – and possible solutions – to the public. We held a workshop last month to look at the challenges involved in communicating about AMR.

Clinicians and researchers warned us not to underestimate public ignorance about AMR's causes, which goes deeper than confusion between viruses – non-cellular infectious agents that can only reproduce inside living organisms – and bacteria, which are single-cell microbes capable of independent existence.

Professor Nick Feasey of the Liverpool School of Tropical Medicine said: "Most people in rural Malawi have no concept of the germ theory of disease."

But, he added, there is a common misunderstanding in the UK too about the fundamental nature of AMR. Many people think wrongly that resistance occurs

in human cells rather than in the microbes infecting them.

Becky McCall, a medical journalist researching AMR through storytelling at the Institute of Health Informatics at University College London, made a similar point. "Most people in my focus group thought that AMR is something that happens to your body. It becomes [resistant] to the drugs," she said.

Prof Feasey objected to the widespread warlike image of humanity fighting a war against microbes. Better to think of ways of restoring a more natural balance between humanity and bacteria, he said.

Current messages about antimicrobial resistance often focus on projections and catastrophic warnings of a future superbug "apocalypse". However, Wellcome's research on public attitudes to AMR has found this to be less effective than focusing on the current impact. Projections many years ahead lead people to think of AMR as an important issue but not one that demands immediate action.

"The projections in Jim O'Neill's report of 10m deaths a year in 2050 tend to be dismissed [by the public] as hyperbolic," said Jeremy Knox, Wellcome's policy and advocacy lead on drug-resistant infections. "They are startling figures but they do not promote engagement."

Tim Jinks, head of Wellcome's drug resistant infections priority pro-



A Petri dish of drug-resistant bacteria

gramme, pointed out that, while people usually think of antibiotic overprescribing in primary care, with general practitioners handing out drugs to patients with sore throats who do not need them, the harmful effects of AMR are felt today mainly in hospitals.

"We need people to realise that it is already causing shocking outcomes in the world's hospitals – in neonatal units, intensive care and elsewhere," said Alison Holmes, professor of infectious diseases at Imperial College London.

While Covid-19 is a fast-moving pandemic driven by a single virus, AMR is a slow-moving pandemic driven by multiple pathogens. That makes it far harder for researchers to come up with effective new treatments that will be effective against a broad spectrum of the bacteria that are evolving resistance to existing antibiotics.

Adding to the problem is the failure by governments and the pharmaceutical market to provide sufficient financial incentives for companies to restock the world's medicine chest, which has not been replenished with new antibiotics for decades.

Policy-makers have discussed various ways to fix the market failure. "I have tried to stop talking about 'pull incentives'," said Jeremy Knox, Wellcome's policy and advocacy lead on drug-resistant infections. "Governments get it but it has become a loaded phrase, with suggestions of bunging lots of money at big pharma."

"It's about establishing dependable and fair incentives for innovators," he continued. "We should pay for the insurance value of antibiotics, for having them available for use in a small number of patients rather than in volume."

Anand Anandkumar, chief executive of Bugworks, an Indian start-up developing new antibiotics, said antibiotics should be regarded as essential public infrastructure. "Antibiotics are the entire edifice of modern medicine – and today it is crumbling."

"I think we should be talking about preserving a precious resource for humanity," agreed Prof Holmes.

How the FT video team – and Nina Dunn, the video designer working with them on the project – will present the challenge of AMR remains to be seen. But it is sure to be visually arresting. Stay tuned.



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**COVID-19
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