

INTERNATIONAL

Northern Ireland

Truss seeks urgent end to Brexit dispute

UK foreign secretary wants trade row resolved and constructive EU ties

GEORGE PARKER AND JASMINE CAMERON-CHILESHE — LONDON
ANDY BOUNDS — BRUSSELS

Liz Truss, Britain's foreign secretary, said yesterday she wanted to "urgently resolve" the UK-EU dispute over post-Brexit trading relations in Northern Ireland, to allow both sides to focus on global challenges.

Truss, who on Sunday replaced Lord David Frost as the chief negotiator on the Northern Ireland protocol, said she wanted to "unleash the potential" of the

UK-EU relationship, blighted by post-Brexit feuding.

In a statement after her first conversation with her negotiating counterpart, European Commission vice-president Maros Sefcovic, Truss made it clear she stood by the softer line adopted by the UK in talks in recent days.

"We want a constructive relationship with the EU, underpinned by trade and our shared belief in freedom and democracy," she said. "Resolving the current issues is critical to unleashing that potential."

Truss, who travelled to Washington in September, is also aware that the row over Northern Ireland is souring relations with the US and holding up the

removal of US sanctions against British metals exports.

Some in Brussels fear that Truss, who supported Remain in the 2016 Brexit referendum, might take a tougher line than Frost to cement her relationship with rightwing Eurosceptic Tory MPs.

But she said the UK position "has not changed" since she replaced Frost, who quit on Saturday in protest over the "direction of travel" of Boris Johnson's government, including on Covid curbs.

Allies of Truss confirmed she did not intend to reverse the concessions, approved by Johnson, which are designed to make an agreed deal on the Northern Ireland protocol possible.

"She wants to increase the pace of

talks," said one ally, referring to the long-running talks on reforming the protocol, which governs trade in the region. Under the terms of the Brexit deal, Northern Ireland stays in the EU single market for goods to prevent a hard border on the island of Ireland, but this requires some checks on trade from Great Britain to Northern Ireland.

Truss repeated the UK threat to activate the Article 16 override mechanism to suspend part of the protocol if there were no deal, but she said her preference was "to reach an agreed solution".

Sir Jeffrey Donaldson, leader of the Democratic Unionist party, who has threatened to pull down the power-sharing Northern Ireland executive in

January unless the Irish Sea border is scrapped, held virtual talks with Truss yesterday. She said she planned to visit Northern Ireland early in the new year, a spokesman for Donaldson said.

Crucially, in her talks with Sefcovic, Truss repeated the formulation that the UK did not want the European Court of Justice to be the "final arbiter of disputes" between the two sides.

The EU has offered to cut checks on food and animal exports by 80 per cent and customs paperwork by 50 per cent, but London is sceptical about whether the Brussels proposals would deliver on that target.

Additional reporting by Jude Webber
Janan Ganesh see Opinion

Russia tension

Ukraine's former leader criticises Zelensky over prosecution

ROMAN OLEARCHYK — KYIV

Former Ukraine president Petro Poroshenko yesterday accused the incumbent Volodymyr Zelensky of risking national unity at a time of heightened fears of a Russian invasion by trying to sideline him through a politically motivated prosecution.

"Today, when all of Europe and the whole world, including all of Ukraine, need to unite against [Russian president Vladimir] Putin, strange things are happening in Ukraine," Poroshenko, the main opposition rival to Zelensky, said in a Facebook video post from Warsaw.

Pledging to return to Ukraine in the new year, Poroshenko was speaking a day after Kyiv prosecutors and investigators charged him with treason and financing terrorism for securing coal supplies from Russian-occupied breakaway regions while president from 2014 to 2019. He denies the allegations.

The criminal cases against Poroshenko, a confectionery and media magnate, come amid a broader crackdown by Zelensky against oligarchs, including Rinat Akhmetov, the country's most powerful businessman.

But it has increased concerns about national unity at a time when the US suspects Russia is plotting to deepen aggression against Ukraine after having annexed Crimea and fomented a separatist war in the country's east in 2014.

"I've received a greeting from the president's office that they will be understanding if I stay in Europe," Poroshenko said in comments that describe the charges as an attempt to exile him as an opposition leader.

Mocking Zelensky's past as a comedian and film producer, Poroshenko added: "I will not give them such a gift and will return to Ukraine in the first half of January... according to my schedule, not according to the schedule of a powerful screenwriter for Zelensky." Denying wrongdoing, Poroshenko described the case against him as "crossing of red lines".

While abroad, Poroshenko said he was meeting Polish and other European politicians to "form a powerful coalition in support of Ukraine against Russia".

Ukrainian authorities on Friday tried to physically serve Poroshenko with a notice of suspicion relating to the case brought by investigators and to be heard by the general prosecutor's office. But he was driven away to the airport.

A lawyer for Poroshenko told the Financial Times the trip was pre-planned and included a meeting this weekend in Turkey with the spiritual leader of the Eastern Orthodox Church.

He described the case as the most recent of "100 or more criminal cases where Poroshenko's name appears". Ukraine had no choice, the lawyer argued, but to buy coal from the Russian-controlled eastern regions in 2014-15 to avoid power blackouts.

There was no immediate comment on the case from Zelensky, who has previously made allegations about corrupt activities by Poroshenko.

Poroshenko is polling second behind Zelensky ahead of presidential polls in 2024. The incumbent beat Poroshenko in 2019 with 73 per cent of the vote, but his popularity has since plummeted.

See Opinion

Turkey. Looming crisis

Erdogan calculus viewed as costly mistake

Policy of lowering rates to reduce inflation and boost capital flows is unravelling

CHRIS GILES — LONDON

As recently as this weekend, Turkey's president reiterated his theory that lower interest rates will generate a "new economic model". Recep Tayyip Erdogan has said cutting rates will bring down inflation and raise investment, employment and exports, enhancing Turkey's independence.

Yet his experiment of lowering rates in the face of inflation has created a crisis with a collapsing currency, soaring prices and input costs and deep hardship, particularly among the poorest.

This indicates that Erdogan's notions are deeply flawed, as does standard economic theory, which suggests higher interest rates are needed to defend a currency by deterring capital outflows, bearing down on domestic spending and demonstrating a determination to prevent an inflationary spiral.

Inflation is heading towards 30 per cent after the lira lost more than half its value against the US dollar this autumn despite a rebound late on Monday after Erdogan announced measures to compensate holders of lira in banks in the event of further currency depreciation.

Yet the economics community has itself questioned the role of hot money flows in and out of emerging economies and traditional theories, led by Professor Hélène Rey of the London Business School, who noted in 2013 that emerging markets were often at the mercy of capital flows driven by the policies of the US Federal Reserve and other big central banks.

The IMF has even sketched out a model in which higher rates could fuel inflation. The working paper by Olivier Blanchard, former chief economist, and colleagues noted that large inflows to an emerging economy — often born of high interest rates — can lead to "credit booms and rising output" and inflation. Turkey has run persistent deficits on its current account as imports regularly exceed exports, and suffers from stubbornly high inflation: the annual rate has exceeded 10 per cent for almost all of the past five years.

This suggests an underlying price growth problem that is embedded in



Cash in hand: rising pay packets are struggling to keep pace with depreciation of the lira. Below, Recep Tayyip Erdogan — Moe Zoyari/Bloomberg

the system and which policy has done little to eliminate. The IMF, the high priest of economic orthodoxy, publishes papers such as this but those circumstances do not apply to Turkey.

This month, the OECD said inflationary pressures had been further boosted this year by subsidised loans to domestic companies in the pandemic that helped fuel export-led "buoyant growth", leaving its 2021 output higher than the club of mostly rich nations had expected before Covid hit. Turkey was likely to be "subject to potential further pressures from wages, import costs and producer prices".

Professor Dani Rodrik of the Harvard Kennedy School said Erdogan had for years ridden a wave of capital inflows that were attracted to Turkey by slightly higher interest rate margins.

"One of the myths of financial globalisation is that it enforces macro[economic] discipline," Rodrik said, suggesting markets would ensure countries ran credible and sustainable policies that attracted foreign cash. "In Turkey, it was the opposite. Turkey's economic experiment ran much longer

than it should have, thanks to the more elastic supply of finance. The economic costs will be larger as a result."

Rodrik and the IMF argue that even if higher rates helped attract inflows that raised spending and domestic inflation, the correct response would have been to offset the effect with tighter policy, accepting slower growth to shore up longer-term stability and prevent precisely the crisis of confidence that Turkey has suffered in recent weeks.

Erdogan did the opposite, aided by a handpicked central bank governor. Turkey cut its short-term policy rate from 19 per cent in September to reach 14 per cent on December 16, in a series of expansionary moves.

The intention was to gradually lower the value of the lira and boost exports by making smaller manufacturers more competitive while shifting spending from imports to domestic goods and services. Although the current account deficit has moved into surplus since August, it has come at a huge cost to the credibility of Ankara's economic policy and the livelihoods of Turkey's people.

The official inflation rate topped 20 per cent in November with prices rising 3.5 per cent that month alone. Many observers consider this an underesti-

'Turkey's economic experiment ran much longer than it should have. The economic costs will be larger as a result'

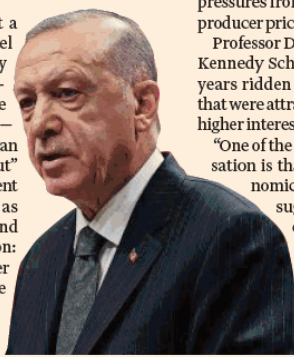
mate but even so, it is expected to jump in December when the effects of the lira crash show up in import prices.

Worse, the lira's plunge has boosted the debts of companies and the government, which have increased their foreign currency borrowings. Turkey's non-financial corporate debt has risen by 20 percentage points of gross domestic product since the pandemic started, the highest among emerging economies, according to OECD estimates.

Rate cuts no longer ease financial conditions for companies because markets demand greater compensation for the risk. Government bond yields have soared as investors lost confidence in the lira and sought the safety of hard currencies.

With import prices soaring, the circumstances threaten to crush domestic demand; a recent 50 per cent rise in the minimum wage will wipe out the cost advantages of the lira depreciation, said Tim Ash of BlueBay Asset Management.

"If [Erdogan] had managed to hold [the line] when there were 10 lira to the [US] dollar, maybe they had a chance but, now inflation is out of the bag, the competitive advantage will go out of the window and we are in a devaluation inflation spiral," Ash added.



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Coalition pact heralds Dutch shift from EU brake to locomotive

GLOBAL INSIGHT

Ben Hall



The same four parties. The same premier. Probably mostly the same ministers. Yet the fourth ruling coalition led by liberal Mark Rutte has struck a decidedly different tone when it comes to the Netherlands' place in the EU. The new coalition pact, finally agreed last week after March's election, suggests The Hague will no longer act as a brake on the EU but as a locomotive. Rutte, who often relished his casting as Europe's Mr No, now intends to be in the vanguard of European integration.

The Hague's new stance bears the imprint of D66, the left-liberal pro-European party that was the big winner in the election. The big losers were the more Eurosceptic Christian Democrats. Rutte's authority was weakened by the benefits scandal that brought down his third government.

But the new Dutch position is also a reflection of how geopolitical uncertainty, the pandemic and Britain's Brexit mess have "reinforced the need for solidarity and collective action" within the EU, says Catherine de Vries, professor at Bocconi University.

The parsimonious Dutch, who like to lecture other EU governments about fiscal discipline, are turning on the spending taps. The incoming government will boost expenditure on housing, education, childcare and defence.

It is creating a fund to finance decarbonisation worth a cumulative 4.3 per cent of gross domestic product and another one for rural diversification (including closing down polluting intensive farms) worth 3.1 per cent.

Extra borrowing will push Dutch debt just above the 60 per cent EU limit. It is hardly the same category as Italy (155 per cent) or Greece (206 per cent), but the limit no longer seems sacrosanct. The agreement amounts to a "farewell to frugality", according to Marcel Klok, senior economist at ING.

The four coalition parties say they are open to the "modernisation" of the EU's fiscal rules as long as its promotes fiscal sustainability and economic conver-

gence. It is vague, but in line with the more flexible approach promised by the new German coalition government.

After Britain's departure from the EU, The Hague acted as ringleader of the so-called frugal states opposed to big EU spending, greater risk sharing or any watering down of the bloc's fiscal rules.

The Dutch, who like to lecture others about fiscal discipline, are turning on the spending taps

Rutte's fourth administration also wants to become an advocate of deeper integration, such as ending national vetoes in foreign policy, strengthening the role of the European Parliament and creating EU-wide carbon and digital taxes. Where a sub-set of EU capitals wants to pursue an initiative, the Dutch want to be in the vanguard.

The new Dutch stance is its second readjustment to post-Brexit Europe. The first was its leadership of an informal group of free-trading, economically liberal, fiscal hawkish governments,

dubbed the New Hanseatic League, who teamed up to defend their interests in place of their powerful British ally. The group shrunk to a hard core of frugals to try to block the EU dishing out recovery fund grants financed by common debt.

The New Hanseatic League made sure small countries were listened to in the EU, says de Vries. But the Dutch started to ask "could you gain more by being constructive and not being some naysayer". However, she warns that the strong strain of Euroscepticism in Dutch politics has not disappeared.

Pepijn Bergsen of Chatham House doubts there will be a fundamental Dutch shift on EU fiscal policy, but the coalition deal reflected a "slowly shifting consensus" on other EU policy areas.

"The Netherlands used to be this last stalwart of neoliberal, free trade, light-touch government thinking," said Rem Korteweg of Clingendael, the Netherlands Institute for International Relations. "Even the Dutch are moving to a more confrontational, even protectionist-light approach to international economic affairs." The Dutch sound a little less Dutch and a little more French.

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INTERNATIONAL

Ugandan deal leaves NSO on brink of collapse

Once popular spyware company has become irritant in Israel-US relations

MEHUL SRIVASTAVA — JERUSALEM

In February 2019, an Israeli woman sat across from the son of Uganda's president and made an audacious pitch — would he want to secretly hack any phone in the world?

Lieutenant General Muhoozi Kainerugaba, in charge of his father's security and a long-whispered successor to Yoweri Museveni, was keen, said two people familiar with the sales pitch.

After all, the woman, who had ties to Israeli intelligence, was pitching him Pegasus, a piece of spyware so powerful that Middle East dictators and autocratic regimes had been paying tens of millions for it for years.

But for NSO, the Israeli company that created Pegasus, this dalliance into east Africa would prove to be the moment it crossed a red line. It infuriated US diplomats and triggered a chain of events that would leave it blacklisted by the commerce department, pursued by Apple and driven to the verge of defaulting on its loans, according to interviews with US and Israeli officials, industry insiders and NSO employees.

A few months after the pitch, Shalev Hulio, NSO's chief executive, landed in Uganda to seal the deal, said two people familiar with NSO's east Africa business.

The Ugandan deal was worth only \$10m-\$20m to NSO but has cost the Israeli spyware group dearly



Hulio, who travelled with Israel's blessing, to sell Pegasus, liked to demonstrate in real time how it could hack a brand new, boxed, iPhone.

The eventual deal was worth \$10m-\$20m, a fraction of the \$243m that Moody's estimated the privately owned NSO made in revenues in 2020, said a person familiar with the matter.

But about two years after the pitch, someone deployed Pegasus to hack the phones of 11 US diplomats and employees of the US embassy in Uganda, said two US officials, who became aware of the issue after notifications were sent out by Apple when the iPhone maker discovered and corrected a flaw in its operating system in November.

It is not clear who tried to hack the US citizens. Uganda's neighbour, Rwanda, had also been using Pegasus to hack phones in Uganda, but the revelation shocked the US. NSO has always told its customers that US phone numbers are off-limits. In this case, all 11 targets were using Ugandan numbers, but had Apple logins using their state department emails, said the two US officials.

NSO said it shut down the hacking systems for "customers relevant to this case" and is investigating. The press secretary for Museveni and the Ugandan government minister of information did not reply to a request for comment.

Israeli and US officials declined to confirm that the Ugandan hack directly triggered a decision to blacklist NSO. But one US official who discussed the issue with Israel's defence ministry said: "Look at the entire sequence of events

here — this is careful, not by chance." The blacklisting was designed to "punish and isolate" the company.

The sanction means that NSO cannot buy any equipment, service or intellectual property from US-based companies without approval. The measure would cripple a company whose terminals ran on servers from Dell and Intel, routers from Cisco, and whose computers run on Windows operating systems, according to a details from a sale to Ghana, west Africa.

After the blacklisting, Itzik Benbenisti quit as chief executive two weeks into his new job. And while the company tried to cheer up its employees with a Hannukah party in the beach resort of Eilat, Hulio, who retook the reins after Benbenisti stepped down, was less sanguine in a recent phone call with an old business associate. "We always knew this thing had an expiration date," he told the friend, according to a person familiar with the conversation.

After spending a decade in the favour of the Israeli government, NSO now finds itself an irritant in relations between Israel and the US, using up vital foreign "policy bandwidth we need to talk about Iran", said a foreign ministry official who asked for anonymity.

That is a reversal for NSO, which Benjamin Netanyahu, then prime minister, used as a calling card with countries such as Bahrain, Morocco, Saudi Arabia and the United Arab Emirates that did not have official relations with Israel.

The reputational damage has also made it difficult to keep hiring the most promising graduates of Israel's elite signals intelligence units, who have the skills to repeatedly outwit the defences of both Android phones and iPhones.

NSO has also found itself in the cross-hairs of Silicon Valley, after angering Apple and Meta by hacking into iPhones and WhatsApp.

"There is a sense that this is a full-on war against the entire industry," said a former senior executive at an Israeli tech group. Some high-level employees of NSO and other similar companies were "staying put" in Israel to avoid being questioned by the US and its allies.

For now, the US pressure has left NSO with few options, said company insiders. Moody's has downgraded NSO's debt as the company's free cash flow turned negative in 2020. "There's a high risk NSO might not be in compliance" with a covenant on the \$500m in loans it took in 2019 to go private, said Moody's.

It has hired Moelis & Co, a US investment bank, to see if it can sell off parts of the company to raise cash, even offering to change Pegasus into a "defensive" product if that makes it more palatable to US investors.

Last Wednesday, 18 US senators asked Antony Blinken, secretary of state, and Janet Yellen, Treasury secretary, to approve sanctions against NSO under the Magnitsky Act, alongside a few other cyber surveillance operators. If the US acts on that request, NSO would be cut off from the US banking system and its employees barred from the US.

A person close to NSO said the company no longer had any business in Africa.

London court ruling



£72.9m
Princess Haya's annual 2019 budget, according to the court ruling

£397,421
Amount spent by Haya on UK holidays this year, plus £77,770 on holiday security

£631,000
The family's holiday costs for a hotel in Italy one summer

£5m
Annual amount awarded to the children to pay for holidays

£277,050
Amount awarded each year for the upkeep of the children's animals

Princess Haya, right, leaves court in October with her lawyer, Fiona Shackleton. Below, Sheikh Mohammed
Aaron Chown/PA

Dubai ruler ordered to pay former wife £554m in UK's biggest divorce settlement

JANE CROFT — LONDON

Sheikh Mohammed bin Rashid al-Maktoum, the billionaire ruler of Dubai, must pay about £554m in child maintenance and security costs to his former wife Princess Haya and their two children, in what is believed to be the largest post-divorce financial settlement awarded by an English court.

Mr Justice Moor said yesterday the Dubai ruler must pay a lump sum of £251.5m in three months, which will include the cost of the princess's security for her lifetime. He must also provide a £290m HSBC bank guarantee underpinning an annual £11m maintenance payment, as well as security costs for the two children as adults, £3m to cover their education and £9.6m in maintenance arrears.

The case in London's High Court has given a rare glimpse into the world of the Gulf elite and their staggering wealth, which the judge said in his ruling was "a truly opulent and unprecedented standard of living".

It has also led to scrutiny and embarrassing revelations about Sheikh Mohammed, the vice-president and prime minister of the United Arab Emirates who is one of the Middle East's highest-profile leaders.

The exact amount of the award is difficult to value because the court has ordered that the 72-year-old Sheikh Mohammed should pay annual security costs of millions of pounds for his two children, aged nine and 14, for the rest of their lives or until a further court order.

It is thought to be the biggest such financial settlement in London, which is known as the divorce capital of the world after a string of generous multi-

million-pound awards for spouses.

The court's ruling notes that the princess's annual 2019 budget as wife of the ruler of Dubai was £72.9m and through trust structures she has a £95m home near Kensington Palace in central London with five housekeepers and a handyman, plus a £4.5m mansion in Windsor, west of the capital.

Princess Haya, who fled Dubai for London in 2019, had sought £1.4bn from Sheikh Mohammed in the High Court for maintenance for their two children. She opted not to claim money in her own right as a former wife — except for the costs of her lifetime security plus £97m compensation claimed for personal items such as her jewellery collection, which she left in Dubai. The judge awarded her £20.9m for personal possessions, including £13.6m for jewellery.

The financial settlement marks a final stage in one of the most bitter battles between the divorced couple, which led to a ruling by a High Court judge in October that said Sheikh Mohammed was prepared to use his "immense wealth, political power and international influence" against the 47-year-old princess and to allow his agents to hack her phone using Israeli technology group NSO's controversial Pegasus military-grade spyware.

The findings have tarnished the international reputation of the Sheikh Mohammed, who has deep ties to the British establishment. He has been a guest of the Queen at Royal Ascot racecourse and a significant figure in the horseracing world

through his Godolphin stables.

Princess Haya, daughter of the late King Hussein of Jordan, has been receiving interim maintenance and told the court that since she arrived in Britain in 2019 she has been "fast eroding her capital", according to details contained in the ruling. "She said that her financial position was so bad that she was fast approaching the point where she would have to sell paintings, but she did not wish to do so as the children would then see what she was doing as there would be gaps on the walls of the property," the judge's ruling noted.

'Her position was so bad, she was fast approaching the point where she would have to sell paintings'

The judgment also noted that the princess dealt with alleged blackmail claims against her by paying £6.7m to four security operatives, although the judge's ruling makes it clear the court heard no evidence from the alleged blackmailers.

The biggest item in the maintenance award is for the cost of providing security for Princess Haya and her children. Sir Andrew McFarlane, president of the family division of the High Court, previously found that Sheikh Mohammed "constitutes a grave risk" to the security of the princess and the children. "Most importantly in

this regard, and absolutely uniquely, the main threat they [children and Princess Haya] face is from HH [His Highness] himself, not from outside sources," the judge said in the ruling, adding this was "compounded by the full weight of the state that he has available to him".

Sheikh Mohammed said in a position statement cited in the ruling that he had "no intention" of causing harm to Princess Haya, had no "hacked" material in his possession and "there was no surveillance undertaken with his express or implied authority". In October, he contested the court's hacking ruling, stating it was based on incomplete evidence.

The ruling shines a light on the family's spending. Details of Princess Haya's £35.64m of expenditure from December 2019 to September 2021 was shown to the court — including £397,421 spent on UK holidays in 2021, plus £77,770 on holiday security.

The family's holiday costs at a hotel in Italy one summer were £631,000 plus £180,000 in flight costs. A further £274,000 was spent at a hotel in Greece, plus £210,000 flight costs.

The maintenance award allots the children a £5m annual budget for seven holidays over nine weeks — including £1.8m for private plane flights. The judge has allowed £1m a year for leisure costs and £277,050 a year for the upkeep of the children's animals.

A spokesman for Sheikh Mohammed said: "He has always ensured that his children are provided for. The court has now made its ruling on finances and he does not intend to comment further. He asks that the media respect the privacy of his children and do not intrude into their lives in the UK."

Manchin impasse

Democrats race to salvage stalled \$1.75tn social spending bill

LAUREN FEDOR — WASHINGTON

Senate Democrats met yesterday for tense talks to try to chart a path forward for President Joe Biden's \$1.75tn Build Back Better package, after fellow Democrat Joe Manchin all but torpedoed the president's economic agenda.

Many lawmakers have already returned to their home states for the Christmas period. But Chuck Schumer, the Senate's top Democrat, said Democrats in the upper chamber of Congress would hold a "virtual special caucus" call yesterday evening — which the Senate majority leader noted would be the "longest night of the year".

In a letter to colleagues on Monday, Schumer placed the blame squarely on Manchin, the senator from West Virginia, for what he called "deep discontent and frustration" within the Democratic caucus.

Schumer's intervention came one day after Manchin, the most conservative Democrat in the Senate, explicitly rejected Biden's flagship \$1.75tn social spending bill, which would make unprecedented investments in early

childhood education and public health care, as well as efforts to combat climate change.

"I cannot vote to continue with this piece of legislation. I just can't. I've tried everything humanly possible. I can't get there," Manchin said on Fox News on Sunday, after weeks of intense negotiations with the White House and Democratic leaders on Capitol Hill.

Manchin, who has opposed components of the Build Back Better bill — including the introduction of paid family and medical leave for all American workers — has also taken issue with the sheer size of the spending bill, claiming that more fiscal restraint is needed at a time of rising inflation. The White House has argued that the costs of the social spending package would be offset largely with tax increases on the wealthy and large companies.

Schumer on Monday insisted Manchin's intervention would not "deter" Democrats from "continuing to try to find a way forward", adding that lawmakers should expect to vote on the bill in early 2022.

Schumer's comments were echoed by

Nancy Pelosi, the Democratic Speaker of the House of Representatives, who said at an event in San Francisco that she was "not deterred at all".

"I have confidence that Senator Manchin cares about our country and that at some point, very soon, we can take up the legislation," Pelosi said.

Jen Psaki, White House press secretary, said Biden was "no stranger to legislative challenges".

But the package as written is almost certainly doomed to fail in a Senate that Democrats control by the slimmest of margins. Manchin's vote is crucial to secure majority support, since Democrats hold the upper chamber, 50-50, with vice-president Kamala Harris able to cast a tiebreaking vote. No Republicans have voiced support for the bill.

The West Virginia senator has shown no sign of backing down. On Monday, he lashed out at the White House in an interview with a West Virginia radio station.

"They figure surely to God we can move one person. Surely, we can badger and beat one person up," Manchin said. "Well, guess what? I'm from West Vir-

ginia. I'm not from where they're from, [where] they can just beat the living crap out of people and think they'll be submissive."

The White House, which issued a scathing statement after Manchin's Fox News interview on Sunday, did not directly respond to the senator's latest comments. But in an op-ed in the Hill newspaper on Monday, Washington columnist and Manchin confidant Steve Clemons suggested the senator had walked away from the negotiating table after being singled out in a White House press release last week.

Clemons suggested lawmakers and the White House might regroup "when tempers cool after the holidays" and find a deal to satisfy Manchin.

Pramila Jayapal, the Democratic congresswoman who chairs the House progressive caucus, slammed the senator on Monday, saying the senator had betrayed fellow lawmakers' trust by going "back on his word".

"That lack of integrity is stunning in a town where people say the only thing that you have is your word," she said. See FT View

Outlook

Omicron dents consumer confidence in eurozone

VALENTINA ROMEI — LONDON

Eurozone consumer confidence fell sharply in December, reflecting the spread of the Omicron coronavirus variant and fuelling concern over the region's economic recovery.

The European Commission's eurozone consumer confidence indicator dropped to minus 8.3 in December from minus 6.8 the previous month.

That was worse than the minus 8 forecast by economists polled by Reuters, and below pre-pandemic levels.

The most recent surge in virus cases is "biting hard", said Claus Vistesen, chief eurozone economist at Pantheon Macroeconomics, adding that it would weigh on services and retail at the end of this year and the start of 2022.

Eurozone household consumption has been the driver of the economic rebound and contributed to 2.1 percentage points of the 2.2 per cent growth in the third quarter. However, most eurozone countries are now tightening

restrictions in an effort to limit the spread of Covid-19, with the hospitality sector among the hardest hit.

The commission does not release results by country in its early estimates, which were based on data collected between December 1 and 20. However, data from research company GfK showed that German consumer confidence fell to minus 6.8 in December, from minus 1.6 in the previous month. The reading was well below analysts' expectations and was the lowest since June.

Rolf Bürkl of GfK said consumer sentiment continued to be under pressure from high Covid case numbers and increased prices. "Above all, the rule, requiring customers to be either fully vaccinated or have recovered, which applies to large parts of the retail sector deals a heavy blow to the holiday business," Bürkl said. "The outlook for the beginning of next year is also muted against the backdrop of the rapid spread of the Omicron variant."

INTERNATIONAL

Pandemic

US to hand out millions of Covid test kits

Army poised to help in hospitals as country is braced for variant surge

KIRAN STACEY — WASHINGTON

The US government is sending out hundreds of millions of Covid-19 tests and mobilising the armed forces to help staff hospitals ahead of what officials expect to be a surge in infections over the coming weeks.

Joe Biden, president, was due to announce the measures today, a day after the Centers for Disease Control and Prevention said the Omicron variant probably accounted for nearly three-

quarters of all cases in the country.

But while the president is preparing for what could be the country's worst wave, he will also tell vaccinated people they should feel comfortable celebrating the Christmas holidays with friends and family. The approach differs markedly from that taken in much of Europe, where France is curbing New Year's Eve celebrations and the Netherlands has gone into another strict lockdown.

An administration official said: "We have the tools to get through this wave. If you are among the vast majority of Americans who are fully vaccinated, and especially if you've got your booster shots, you have a high degree of protection against severe illness."

While the Omicron variant has been spreading in the US for weeks, the country has not yet experienced the infection levels being seen in South Africa, the UK and parts of Europe. The US case rate is about a third of that in the UK.

US officials expect the situation to deteriorate rapidly, however, not least because of the number of unvaccinated people. Just over a week ago, the CDC estimated Omicron accounted for 13 per cent of cases. On Monday, it said it was responsible for about 75 per cent.

The White House also revealed on Monday that Biden spent 30 minutes on board Air Force One on Friday in close contact with someone who later tested positive for the virus. Officials added

that the president had tested negative since then, as recently as Monday.

As the US heads into its busiest travel season, Biden will announce a series of measures designed to improve both testing and hospital capacity.

After months of criticism over the US's low supplies of rapid at-home tests, the administration is buying 500m and sending them through the post to people's homes, beginning next month.

This month, Jen Psaki, press secretary, was criticised after appearing to mock such a suggestion, telling a reporter: "Should we just send one to every American?"

Psaki went on to ask what would happen after everyone received their one

free test. Yesterday's announcement will provide enough for every adult to have two free tests.

Biden will also announce that 1,000 military doctors, nurses and paramedics will be mobilised to help staff hospitals in January and February, if needed. Six emergency response teams, each with more than 100 clinical personnel and paramedics, are being sent to six states: Michigan, Indiana, Wisconsin, Arizona, New Hampshire and Vermont.

The federal government will also set up pop-up vaccination sites in areas of high demand, after pharmacies in urban areas, in particular, became swamped with people looking for booster shots.

State aid

France and UK offer support for businesses hit by Omicron

EUR NOLSOE — PARIS
RICHARD MILNE
NORDIC AND BALTIC CORRESPONDENT

The French government has announced an extension of its pandemic support scheme to help businesses in sectors worst hit by the latest surge in Covid-19 infections.

Bruno Le Maire, finance minister, and Jean-Baptiste Lemoine, tourism minister, said yesterday that the companies most affected, such as those in the travel and hospitality sectors, would be compensated for their losses for December.

They said businesses that lost more than half of their turnover and had operating losses would be eligible for a "fixed costs" scheme. Under the scheme, the government would make up 90 per cent of operating losses for small businesses and 70 per cent for those with more than 50 employees. The support was capped at €12m.

The UK yesterday announced similar measures. Rishi Sunak, the chancellor, succumbed to pressure from business leaders and announced more than £1bn in support for companies across the UK hit hardest by the pre-Christmas surge in the new Omicron variant.

French companies losing 65 per cent of their turnover or more can also furlough workers and will continue to have access to state-backed loans and debt relief plans among other measures.

The finance ministry said: "Faced with changes in the health situation and recent health recommendations, certain sectors are experiencing a slowdown in their activities."

The French government closed nightclubs at the start of the month. It also imposed a ban on British tourists last week in a blow to the ski industry. According to Lemoine, British people made up 15 per cent of ski resort customers overall, although the figure was much higher in some resorts.

Sweden announced it was introducing tighter Covid-19 restrictions in the run-up to Christmas in an attempt to stem the spread of Omicron.

Sweden, which has had the lowest infection rates in the Nordics in recent months, will recommend homeworking from tomorrow, as well as table service in bars and restaurants. It will limit the size of public gatherings without a Covid-19 passport, prime minister Magdalena Andersson told a news briefing yesterday. "This is about lowering the infection rate: Omicron is spreading faster than expected," the Social Democrat leader added. "We need to get the infection rate down here and now."

Sweden stood out in the early days of the pandemic for its lack of formal lockdown, but in 2021 it has come closer to most of Europe with its restrictions. Some epidemiologists argue authorities in Stockholm have tended to do too little, too late, and have lacked urgency on testing and vaccine booster doses.

Sweden's cases per capita have risen in recent weeks but are still below the peaks from January and April this year. Neighbouring Norway and Denmark, which had kept the pandemic under control in the first 18 months, have higher infection rates than Sweden recorded during its worst period.

Robin Harding see Opinion

Malaysia
PM admits flood failures

People waded through floodwaters in Malaysia's Selangor state yesterday as the prime minister admitted to weaknesses in the government's response to the flooding, which has left at least 14 dead and more than 70,000 displaced.

Ismail Sabri Yaakob's admission came as the country braced for more storms and heavy rain in the coming days.

Authorities have been criticised for their slow response to the floods, with some people trapped for more than two days before being rescued. The torrential rain began last Friday and has caused flooding in eight states. Reuters, Kuala Lumpur



Airil Kartono/AFP/Getty

Competition law. Collaboration

Vestager hails new era of EU-US antitrust co-operation

Transatlantic alignment helps regulators pursue parallel probes into proposed deals

FT REPORTERS

Lina Khan's selection as head of the US Federal Trade Commission has ushered in a new era of co-operation between regulators on both sides of the Atlantic, according to Margrethe Vestager, the EU's competition chief.

Vestager told the Financial Times she saw "a lot of alignment" with her American colleagues on policymaking and legal enforcement, as European regulators welcome a new age of trustbusting under US president Joe Biden.

Her comments reflect a new closeness between competition regulators in the US, EU and UK as they pursue parallel cases into proposed deals by Facebook, Nvidia and Illumina. Officials in the Biden administration said such collaboration would be essential as they look to toughen America's approach to competition law, especially in the technology sector. The transatlantic co-operation

has raised alarms in US boardrooms, however, where executives have already been critical of Khan, who has been credited with overhauling the Democratic party's comparatively hands-off approach to competition policy.

By convincing EU authorities to take up the Biden administration's priorities, critics argue, she has extended the power of an agency that has occasionally found itself constrained by US court rulings, most recently bringing a sweeping FTC case against Facebook. "We find it inspiring when we see the Facebook case that the FTC filed, and we follow their investigations," Vestager said.

"I think it was really interesting that both Jonathan Kanter [the newly appointed chief of the US Department of Justice's antitrust division], Lina Khan and I, we are different generations," said Vestager, 53. "We have different years of experience... we have different educational backgrounds, but there's a lot of alignment in the way that we think."

Despite Vestager's warm words, some in corporate America argue that regulators are colluding to block transactions they do not like, even if they do not fall strictly under their jurisdictions.

Sean Heather, senior vice-president of international regulatory affairs and antitrust at the US Chamber of Commerce, said: "International commitments direct antitrust regulators to keep their hands off deals that have zero legitimate local nexus to their jurisdiction. Divide-and-conquer strategies

EU competition chief Margrethe Vestager: "There's a lot of alignment in the way that we think"



among antitrust agencies to block mergers in order to evade a jurisdiction-based review on the merits would be itself cartel behaviour."

Illumina last week took aim at the European Commission over its investigation into the biotech company's \$8bn takeover of Grail, even though Grail has no activities in Europe. Daniel Beard, the company's lawyer, told a hearing at the European General Court: "If the commission is going to radically change policy, then businesses should know. Think about business certainty."

Illumina's case is just one of three under scrutiny from regulators in the US and Europe, as the watchdogs across the Atlantic become more aligned.

US regulators this month sued to block Nvidia's acquisition of UK chip design company Arm from SoftBank, a deal valued at \$82bn, following similar probes launched by the EU and UK.

And last month, the UK's Competition and Markets Authority ordered Facebook's parent company, Meta, to unwind its \$315m acquisition of Giphy. Meta complained about the judgment, not least because it said Giphy had no concrete plans to enter the UK market.

People with knowledge of the probes into Nvidia and Illumina told the FT regulators in the US and Europe were in regular contact and had been sharing information about their cases.

This month Khan, Kanter and Vestager met in Washington to launch the EU-US Joint Technology Competition Policy Dialogue. As part of that, the two sides said their aim was "co-ordinating as much as possible on policy and enforcement", especially in technology.

Kanter told the FT his unit "prioritises building international relation-

ships" that helped enforce antitrust laws. "Promoting economic liberty and competitive markets is a shared goal of many international competition enforcers," he said. "I think 10 years ago there might have been a couple of calls during [a] case," said an official at the DoJ.

During significant cases today, "there might be a weekly call... [for] more than once a week. The collaboration is quite strong right now. This is a pretty exciting time".

Dealmakers said that in the coming years they would have to be more conscious of what regulators on the other side of the Atlantic might think too.

One corporate lawyer in the US said the new era of co-operation between Brussels and Washington represented the most serious threat to dealmaking.

"[They] are complementing each other. Will this lead to more deals getting blocked? Absolutely," said the lawyer. "What can't get blocked here might be blocked in the European Union, and the guys in DC will be assisting them."

Reporting by Stefania Palma, Kiran Stacey and Aime Williams in Washington, James Fontanella-Khan in New York and Javier Espinoza in Brussels

Judge's campaign

Brazil corruption fighter starts to build presidential bid

BRYAN HARRIS — SAO PAULO

Sérgio Moro is portrayed by his supporters as Superman for his role in exposing endemic corruption in the Brazilian establishment.

But the judge turned politician arguably faces an even more difficult task in attracting voters to back his bid to become president.

Third in the polls ahead of elections next October, he trails by a wide margin former leftwing president Luiz Inácio Lula da Silva and the far-right Jair Bolsonaro, the current leader. Yet Moro, 49, sees a chance by targeting the growing constituency of voters who do not want to vote for either Bolsonaro or Lula.

"The Brazilian people don't want to re-elect the current president, but on the other hand [many] do not also want to bring former president Lula back because they know that is a model of government based on corruption," he said in an interview with the Financial Times from a residence in southern São Paulo that has become his campaign headquarters.

The presidential bid, based on liberal economic policies, is the third act in Moro's career. In the first, the judge

from the southern city of Curitiba rose to fame as the face of the long-running Lava Jato (Car Wash) probe that locked up scores of powerful Brazilian figures in an anti-corruption investigation.

Starting in 2014, prosecutors uncovered a vast contracts-for-kickbacks scheme involving more than 1,000 politicians and businesspeople and \$5bn in illegal payments. More than 280 people were convicted as a result of the probe, including Lula.

Moro then joined the Bolsonaro administration as justice minister in 2019, only to depart after 16 months amid a spat over the president's alleged interference in the federal police.

Now, following a stint in the US as a consultant, Moro aims to replace the former army captain as Brazil's leader. While no candidate has officially declared yet, polls show Moro is ranked third — and his momentum is growing.

According to pollster Ipec, more than 30 per cent of Brazilians do not want to elect either Bolsonaro or Lula, who returned to the fray this year after the Supreme Court annulled his graft conviction because of a procedural error.

Moro benefits from a high profile but will face difficulties uniting voters

opposed to the frontrunners, given there will be multiple other candidates. Corruption has also dropped down the list of voter concerns, replaced by the economy and healthcare.

The former judge also suffers from a high rejection rate — currently more than 50 per cent — among voters. For

"The people don't want to re-elect the current president, but do not also want to bring Lula back"

many leftwing voters, the prosecution of Lula was a political witch-hunt, a criticism that gathered steam in 2019 when leaked messages showed Moro coaching prosecutors on the case. After the conviction was overturned, the Supreme Court ruled that his trial of Lula in 2017 was biased.

Moro denies the events hurt his credibility. "The Brazilian people know what happened during the Lava Jato investigation and what was discovered. It was a major criminal scandal. Brazil has a tradition of impunity for corruption and Lava Jato changed this," he said.

If elected, Moro said he would restart anti-corruption efforts while promoting a liberal economic agenda that addresses myriad social problems.

"I believe in the private sector. I believe that economic development depends mostly on the initiatives of the private sector," he said, vowing structural reforms such as a simplification of the tax system promised by Bolsonaro.

"[But] in a country like Brazil, you also need to have strong welfare programmes in health, in education, in public security. You need strong policies for education and to diminish poverty because it is growing."

It is a centrist message likely to resonate with Brazil's business community, which has grown tired of the tumult of the Bolsonaro administration but is hesitant about a Lula return.

Moro, however, faces an arduous task spreading his message to the wider population, particularly in poorer regions such as the north-east. While seen as competent and technocratic, the former minister does not possess the charisma of Lula or the populist touch of Bolsonaro. He has also never held an elected office.

Additional reporting by Carolina Ingizta

Tourism

Variant leads Thailand and Japan to tighten restrictions

JOHN REED — BANGKOK
ERI SUGIURA — TOKYO

Thailand and Japan became the latest countries to tighten restrictions in response to the Omicron variant of coronavirus, putting further strain on tourism industries in Asia.

Bangkok is suspending quarantine-free travel for international visitors, it said yesterday. It will no longer accept new applications for its "Test & Go" programme, which exempts fully vaccinated visitors who test negative for Covid-19 from undergoing quarantine, nor for its "Sandbox" programme allowing vaccinated people arriving from abroad into selected tourist areas, providing they undergo two PCR tests. The measures took effect yesterday.

The government would look again at the measures after January 4, and people who had already been cleared for the two schemes could still come to Thailand, but would be required to submit two PCR tests and further follow-ups.

The new variant is the latest blow to Thailand's efforts to revive its tourism

sector, which before the pandemic generated about a fifth of economic output.

Japan is set to tighten border controls and enforce a two-week quarantine in a government-designated hotel for those returning who have been in close contact with somebody infected with Covid-19. Citizens and foreign residents returning to Japan will no longer be able to quarantine at home.

The measure was in line with the decision to extend the ban on foreigners entering from abroad "for the time being", said Fumio Kishida, the prime minister.

Japan introduced tighter entry restrictions in late November, which it initially planned to keep in place until the end of this month.

At present, returning travellers must stay at designated facilities for three to 10 days, depending on the country they arrive from. They must then remain at home until the 14th day after entry.

The change pushes Japan's regime closer to that of Hong Kong's, where 21-day hotel quarantines have hit business travel.



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Brittle India Beneath the excess liquidity, a two-tier economic and social base appears little changed **MARKETS INSIGHT, PAGE 13**

Companies & Markets

Nikola agrees to pay \$125m in fraud probe settlement

- Charges had focused on e-truck tech
- US watchdog alleged false portrayal

KIRAN STACEY — WASHINGTON

Electric-truck start-up Nikola has agreed to pay \$125m to settle charges that it defrauded investors by misleading them on the capabilities of its vehicles, the US Securities and Exchange Commission said yesterday.

The US market watchdog said that Trevor Milton, the company's founder and former chief executive, had given a false impression of the technological capabilities of its trucks.

It accused him of misleading investors over the company's production capabilities, order numbers and financial outlook.

Milton quit last year after research reports surfaced accusing the group of

"This misconduct — and the harm it inflicted on retail investors — merits the strong remedies"

an "intricate fraud", including the charge that its proprietary technology had been purchased from other groups. Gurbir Grewal, director of the SEC's enforcement division, said: "Nikola Corporation is responsible both for Milton's allegedly misleading statements and for other alleged deceptions, all of which falsely portrayed the true state of the company's business and technology. This misconduct — and the harm it inflicted on retail investors — merits the strong remedies today's settlement provides."

Nikola said: "We are pleased to bring this chapter to a close as the company has now resolved all government investigations... Under the terms of the resolution, Nikola neither admits nor denies the SEC's findings in this matter. The company has taken action to seek

reimbursement from its founder, Trevor Milton, for costs and damages in connection with the government and regulatory investigations."

Milton, who is also facing criminal fraud charges, did not respond to a request for comment.

The announcement is the latest sign that the commission is tightening its scrutiny of special purpose acquisition companies, so-called blank-cheque groups that take private companies public through a merger.

Nikola went public through this route after merging with VectoIQ Acquisition last June. Gary Gensler, SEC chair, has warned that such acquisitions may not offer investors as much protection as they might expect from a traditional initial public offering.

The company said last month that it was setting aside \$125m for the settlement, which it expects to pay in instalments over two years.

The SEC case was launched in July, at the same time prosecutors launched the criminal prosecution of Milton. In its complaint, the commission detailed a range of misleading statements made by the former chief executive. It explained how Milton had showed potential investors at an event in 2016 what he claimed was a fully functioning truck, when it was not operable and its electric system worked only because it was plugged into an external power source.

The SEC cited a video, which it said Milton had ordered to be posted to YouTube, showing a Nikola One truck moving down a road, omitting the fact that it was rolling downhill because it could not be driven under its power.

The SEC said the group omitted information on how long it took to recharge its vehicles and how much it might cost to produce the hydrogen needed to power them.

See Lex

Time savers Chinese investors pick luxury watches over houses in property downturn



Brand value: Rolex's watches are often seen as a marker of status and a hedge against inflation — Alex Plawski/EPA

SUN YU — SHANGHAI

China's once enthusiastic property investors are turning to luxury watches as a better store of value in the face of slowing economic growth and President Xi Jinping's campaign against housing speculation.

Many high-end watch resellers say business has taken off as wealthy individuals stop buying additional homes and instead spend their extra cash on luxury timepieces, such as those by Rolex and Patek Philippe.

The spree, said experts, contributed to a 40 per cent surge in imports of Swiss watches so far this year, even as the broader economy cooled off.

Camille Gaujacq, an analyst at Daxue Consulting, a Shanghai-based market research firm, said a downturn in the property industry, once the "go-to investment" for China's wealthy class, had prompted many to look for alternatives. "Luxury watches can be the answer," she said.

Property has been a one-way bet in China since the urban housing market was liberalised in the late 1990s. But Xi's determination to deliver "common prosperity", as well as the collapse of Evergrande, has led to a rare downturn in prices.

Analysts expect the downturn to continue after the Communist party reiterated Xi's assertion that "houses are for living in, not speculation".

While consumer demand has taken a hit from an economic downturn, high-end timepieces have gained popularity. An October survey of 1,500 Chinese adults with more than Rmb500,000 (\$78,370) in annual household income by CSG Intage, a Hong Kong-based consultancy, found that 88 per cent planned to keep or increase spending on luxury watches, which cost Rmb76,700 on average, in the following 12 months.

"The top end of the watch market is very strong," said Simon Tye, author of the study. "If you go to a Rolex shop

right now, it won't have enough [watches] to sell to the customers."

For many buyers, luxury watches are not only a marker of social status but also a hedge against inflation.

In the eastern province of Jiangsu, Sam Yu, owner of an electric heater manufacturer, thought his purchase of a Rmb700,000 Patek Philippe was a "wise" investment. "After two years I can sell the watch for a small profit," said Yu, who made his most recent home purchase five years ago. "I won't be able to do this with an apartment."

Another driver of the watch boom is their portability, which provides an easy way for China's wealthy to evade capital controls that impose an annual limit of \$50,000 for overseas remittances. "Customs officials either won't notice your watch or may not know how much it is worth," said David Wang, a Shanghai-based luxury watch reseller.

Additional reporting by Xinning Liu in Beijing and Tom Mitchell in Singapore

McDonald's to ration fries as Japan suffers supply crunch

LEO LEWIS — TOKYO

McDonald's Japan has joined the unfortunate ranks of Toyota, Sony and other industrial titans that have fallen victim to a chip supply crisis.

The fast-food group said yesterday that because of delivery delays from Canada, it would be able to offer only the smallest serving of french fries at its 2,900 outlets. An emergency plan to ensure "continuous supply of french fries" had been introduced, the company said.

Medium and large servings would be cut and customers would be offered a small discount, McDonald's said, adding that deliveries of fries by airfreight had started to arrive in Japan.

Supplies of hash browns, a staple of the breakfast menu, appear unaffected by the delivery disruption.

McDonald's said that fries rationing would begin on Christmas Eve and was expected to end on December 30.

The shortage comes during a festive period that is traditionally dominated by rival KFC. For nearly half a century, Japanese consumers have ordered KFC on Christmas Day thanks to an advertising campaign that successfully linked the fast-food chain with the holiday. KFC operates a family bucket pre-booking system to ensure it meets the December 25 rush.

In its annual attempt to dislodge KFC from the top Yuletide spot, McDonald's is running a campaign centred on a bargain serving of chicken nuggets. The advertisement, which was produced before yesterday's announcement, shows a family enjoying both the nuggets and the largest serving of fries.

Japan is one of the fast-food company's largest markets outside the US. The chip issue was a result of the combination of the Covid-19 pandemic and a severe backlog at the Vancouver port after flooding and landslides that destroyed highways. The blockage aggravated the supply chain turmoil caused by a pandemic boom for goods and congested ports that have significantly pushed up freight costs.

Burger King said it had no plans to change its french fries sales. KFC could not be reached for comment.

Fragilities in Japan's potato supply chain were an issue before the pandemic. In 2017, a weak autumn harvest of potatoes in the northern Japanese island of Hokkaido led to a shortage of crisps, which prompted hoarding by consumers.

Contracts & Tenders

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Reference Tender Notice published in national and international newspapers on 31.10.2021 & 06.11.2021 respectively, it is notified that the bids submission/opening date is extended as follows:

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2. Bid submission/opening time and all other terms & conditions shall remain unchanged.
3. Bidders are requested to contact on email addresses: info.the@if.com; ejaz_rizvi@ogdcl.com; zaheer_mirza@ogdcl.com; alghan_niazi@ogdcl.com for further queries/information.
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Hong Kong's emerging tech scene seeks to make up for lost time

INSIDE BUSINESS

ASIA

James Kynge



One of Hong Kong's enduring puzzles has been how the city managed to miss Asia's tech boom for so long.

Situated next door to the world's fastest-growing market and boasting Asia's leading financial centre, Hong Kong hosts a multilateral business community and several good universities. And yet in terms of homegrown technology start-ups, the city's performance has been anaemic.

"I will be honest. I am a Hong Kong local. We have lost 20 years," said Albert Wong, chief executive of the Hong Kong Science and Technology Parks Corporation. "We have never been putting so much emphasis... on research and development and, to be honest, I think it will take a generation to fix it."

A fix is now under way. Wong is leading a strategy to turn HKSTP into the city's leading tech incubator. In the five years since he took the helm, the park has nurtured a start-up ecosystem and launched initiatives to establish R&D programmes with some of the world's top universities.

According to its own data, the park now hosts 540 tech start-ups, of which three are "unicorns" valued at more than \$1bn, 10 are "centaurs" valued at more than \$100m and 58 are "ponies" valued at more than \$10m.

Such numbers represent a step change: Hong Kong did not have a single unicorn to its name until 2017.

Adding impetus to the transformation is a science park culture that Wong describes in unsparing terms.

The park has no time for "bullshit" R&D and has created a system to weed out about 10 per cent of its tenants every year, following an annual review to check, among other things, if each company has more than half its staff engaged in R&D.

"We have a team of people looking at their business plan and checking that they are doing what they say they are going to do," Wong said. "If they do not satisfy the review, we have all the rights to terminate their lease after three years."

Such a system helps create a brand name. "If you have a science park business card, it is a kind of proof that you are doing real R&D," Wong said, adding that, of a total of 15,000 people working at the park, about 10,000 are engaged in R&D.

Reinforcing this approach, the park is helping set up 27 joint research projects between overseas universities — including Harvard and Stanford — and local counterparts to conduct research into areas such as health tech, artificial intelligence and robotics. The initiative is backed by HK\$10bn in funding from the Hong Kong government.

All this feeds into what Hong Kong is hoping will be a makeover. For at least the past two decades, much of the energy of the city's entrepreneurs was sucked into a factory boom over the border in China's Pearl River delta.

The game was simple: outsource

manufacturing to Chinese factories to take advantage of low labour costs and then re-export cheap products through Hong Kong's port to the rest of the world.

"Now everybody knows that this is a game you can no longer play, but it will take a bit of time to turn around," said Wong.

Nevertheless, signs of progress towards a future as a tech hub are mixed with growing political complexity. SenseTime, a Chinese AI start-up that was valued at \$17bn in early December, got its start in HKSTP and ranks as the park's most successful alumnus to date.

However, SenseTime postponed its share offering on Hong Kong's stock market in December after the US added it to an investment blacklist.

Washington has accused the company, which specialises in facial recognition software, of enabling human rights abuses against Muslim Uyghurs in China's northwestern region of Xinjiang.

SenseTime, which has denied the charges, revived plans for an initial public offering this week with the help of Chinese state-backed entities. But the episode raises questions about the extent to which Silicon Valley tech groups and overseas funds can feel free to participate in Hong Kong's emerging tech scene.

The imposition of a national security law on Hong Kong by Beijing in 2020, for instance, means that the city's police can demand that online platforms take down content deemed undesirable by China's security state.

Global tech companies, which used to regard Hong Kong as a safe gateway through which to access the China market, may have to think twice.

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International Forum on the Super Aging Challenge



Two international conferences on the “super aging society” – the Nikkei Super Active Ageing Society Conference (SAAS; organized by Nikkei Inc.) and the Well Aging Society Summit (WASS; organized by the Ministry of Economy, Trade and Industry) – which had been held separately until 2020, were held together over two days in November 2021. The aging of society will progress rapidly throughout the world over the next half century. In this forum, the world’s leading experts from industry, academia and government discussed the social challenges of “super aging” based on their expert knowledge and explored ways of realizing a more active aging society. Here we outline parts of both SAAS and WASS.

You can watch more content and archived video from here

SAAS
The 3rd Nikkei Super Active Ageing Society Conference
<https://channel.nikkei.co.jp/saas2021e/>

WASS
The 4th Well Aging Society Summit Asia-Japan
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The 3rd Nikkei Super Active Ageing Society Conference (SAAS)

Special Keynote Speech: How to live longer and flourish

Lynda Gratton
Professor of Management Practice, London Business School

In the special keynote speech, viewing the era of the 100-year life as an opportunity, Professor Gratton made proposals for a fruitful and long life. Pointing out that “a longer life is a great gift that our generation has gained for the first time. We can live for 20 years longer than our parents’ generation,” she noted that the three important factors for a long-life society to flourish are life story (narrative), technology and human relationships.

“First you have to consider the story you tell yourself about your own life. If you are going to work until you are 70, you have to be a life-long learner to acquire new skills. And if you want to be happy, you will have to build good relationships with family, friends and members of the community.” As ways of building a new narrative of our life as we move toward a super-aging society, she emphasized the importance of “embracing career breaks, alternative work, a lifetime of learning and virtual learning. Over a long life, there will be more possibilities. It is important to accept change without fear and to act pre-emptively to ensure you are not too late.”

Keynote Speech 1: The 100-Year Life: The Longer and Healthier Life – Why not??

Steve Sugino
President and Representative Director, Amgen K.K.

Japan is the country with the highest longevity in the world. With the further decline in the birthrate and aging of the population, the burden on people of working age will become even heavier. However, pointing out that “the definition of the aged will change and the situation will be radically transformed as healthy life expectancy increases,” Mr. Sugino stressed the need to change the way healthcare is provided. “In almost all cases, the cause of people becoming bedridden is chronic diseases. Most of these diseases can be prevented, treated or managed. We need a fundamental shift from the conventional ‘break and fix’ approach to a proactive ‘predict and prevent’ approach to healthcare.” To that end, he said, “it is important to invest in innovation and for all stakeholders to pursue the same goals.”

Theme Lecture and Panel Session: Health

- Tan Chorh Chuan**
Chief Health Scientist, Ministry of Health, Singapore, Former President of the National University of Singapore
- Panelist Ryozo Nagai**
President, Jichi Medical University
- Panelist Kayo Takuma**
Professor of International Politics at the Faculty of Law and Politics, Tokyo Metropolitan University
- Panelist Thomas B. Cueni**
Director General, International Federation of Pharmaceutical Manufacturers and Associations (IFPMA)
- Moderator Chiaki Mukai**
Specially Appointed Vice President, Tokyo University of Science

At the beginning of the “health” session, Mr. Chuan described the efforts being made in care for the elderly in Singapore. He reported that “we were forced to suspend many in-person services due to COVID-19. In a pandemic, the home inevitably becomes the preferred place of care. Through telehealth, remote monitoring and other methods, we will develop a new model integrating digital technologies with in-person services.”

In the panel session that followed, the three panelists gave presentations from their various perspectives. Mr. Nagai stated his opinion that “prevention is important to prolong a healthy life. Systems for collecting and utilizing clinical information will be essential in dealing with this.” He said that “as the birth rate declines, the medical care system itself will become sick, so data-based control of the medical care system will be required.” He also pointed out that “ethical, legal and social issues (ELSI)” will be important in determining how medical research should be conducted.

Speaking on the theme “How should we prepare for infectious diseases in an aging society?”, Professor Takuma outlined the lessons learned from the COVID-19 pandemic. She pointed out that “in the present day, the most common causes of death are non-infectious diseases. In recent years, however, emerging and reemerging infectious diseases have been occurring periodically. Once an infectious disease occurs, the impact on the elderly is quite large.” Furthermore, she said, “one characteristic of infectious diseases is that they occur simultaneously in different places, which

leads to breakdowns in the global coordination of resources such as masks and PPE, ventilators, vaccines and therapeutic medicines. Universal Health Coverage (UHC) will be important as the basis for preparing for and responding to infectious diseases.”

In a video message, Mr. Cueni talked about the various problems concerning COVID-19 vaccines. Stating that “the IFPMA is promoting efforts to enhance vaccine equity in cooperation with various countries and government agencies,” he predicted that vaccines will be supplied to the whole world’s adult population by the middle of 2022. Regarding anti-vaccination movements, he reported that “they spoil a lot of efforts. We have launched the #TeamVaccines campaign to tackle this problem.”

At the end of the session, Ms. Mukai concluded, “We have reconfirmed that, in tackling COVID-19, coordination at the individual, family and global levels is important. To realize a society with dignity where each individual life shines, it is necessary to build resilient medical care systems that can cope with new threats.”

Keynote Speech 2: Wellness from the Feet Up to Prevent Falls in Seniors

Hideaki Akune
Professor Emeritus, J. F. Oberlin University

According to the Ministry of Health, Labour and Welfare’s Comprehensive Survey of Living Conditions, the proportion of late-stage elderly people requiring support or care in 2060 is expected to increase to more than twice that of 2020. Professor Akune stated that “the most common reason for requiring nursing care is joint disease, followed by senility, stroke and bone fracture due to a fall. People today are losing strength in their feet. The feet have also become flattened and their center of gravity has shifted back to the heels. Strengthening the feet is an effective way of preventing falls in seniors.” As part of the government’s Healthy Japan 21 program, Professor Akune is conducting research on improving toe functions and strength. Reporting on the status of his research activities, he said: “We confirmed that, by making the plantar muscles work, the sensory nerve functions at the base of the foot are improved, leading to an improvement in walking ability. Currently we are striving to promote health from the base of the feet upwards using a skeletal muscle electrical stimulator.”

Special Session: Private Sector’s Role in Healthy Ageing

- Panelist Takeshi Kasai**
WHO Regional Director for Western Pacific
- Panelist Poonam Khetrapal Singh**
WHO Regional Director for South-East Asia Region
- Panelist Momoko Abe**
Program Officer, Japan Center for International Exchange
- Moderator Hiroki Nakatani**
Visiting Professor, School of Medicine, Keio University

Initiatives toward a super aging society cannot be discussed without taking into account national character and regional characteristics. The WHO Western Pacific Region consists of 37 countries and regions ranging from large countries such as Japan and China to small islands. It is the region with the largest and fastest aging population. Mr. Kasai proposed that “Japan, the fastest aging country, should apply the experience it has accumulated within the region.”

On the other hand, the Southeast Asia region contains a relatively large number of low-income countries. The human cost of care for the elderly is not high, but these countries cannot afford advanced medical equipment. Ms. Singh expressed her hopes for the contribution of the private sector, pointing out that “many elderly persons want telemedicine, hearing aids and so on.”

Ms. Abe outlined the Healthy Aging Prize for Asian Innovation organized by the Japan Center for International Exchange (JCIE). As one example of recipients of the prize, she mentioned a Japanese company that is working to improve the health of elderly people in northeast Thailand. Ms. Abe said that the keys to receiving the prize were “collaboration with the community and utilization of its human resources.”

Finally, the moderator Professor Nakatani asked about the role of private-sector companies play in an aging society. All three panelists said it is “extremely important.”

Theme Lecture and Panel Session: Financial Gerontology/Work-Style

In the era of a 100-year life, with the lengthening of people’s lifespans, they will first seek health and then money and a purpose in life. Working is an ideal way of obtaining two of these. In his lecture, Mr. Piggott outlined the work situation of the elderly in Australia. In addition to Australia’s low birthrate and aging

- John Piggott**
Director of the ARC Centre of Excellence in Population Ageing Research (CEPAR) and Scientia Professor of Economics at the University of New South Wales
- Panelist Koji Ishizaki**
Executive Officer & General Manager of Frontier Strategy Planning and Support Division, Mitsubishi UFJ Trust and Banking Corporation
- Panelist Toshio Taki**
Executive Officer, Head of Sustainability and CoPA (Chief of Public Affairs), Money Forward, Inc.
- Panelist Sharon K. Parker**
ARC Laureate Fellow, John Curtin Distinguished Professor at Curtin University
- Moderator Yumiko Murakami**
General Partner, MPOWER Partners

population, the decline in immigration due to the COVID-19 pandemic has exacerbated the shortage of manpower. The employment of the elderly is therefore required.

There are three things that prevent this: “health, education and social attitudes.” However, people’s health has greatly improved over the past 30 years. On the other hand, compared to young people, “older people are not given educational opportunities.” Among other things, he called for the vitalization of on-the-job training (OJT) by companies.

The biggest problem is negative social attitudes towards older people. Mr. Piggott stressed that, as a result, “older people cannot display the abilities they have. We need to change this negative image.”

In the panel discussion that followed, three people gave presentations with Ms. Murakami acting as moderator.

Mr. Ishizaki pointed out that it is very difficult for senior personnel in Japan to change jobs. He explained that the reason for this is that Japanese companies foster their employees as generalists. He indicated possible ways of utilizing senior citizens in the future, saying, “It will be necessary to provide multi-level support such as recurrent education (relearning), encouragement of secondary jobs and shifting toward self-employment.”

According to Mr. Taki’s analysis, the strong concerns Japanese people feel about old age stem from their uncertainty about the amount of money they will need. “In fact, estimates are available and a lot of concerns can be alleviated by matching them with individuals,” he pointed out. Using the example of an extreme case where every customer of a financial institution has dementia, he presented a plan showing how the business can be maintained. He stated that the development of services for solving social problems is the mission of financial institutions.

Professor Parker said that companies need to pay attention to the “3 i’s” to ensure that older workers can continue working for a long time. The 3 i’s are “include” so that older workers are not subject to age-related discrimination or excluded from the workplace, “individualize” by taking account of older workers’ circumstances, and “integrate” by ensuring that employees come from diverse age groups to complement each other.

Finally, the moderator Ms. Murakami pointed out that the mechanisms and systems of work are designed for the working-age population. “The widespread adoption of flexible ways of working has been a positive development for the employment of elderly workers,” and the panelists agreed with this.

Theme Lecture and Panel Session: Social Participation

- Linda P. Fried**
Dean and DeLamar Professor of Public Health Columbia University’s Mailman School of Public Health
- Panelist Kunihiko Suzuki**
Chairman, Medical Corporation Hakujuikai and Director, Shimuraomiya Hospital
- Panelist Yasuko Hattori**
Headteacher, Yokufukai Care School, Social Welfare Foundation Yokufukai
- Panelist Theo W. van Uum**
Director, Long Term Care Ministry of Health, Welfare and Sport, The Netherlands
- Moderator Ryoji Noritake**
CEO, Board Member, Health and Global Policy Institute

For the formation of social capital, three elements are usually required: trust, norms, and networks. In her lecture, Professor Fried stated that the social participation of the elderly should be added to these elements. Through their life experiences, older people have excellent problem-solving abilities and a strong desire to make the world a better place. Older people are an asset of society and their participation brings great benefits to society as a whole.

On the other hand, older people can maintain good health and gain happiness from social participation. Professor Fried stressed that “society should create new roles for older adults.”

In the panel discussion, examples were given of social participation by older people and support for this. Mr. Suzuki outlined Freude

DAN, a pro-bono organization of hospital volunteers. Freude DAN brings together a diverse range of people, including senior citizens and children. The government, shopping malls and universities are also involved in its activities. Mr. Suzuki said, “The pandemic has resulted in a scaling back of events, but it has given impetus to food distribution, shopping assistance, exercise and nutrition guidance, and education in oral health care.”

In addition to her fostering of human resources as the headteacher of a care school, Ms. Hattori is involved in running an association of families caring for dementia sufferers and a community cafe. She said these experiences have shown her that “people derive happiness from interaction with others. When they interact with others, people get used to sending out calls for help. People working together have great strength.”

Taking part from the Netherlands, Mr. van Uum reported on initiatives in his country. In a program to counteract loneliness involving companies such as supermarkets, systems have been created so that older people living alone can have conversations at the checkout counter, etc. There is also a project “to scientifically measure the loneliness of older people from their body language.”

In the second half of the session, the moderator Mr. Noritake asked the panelists about the situation of social participation of people with dementia. Mr. Suzuki said that “agriculture can be done by people with dementia, who can enjoy the growth of plants.” Ms. Hattori gave the example of “a person with dementia who went to the gate of a school when the kids go home and interacted naturally with them.” Mr. van Uum said, “People with dementia act as volunteers, helping children and refugees, or assisting in forest maintenance.”

SAAS Summary Session

In the concluding session of SAAS, six panelists expressed their views.

Pointing out that Japan will enter a super aging society earlier than any other country in the world, Professor Kurokawa said, “Possessing its rich experience and knowhow, including how to respond to dementia, Japan will have a tremendous role to play.”

Professor Komamura mentioned his high expectations for technology-based support, pointing out that “the deterioration of cognitive functions, memory and physical strength

The 4th Well Aging Society Summit Asia-Japan (WASS)

Panel Session: New Health Promotion with Personal Health Record

- Panelist Yukinori Takada**
President & CEO, Sumitomo Life Insurance Company
- Panelist Kimiyuki Nagashima**
Executive Director, Japan Medical Association
- Panelist Toshihiro Maeta**
President & CEO, MTI Ltd.
- Moderator Ryuichi Yamamoto**
Chairman, Medical Information System Development Center (MEDIS)

First the moderator Mr. Yamamoto outlined the current situation: “The Ministry of Economy, Trade and Industry is currently completing a framework for the use of information such as medical examinations and receipts through Myportal (an online service for administrative procedures operated by the Japanese government). By adding our own life log data, we can develop health services utilizing personal health records (PHR) and make use of this in medical care.”

Mr. Takada outlined a health promotion insurance policy as an example of initiatives by life insurance companies. He described the distinctive characteristic of this approach: “Focusing on prevention, it provides various benefits in accordance with data from online health checks and daily exercise, which can be reflected in the insurance premium.”

Mr. Maeta described a women’s health management service and a mothers’ notebook app that women can use by connecting to PHR on the cloud via open APIs. He emphasized that “the important thing is that these are data focusing on the patient, so it is a user-centered approach which medical institutions support.”

Mr. Nagashima stated that “by gaining the user’s complete understanding of daily life data collected using wearable terminals and having a local medical care team led by the user’s doctor make use of the PHR enables new health promotion where citizens or patients play a leading role.” He expressed the opinion that “in the future, we will need to promote the interoperability and standardization of system and data for making use of PHR.”

Panel Session: Health and Productivity Management: From the Perspective of ESG Investors

- Panelist Kiyoshi Kurokawa**
Professor Emeritus, National Graduate Institute for Policy Studies, The University of Tokyo
- Panelist Kohei Komamura**
Professor of Faculty of Economics and Director of Research Center for Financial Gerontology, Keio University
- Panelist Yoshiki Sawa**
Specially Appointed Professor, Division of Health Science, Osaka University Graduate School of Medicine, Director of Osaka Police Hospital
- Panelist Keiko Shimizu**
President of Sawayaka Well-being Foundation
- Panelist Shuichi Nakamura**
President of Forum for Social Security Policy, Professor of Graduate School of International University of Health and Welfare
- Panelist Fumiaki Ikeno**
Program Director (U.S.) of Japan Biodesign, Stanford Byers Center for Biodesign, Stanford University
- Moderator Atsushi Seike**
President, Promotion and Mutual Aid Corporation for Private Schools of Japan

through aging is inevitable.”

Professor Sawa, considering that Japan’s initiatives toward a super aging society should be disseminated globally, proposed that “we should set up a pavilion on the theme of dementia at Expo 2025 Osaka.”

Ms. Shimizu said that even when people age and suffer from dementia, “we should aim for a society where they have a role and their place in the community.”

Mr. Nakamura pointed out that Japan’s annual social security benefit expenditures currently amount to nearly 130 trillion yen. He went on to explain that, at its peak in 2040, this amount will be 1.5 times higher. “The Japanese people must be ready for that.”

Mr. Ikeno, who lives in the United States, said he noticed that, during the pandemic, the use of digital equipment by the elderly has spread rapidly in the U.S. He said that, while Japan should learn from that, “there are also very good things in Japan, such as the national health insurance system and community ties.”

Finally, the moderator Mr. Seike concluded that long life is a gift from heaven and expressed the hope that “we make it rich and happy using the power of technology.”

Panelist Wakaba Kawai

- Panelist Wakaba Kawai**
Senior ESG Specialist, Responsible Investment Research Department, Nomura Asset Management
- Panelist James Coldwell**
ShareAction Head of Workforce Disclosure Initiative (WDI)
- Panelist Akemi Hatano**
Chief Quantitative Analyst, Financial Research Department, SBI Securities
- Panelist Priti Shokeen**
Vice President & Director, ESG Research & Engagement, TD Asset Management
- Panelist Takuma Inamura**
Director, Healthcare Industry Division, Commerce and Service Industry Policy Group, Ministry of Economy, Trade and Industry (METI)
- Moderator Masaru Arai**
Chairman, Japan Sustainable Investment Forum

At the beginning of the session, two video messages were relayed from overseas. Ms. Shokeen said, “Human resource assessment can be a specific differentiator in CSR investment, but companies are currently not yet obliged to disclose such data. I think the disclosure of health management data being promoted by the Ministry of Economy, Trade and Industry (METI) is worthy of attention.”

Mr. Coldwell outlined the program of the Workforce Disclosure Initiative (WDI) and expressed his hope that “since there are many overlapping areas with METI’s health management survey initiative, we would very much like to continue our dialogue with Japan.”

Regarding METI’s certification and qualification systems related to health and productivity management, Mr. Inamura of METI outlined the expansion of the project: “Last fiscal year, 82 percent of the 225 Nikkei companies applied for the program.” He expressed the hope that “we strongly advocate health management overseas to make it a brand of Japanese companies.”

Ms. Kawai pointed out that “Nomura Asset Management integrates ESG elements into the investment process and evaluates companies using its own original scoring system.”

Ms. Hatano expressed her perspective as an analyst: “Quadrant analysis of labor productivity shows that health management enhances a company’s productivity.”

In the discussion that followed, the moderator Mr. Arai asked the panelists questions to deepen the discussion. Among the opinions expressed were that “METI’s framework provides good guidelines for data disclosure” and “health management data is useful information for making decisions on investment in small and mid-cap stocks.”

COMPANIES & MARKETS

Mining

Kyrgyzstan defends taking of gold mine

Canadian group Centerra accused of legal breaches and 'predatory' attitude

NEIL HUME — LONDON

Kyrgyzstan had no option but to seize control of the Kumtor gold mine from its Canadian owner because of environmental and safety issues, according to the director appointed to run the project.

Tengiz Bolturuk said the decision to appoint him external manager was because of "systematic violations" of environmental law by Centerra Gold and its "predatory" attitudes towards

natural resources. "I have seen it with my own eyes," he said.

In May, Bishkek seized control of Kumtor, the country's most valuable asset producing 500,000 ounces of gold a year, after Sadyr Japarov, president, signed a law allowing the government to take temporary control of mines that violate environmental regulations or endanger lives. It fined the company \$3bn.

The move, which has alarmed banks and investors, came months after Japarov, who fought for nationalisation of the mine a decade ago, came to power in a landslide election.

Gold production is the largest source of revenue in Kyrgyzstan, and Kumtor is

the biggest single contributor to its gross domestic product.

Centerra, which relies on the mine for more than half its annual revenue, has responded by launching international arbitration proceedings against Bishkek and seeking bankruptcy protection for its Kyrgyz subsidiaries.

It has sued Bolturuk, who served as the government's representative on the company's board for six months until May 2021, claiming that he conspired to steal the asset from the company, which he denies. The government owns 26 per cent of Centerra.

The row highlights the tensions that can develop between the mining industry, which puts up billions of dollars to

develop complex projects in remote places, and host nations, which often feel they do not get a fair share.

Centerra said Bolturuk's claims were meritless and the state environmental agency had approved its mining permits every year. "The mine's environmental performance was also audited externally multiple times by the Kyrgyz government's environmental consultant, AMEC Foster Wheeler, and the European Bank for Reconstruction and Development."

The company said it was concerned about a build-up of water at the mine "potentially destabilising" the pit walls and creating an "environmental hazard if the water is not treated".

Kumtor, one of the largest western-operated gold mines in Central Asia, sits about 4,000 metres above sea level in the mountains above Issyk-Kul Lake.

To access the gold ore deposits, large amounts of ice must be moved. Under his direction, Bolturuk said, the mine had reduced the amount of ice moved from glaciers to 1.8m cubic metres, from 4.8m a year earlier. "We will reduce this to almost zero in two years," he said.

Centerra said it had only ever removed ice in the vicinity of the open pit and infrastructure.

Shares in Toronto-listed Centerra have fallen 40 per cent this year, with investors increasingly resigned to Kumtor passing into state control.

Travel & leisure

Arsenal rebuked for 'irresponsible' marketing of digital assets

AKILA QUINIO

The UK advertising watchdog has issued a rebuke to Arsenal football club over its promotion of "fan tokens", in the regulator's latest attempt to rein in marketing of cryptocurrencies and related products.

The Advertising Standards Authority said yesterday that it had investigated two adverts that the English Premier League club ran online in August and determined that they were "irresponsible" and in breach of marketing rules.

The ruling against Arsenal, which follows a series of similar measures last week, comes at a time when a rising number of crypto services companies and tokens themselves are ramping up advertising to sports fans.

The ASA told the Financial Times last week that broadening its cryptocurrency rulings to include cryptoassets at large, such as fan tokens, would be at the top of its agenda for the new year.

Arsenal had run a promotion on its website and Facebook promoting its fan token under the ticker symbol "\$AFC", according to the ASA. Fans wishing to purchase tokens, which allow holders to weigh in on official club decisions, needed first to buy a digital currency

The ASA found that the ads 'trivialised investment in cryptoassets' and that they were 'misleading'

called Chiliz through crypto platform Socios. The more tokens a fan owned, the greater weight their vote carried.

The ad on Arsenal's website included some disclosures, including a warning that the price of the fan tokens was "dependent on supply and demand, and can therefore go up as well as down". It also indicated that holders "should be aware that they could lose some or all of their money invested". The Facebook ad, which was posted later, did not include those warnings.

The ASA determined that the ads "trivialised investment in cryptoassets" and that they were "misleading" in failing to highlight investment risk.

In a response published by the ASA, Arsenal said its campaign had aimed to "raise awareness" of the benefits of owning the products, which the club contended were "utility tokens used to encourage fan participation and therefore were materially different to cryptocurrencies".

The London club said it believed tokens themselves and their relationships with cryptocurrencies were "widely understood" by its audience, and the football community had awareness of Socios through the platform's partnerships with European teams.

Although the tokens were not advertised as financial products, the watchdog maintained that Arsenal should have indicated that crypto assets are unregulated in the UK, as it means the products do not carry the consumer protections that come with many regulated financial vehicles.

Socios said it had created fan tokens for more than 40 football clubs. It has over 1.3m users from 167 countries. The platform allows crypto enthusiasts and traders to speculate on and trade fan tokens. Chiliz is the main unit of exchange on its platform but the digital coin can also be traded on exchanges such as Coinbase and Binance.

Retail. Secondary sellers

Stores clash with market-skewing 'Grinch bots'

Supply chain woes worsen as entrepreneurs use tech to buy up gifts and then resell them

OBEBY MANAYITI — NEW YORK

The supply chain problems of US retailers are being exacerbated by computer programs known as "Grinch bots" that are buying up the most sought-after holiday gifts in split-second online swoops.

The software has been primed to scan websites for in-demand products, then snap them up as soon as they become available, prompting comparisons to the Christmas-stealing Dr Seuss book character.

Entrepreneurs have built businesses around the tools, using them to buy products in bulk and then sell them at higher prices elsewhere. Other individuals use them to secure items on their own holiday shopping lists.

Some retailers, including Walmart and Target, are deploying technology in an attempt to block the bots.

Retailers and politicians were trying to crack down on bot abuse even before the pandemic, but an increase in their use, coupled with supply shortages, has added fresh urgency to their attempts. Bot traffic on retail sites increased by 73 per cent between October and November, according to Imperva Research Labs, a data and cyber security firm.

That is one reason why consumers had found so many products were out of stock this holiday, said Sandy Carielli, Forrester's principal analyst. According to Adobe Analytics, online shoppers faced 258 per cent more out-of-stock messages this November than in November 2019.

The artificial scarcity that bot operators created was hurting retailers, Carielli said, because it drove away regular customers who knew they could not compete with the software in the race to buy products. Bots targeting goods from limited-edition trainers to video games are adding to pressures on retailers already anxious over their ability to meet intense consumer demand after a year of supply chain disruptions.

"To me, [bots] are not that different from viruses, spam or robocalls," said Chuck Bell, programs director for Consumer Reports. The non-profit organisation raised the alarm four years ago and was contacted almost immediately by the office of Chuck Schumer, the US Senate leader, Bell said.

The New York Democrat, who in 2016 passed legislation to limit brokers'



In demand: Nintendo's Switch games console is one of the most sought after holiday season gifts
Michael Crago/Getty Images

ability to hoard tickets for concerts and sporting events, reintroduced "Stopping Grinch Bots" legislation with three fellow Congressional Democrats last month. Two earlier attempts to pass the bill failed in 2018 and 2019.

Retailers are urging Congress to pass a bill called the Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers (INFORM Consumers) Act, which would force online marketplaces to verify the identity and bank details of "high-volume" sellers.

The legislation, which the industry hopes would also deter organised retail crime gangs, defines high-volume sellers as third parties that have made 200 or more sales worth \$5,000 or more in the previous year. Online marketplace owners lobbied against the bill as "flawed, biased legislation", but Amazon recently backed a modified House of Representatives version.

Bots' "parasitic activity" was driving traffic surges that no retailer can accommodate, said Pam Murphy, chief executive of Imperva Research Labs. Last year's release of the PlayStation 5 and Xbox Series X games consoles drove bot

traffic on retail sites up by 788 per cent month on month, she said. This year, bot traffic nearly doubled the week the Nintendo Switch OLED was launched.

Retailers had little power to stop the bots, said Professor Mark Cohen, director of retail studies at Columbia Business School. "There is nothing that retailers can do to intervene where people are buying inventory and artificially raising prices just to take advantage of shortages," he said.

"It's an unfortunate situation, but it's one which really doesn't have a remedy until normal services and supply becomes back in balance."

Some retailers are trying, however. Walmart, which last year said it had blocked more than 20m bot attempts on its site within 30 minutes of the PlayStation 5's release, now audits purchases and cancels bot orders when it finds them, according to spokeswoman Megan Schussler.

Walmart's customers can now wait in a virtual queue, receiving updates of when they will be able to buy their desired toy or gaming console while they shop for other items. Target,

'It's an unfortunate situation, but it's one which really doesn't have a remedy'

similarly, said it continually enhanced its tools and technology to track and block common bots.

The industry is focusing on resale websites where products snapped up by bots are typically offered at higher prices. Those sites vary from large platforms such as eBay, Amazon or Craigslist, to tiny one-man operations set up to sell on just the products they have managed to get by using bots.

Although third-party marketplaces find it challenging to determine if a product was acquired through inventory hoarding practices, Murphy said Congress could potentially make them liable.

Bell, of Consumer Reports, warned that treating shopping bots as merely a seasonal problem risked the issue losing urgency once the holiday season is over.

"I expect that the 'Grinch bot' problem will continue to expand in its scope and reach," Bell said.

"So Congress will have little alternative but to make it illegal to deploy the bots, and encourage more involvement by retailers and law enforcement to rein it in."

Technology

OnlyFans founder steps down from top job

PATRICIA NILSSON — LONDON

Tim Stokely is unexpectedly stepping down as chief executive of OnlyFans, the UK subscription platform that he founded five years ago and which has become best known for pornography.

The company said yesterday that Amrapali "Ami" Gan, who joined last year as head of communications, would take over day-to-day running of the platform with immediate effect. Stokely is to take on an advisory role to help guide the "leadership transition".

OnlyFans, which takes a 20 per cent cut of transactions on its site, has boomed during the pandemic and recorded a near seven-fold rise in revenues to £281m last year, according to its most recent financial filings.

But the company was rocked by a scandal this summer when it announced a ban on porn before swiftly backtracking following anger from the creators who use the platform.

OnlyFans had expected more than £300m in pre-tax profits this financial year but has not said how the shortlived ban, which Stokely later blamed on "unfair treatment" by banks, had affected the forecast.

Gan, who has previously worked in marketing at start-ups such as the first cannabis restaurant in the US, said she was "proud" to take over OnlyFans. "I look forward to continuing to work closely with our creator community to help them maximise control over, and monetise, their content," she said.

She told the Financial Times that Stokely's decision to step down came as he was "keen to take some well-deserved time off over the holiday season before focusing on new projects".

OnlyFans was earlier this year exploring a share sale, as majority owner Leonid Radvinsky, the Ukrainian-American entrepreneur behind porn site MyFreeCams, has been looking to offload part of his stake.

Stokely's move is likely to spur fresh uncertainty among adult content creators who rely on OnlyFans for income, with many having previously worried that the company could again decide to shut out the sex workers who have helped make the platform one of the UK's fastest-growing tech companies.

Gan said the new leadership would not affect adult creators, adding that OnlyFans remained "committed to being an inclusive platform".

The founder's departure from the leadership role also raises questions over the longevity of OnlyFans' heads of finance and operations, positions that are currently filled by Stokely's father and brother.

In a statement, Stokely said: "Ami has a deep passion for OnlyFans' business and I'm passing the baton to a friend and colleague who has the vision and drive to help the organisation reach its tremendous potential."

Pharmaceuticals

US approves GSK treatment to prevent HIV

DONATO PAOLO MANCINI — LONDON

The US has approved the first injectable treatment to prevent HIV, marking a pivotal moment in the fight against the epidemic.

GlaxoSmithKline said that the US Food and Drug Administration had approved use of cabotegravir, a long-acting injectable drug made by ViiV Healthcare, which is majority-owned by GSK and also backed by Pfizer and Shionogi, to prevent HIV in at-risk adults and adolescents.

The drug, whose branded name is Apretude, can be given as few as six times a year, in contrast with the current regimen for pre-exposure prophylaxis (PrEP), which requires adherence to a daily pill.

"We need new tools in our toolbox, and I think this is unquestionably the most powerful tool," Kimberly Smith, head of research and development at ViiV, said. "There's a significant number

of individuals who start oral PrEP and stop it because either they forget or don't like taking it", for example because of the stigma that is often attached to HIV drugs.

According to the US Centers for Disease Control and Prevention, in 2020,

'We need new tools in our toolbox and I think this is unquestionably the most powerful tool'

about a quarter of the 1.2m people for whom PrEP was recommended in the US were prescribed it.

Debra Birnkrant, director of the antivirals division at the FDA's centre for drug evaluation and research, said the drug would be "critical in addressing the HIV epidemic in the US, including helping high-risk individuals and certain groups where adherence to daily medi-

cation has been a major challenge or not a realistic option."

The drug would retail at \$3,700 a dose in the US, GSK said, and Smith noted that the company had programmes for people unable to obtain it, including those without insurance.

The drug is better at preventing infection than a daily dose of Truvada, an oral drug made by Gilead Sciences, according to the results of a study made public last year.

Smith said that ViiV had prioritised seeking approval in the countries that had participated in the original studies showing the drug's efficacy, such as South Africa and Thailand. She said the company expected to file for approval in the UK and the EU next year.

HIV, the human immunodeficiency virus that can lead to Aids, was identified more than 40 years ago, infecting almost 80m. More than 36m have died from Aids-related illnesses since the pandemic began, according to UNAIDS.

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COMPANIES & MARKETS

Activist investors turn screws on energy sector

Campaigns call for greater strategic coherence in the low-carbon transition, with ExxonMobil, Shell and SSE feeling the heat

TOM WILSON — LONDON

For decades, campaigners have picketed oil and gas offices, blockaded refineries and disrupted operations. Now the energy sector is facing a new kind of activism: from its own shareholders.

Over the past year, activist investors have targeted ExxonMobil and Royal Dutch Shell, commodity group Glencore and Scottish energy group SSE. Other institutional and retail investors have also pushed for change, voting in higher numbers than ever before for climate-related resolutions.

The investors vary in profile and objectives, but have all tied their campaigns to what they say has been management's failure to plan appropriately for the energy transition.

Third Point, the US hedge fund calling for Shell's break-up, said in October that

'It is an industry that has allocated capital badly and generated poor returns for a very long period'

the group had "too many competing stakeholders", resulting in "an incoherent, conflicting set of strategies attempting to appease multiple interests but satisfying none".

Elliott Management has targeted SSE, saying the company has the assets to profit from a low-carbon future but "continues to disappoint".

The arrival of activist investors in the energy sector at this moment of upheaval was "no surprise", says Nick Stansbury, head of climate solutions at Legal and General Investment Management, the UK's largest asset manager.

"Activists typically turn up after long periods of underperformance when they detect that headwinds are becoming tailwinds and where they see an open door to push on with other investors," he said. "This is an industry which has both allocated capital badly and generated poor shareholder returns for a very long period."

The most successful activist cam-



Protesters demonstrate against oil majors outside the COP26 climate summit in Glasgow last month. Shareholders are increasingly adding to calls for change — Peter Summers/Getty Images

paigned of the year was waged against Exxon by tiny US hedge fund Engine No. 1. When it sent its letter to Exxon's board in December 2020, Engine owned 0.02 per cent of the company. Six months later it had secured three board seats with a mandate to prepare Exxon for a future free of fossil fuels.

"We don't really think of ourselves as activists but as active owners," founder

Christopher James said. "An activist is typically looking to make change in order to drive short-term returns. An active owner is interested in what owners want."

While such language may be more conciliatory than the typical Wall Street raider, James was deeply critical of most oil and gas majors' plans.

"These companies are aware of the energy transition. They are talking about it; they have a plan. But it's not really a strategy to create value," James said.

The oil and gas industry disputes this. Big European participants, for example, have all announced energy transition strategies this year, including big investment in renewables, which they say will make them large energy providers for decades to come. But many investors remain sceptical, and stock market valuations continue to lag behind other industries.

"It is going to be increasingly critical that these businesses are very entrepreneurial and quick to react to political and regulatory changes, and I haven't seen big conglomerates do that effectively," said one activist.

Energy groups that planned to invest heavily in wind turbines, solar power and electric-vehicle charging while continuing to run oil and gas assets would have to be agile enough to compete with "pure play" companies in each of those areas, the investor said. "That's really hard."

Beyond the existential challenge of the energy transition, the big energy companies are facing an investment community that has fallen out of love with the conglomerate.

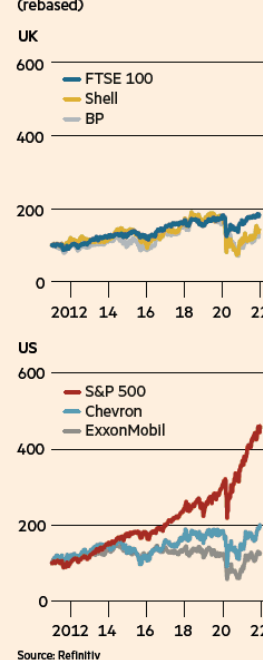
General Electric in November

announced that it would finally divide into three companies, a day after Toshiba, under pressure from activists, said it was also weighing a split.

"These are all 100-year-old companies deciding it is in shareholders' best interest to run some of these businesses

Big Oil underperforms

Total shareholder return indices (rebased)



with dedicated management teams who are free and unrestrained to go off in the right strategic direction," said Oswald Clint, an analyst at Bernstein.

Unlike Third Point, Clint supported Shell's view that it could perform better in the energy transition as an integrated company, but said management had not yet done enough to explain the benefits of integration to investors. "Investors find it difficult to model [the integrated business] and move on to something simpler."

Environmental shareholder group Follow This is also opposed to Third Point's proposal to split Shell into a legacy oil company and a new gas and low-carbon business, which founder Mark van Baal labelled "short-term activism" that would not help the fight against climate change.

Set up in the Netherlands in 2015 as a platform to help retail investors press oil and gas companies to shift from fossil fuels, Follow This takes a different approach to the multibillion-dollar activists in London and New York.

It filed shareholder resolutions last year at Shell, BP, Equinor, Chevron and Phillips 66 to compel each group to set emissions targets compliant with goals of the Paris deal.

One of its most successful resolutions, at Shell, received support from 30 per cent of shareholders in May.

This year it extended the campaign to

Entrepreneurship and fast reactions are needed but 'I haven't seen conglomerates do that effectively'

four more groups including Exxon and ConocoPhillips.

"Engagement doesn't work. Votes work," said van Baal, criticising investors that he said voted with management in the hope of achieving change through dialogue.

Such action is not limited to Follow This. In 2021 there were 16 climate-related investor resolutions at FTSE 350 groups, up from five in 2020, according to a survey from Thomson Reuters.

Whether rising activism will benefit shareholders remains to be seen. The campaigns at Shell, SSE and Glencore — where Bluebell Capital is pushing the trader to spin off its thermal coal business — are in their infancy. At Exxon, Engine's directors are in place, but time will tell whether they can change the biggest US oil company from within.

"From a long-term active owner perspective, the activists may or may not be good news," said Natasha Landell-Mills, head of stewardship at Sarasin & Partners. "It's all about their motivation."

Stansbury also urged caution, while acknowledging that the best activists had an ability to pick out the "simple things" that could be done to boost performance. "If an activist shows up, you need to be sure, as a long-term investor, that they are asking for things that will both generate value for the long term and make the overall ESG impact of the company improve."

Provided the oil and gas majors and other energy groups remain undervalued compared with other sectors, the activists are not going away.

"These aren't strategies that are going to fall by the wayside," said Clint. BP was another "big stock" that had underperformed. "BP could be susceptible to a very similar strategy, no question."

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Oil & gas

Aker BP agrees \$14bn deal for Lundin assets

RICHARD MILNE
NORDIC AND BALTIC CORRESPONDENT

Aker BP will become Europe's largest independent oil producer after agreeing a \$14bn cash and shares deal to take over the petroleum activities of rival Lundin Energy.

The venture between Norway's largest industrial company and BP is paying \$2.2bn in cash and issuing about \$11.7bn of shares to buy out the main activities of Lundin, responsible for the biggest North Sea oil find in decades.

Shares in Aker BP climbed 6 per cent yesterday while Lundin's were up 4.5 per cent.

The deal will create a larger rival to state-controlled Equinor in Norway, the most active country in western Europe for oil and gas thanks to generous exploration incentives and a mixture of mature regions such as the North and Norwegian Seas and potential for petroleum in the Arctic.

"We are now creating the exploration and production company of the future, which will offer among the lowest CO2 emissions, the lowest cost, high free cash flow and the most attractive growth pipeline in the industry, with a high dividend capacity combined with a

strong investment-grade credit rating," Aker BP chief executive Karl Johnny Hersvik said.

The combined company will have production of about 400,000 barrels of oil and gas per day with a total resource base of 2.7bn barrels, focused on Norway.

It will be the second-biggest producer in Norway and the second-biggest owner of the giant Johan Sverdrup field, both behind Equinor.

The decision by the Swedish group and its controlling Lundin family share-



Platforms at Sverdrup field: the deal will create a bigger rival to Equinor

holders to sell out of its largest and most profitable assets comes just weeks after prosecutors in Stockholm charged the chair and former chief executive with complicity in war crimes in Sudan.

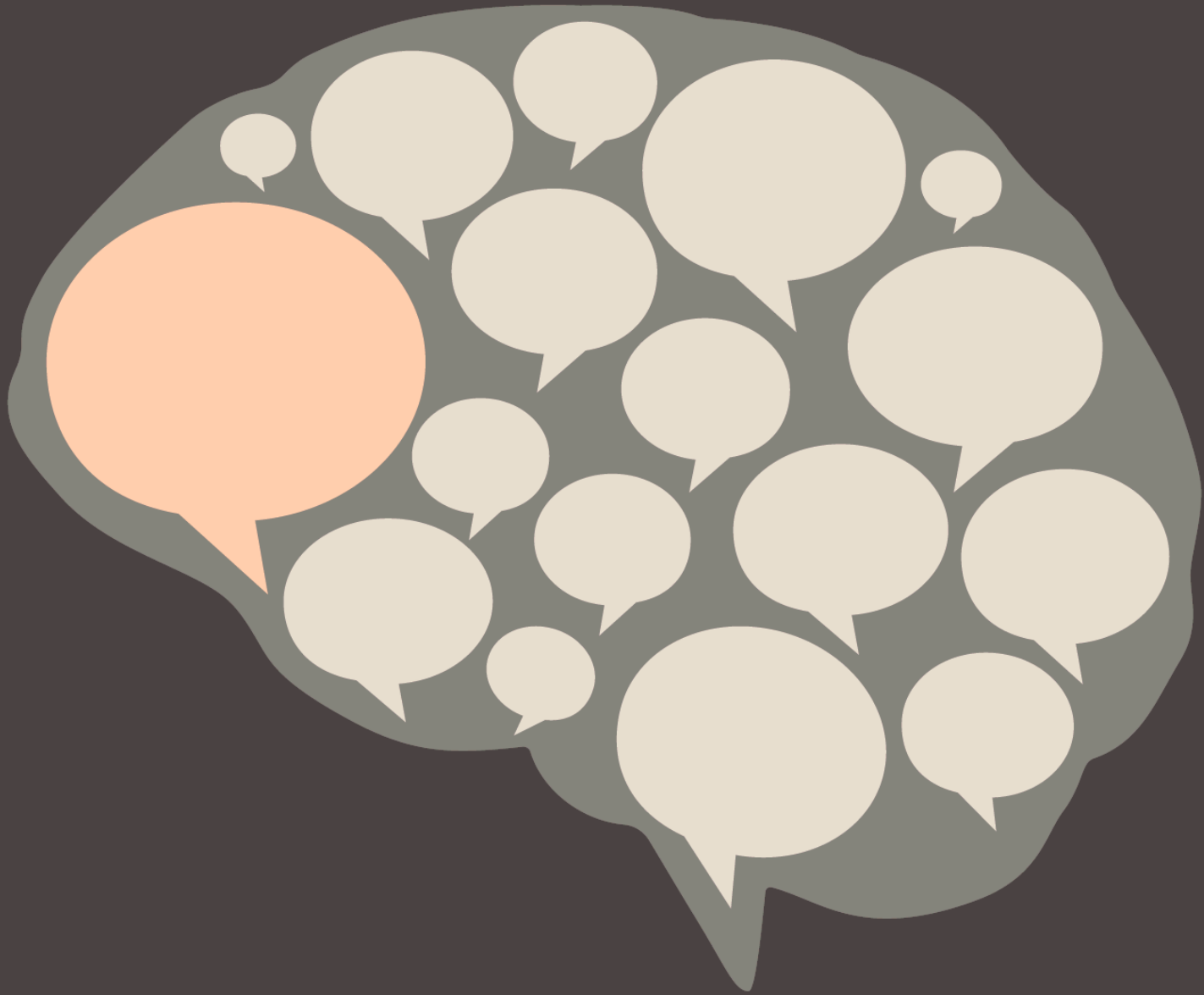
The rump Lundin Energy will retain the company's 600GWh of renewable power assets as well as any liabilities over Sudan, even though the group vigorously contests any claim of wrongdoing against it and its officials.

Chair Ian Lundin said: "Creating long-term value for shareholders has been at the core of this business for 20 years since inception, and this combination of Lundin Energy and Aker BP is a unique opportunity to create a future-proof independent exploration and production company, exposing shareholders to a business with significant scale, production growth and strong free cash flow into the next decade."

Aker will own 21 per cent of the merged company, BP 16 per cent, the Lundin family 14 per cent and other shareholders 49 per cent.

Aker BP said that it would increase its dividend 14 per cent to \$0.475 per share from January and aim to raise it at least 5 per cent each year from then on, assuming oil prices remained above \$40 per barrel.

FT LIVE



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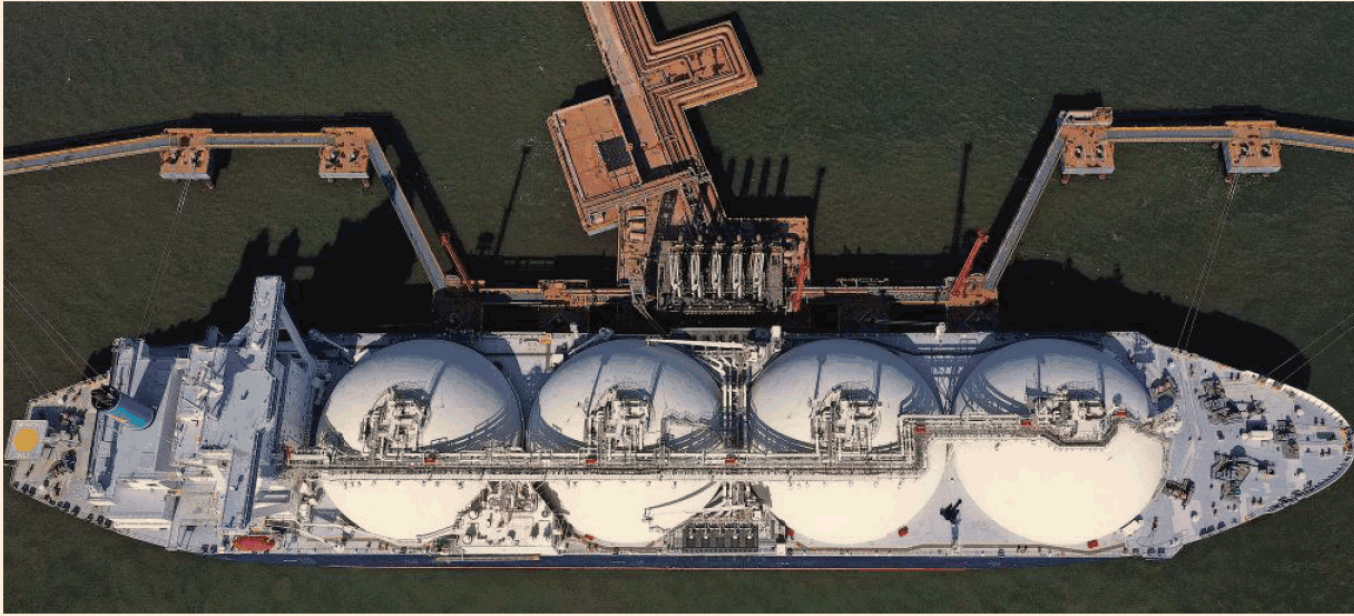
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COMPANIES & MARKETS

Commodities. Energy ties

US-China gas deals defy tension between political leaderships



Cnooc is latest to lock in 20-year supply from LNG export plants in Louisiana

JUSTIN JACOBS — HOUSTON
DEREK BROWER — NEW YORK

China's voracious appetite for natural gas has sparked a wave of deals with US exporters of the fuel, strengthening energy trade between the world's two biggest economies even as their relationship grows more fraught.

The latest sales were announced on Monday when Venture Global LNG, a company building a pair of liquefied natural gas export plants in Louisiana, said it had agreed two contracts to ship 3.5m tonnes a year of the fuel to state-owned China National Offshore Oil Corporation, the country's biggest LNG importer.

The Cnooc deals bring to seven the number of big contracts signed between US exporters and Chinese customers since October.

Some of the contracts are to last decades. China is poised to surpass Japan as the world's largest LNG buyer this year, analysts said, while the US will leapfrog Australia and Qatar in LNG export capacity next year, according to its Energy Information Administration.

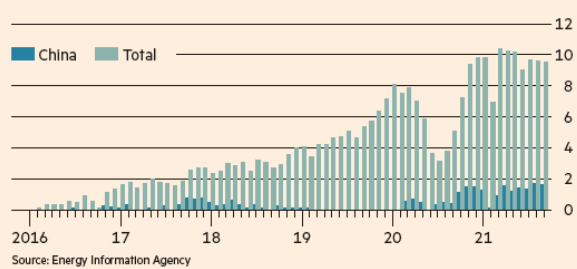
Tension between Washington and Beijing has escalated over everything from China's persecution of Uyghurs in Xinjiang and the crackdown on the pro-democracy movement in Hong Kong to its military activity near Taiwan.

China has meanwhile accused the US of acting like a hegemon and trying to create a cold war between the powers.

The gas sales, by contrast, are another sign of ties between the two powers on energy and climate issues.

The two governments also defied expectations to reach an agreement on addressing climate change at last month's COP26 summit in Glasgow and

America's surging LNG exports
US LNG exports to China and total (bn cubic feet per day)



have negotiated a joint release of strategic oil stockpiles to cool prices.

"The US-China relationship in many respects is at a very low point," said Jason Bordoff, dean at Columbia Climate School and a former energy official under president Barack Obama. "But energy and climate are a potential bright spot where there can be more cooperation, notwithstanding the tension and conflict."

Venture Global had already signed agreements in November to send 4m tonnes a year of LNG to China's state-owned oil and gas group Sinopec for 20 years, along with shorter agreements totalling 3.5m tonnes with its trading subsidiary Unipe. One of the new contracts with Cnooc is also for 20 years.

Mike Sabel, Venture Global's chief executive, said China's efforts to cut carbon emissions by replacing coal with natural gas in power plants was behind the agreements. The Sinopec deal had been timed to deliver a good message before the climate summit, he added.

"China is moving faster right now on these new deals than the rest of Asia," Sabel told the Financial Times. "But as we announce these deals, the rest of the countries will [respond] — and are responding — because otherwise China will get an advantage."

He added: "We're at this extraordinary moment where the world really needs US LNG and US LNG is the fastest that can come on line."

Cheniere Energy, the largest US LNG exporter, is betting on China to underpin growth, securing deals with buyers recently including state-backed Sinochem that total 3m tonnes a year.

"We think that Asia is the growth driver for our industry for LNG demand for decades to come, and China is the single biggest piece in that," Anatol Feygin, Cheniere's chief commercial officer, told the FT in October.

Dealmaking and gas flows are picking up after stalling during the Trump administration when China imposed tariffs on US gas in retaliation for tariffs on its exports. Chinese companies have been seeking secure supplies of gas amid an economically damaging power crunch and a global gas price jump.

The US was the second-largest LNG supplier to China in the first nine months of this year, according to trade data compiled by Refinitiv, behind only Australia — another country with deteriorating relations with Beijing.

"China is getting half its LNG from Australia and the US — that can't make Beijing happy," said Nikos Tsafo, head of energy and geopolitics at the Center

In demand: a consignment of liquefied natural gas arrives at Caofeidian port in northern China — Yang Shiyao/Xinhua/Alamy Live News

for Strategic and International Studies, a Washington think-tank. "But they have to go where the projects are and that's where they are right now."

President Xi Jinping told US counterpart Joe Biden that he wanted to "strengthen co-operation on natural gas" during the leaders' first meeting last month, according to a summary of the call from China's foreign ministry, a sign that Beijing sees the country as central to its fuel supply.

Yet selling gas overseas has become more politically sensitive inside the US after a rally recently took domestic prices above \$6 a million British thermal units, the highest since 2008.

Elizabeth Warren, an influential Democratic senator, sent a letter to chief executives of 11 big natural gas producers including ExxonMobil and BP, asking if the companies had "considered cutting, suspending or ending exports of natural gas to help ease spiking domestic prices".

Some gas executives have pushed back, describing LNG exports as an opportunity for the US to help other countries to retire coal-fired electricity plants in favour of natural gas plants.

Bordoff said any move to curtail exports would undermine confidence in America as a "reliable energy supplier". He drew a parallel with European countries' "concerns about reliance on Russian supplies, which "do have a political and geopolitical dimension to them".

The booming international gas trade is also politically awkward for the Biden administration as it pushes to shift the economy away from fossil fuels. While natural gas emits less carbon dioxide than coal when it is burnt, it is still a big source of greenhouse gas emissions.

Tsafo said it reflected the "messy reality of the energy transition" — that the world remains heavily reliant on fossil fuels and the US is a large producer of oil and gas. "The fact is, this is making both sides a bit uncomfortable."

'We think that Asia is the growth driver for our industry for LNG demand'

Commodities

Ships redirect to Europe as LNG prices hit new high

TOM WILSON AND NEIL HUME — LONDON
VALENTINA POP — BRUSSELS

Ships carrying liquefied natural gas destined for Asia are changing tack mid-voyage to supply European consumers willing to pay a large premium as prices across the region surge to new peaks.

For much of the year, buyers in China, Japan and South Korea have outbid Europeans for shipments of the super-chilled fuel, used in power stations to generate electricity.

But with storage full across the region, uncommitted cargoes from the Atlantic basin that were heading for Asia are being diverted and sent to Europe to cash in on soaring prices and demand.

European gas prices leapt 25 per cent yesterday to a record €182 per megawatt hour as Russian gas flows on a key pipeline stopped.

"Europe's gas market has now broken clear," said Ciaran Roe, global director of LNG at Platts. "Every major destination market for LNG cargoes is below the major European gas hubs."

According to data from Platts, the difference between European and Asian prices is the widest on record.

Spot LNG shipments to Europe were pricing at roughly \$48.5 per million British thermal units versus \$41/Mmbtu in Asia. During October and November, prices in Asia had averaged

'Soaring spot gas prices in Europe are prompting some rare cargo movements'

\$5/Mmbtu above those in Europe, the brokerage said.

"Soaring spot gas prices in Europe are prompting some rare cargo movements," said Alex Froley, an analyst at research consultancy ICIS, which tracks LNG tankers.

Those movements include the diversion of US LNG vessels bound for Asia backed towards European ports and the first shipment of Australian LNG to Europe in more than a decade.

Minerva Chios, a US LNG tanker, was heading east near India on December 15 but has since turned round and was now on course for the Suez Canal, suggesting a delivery to Europe, Froley said.

A second US LNG vessel turned round near the Malacca Strait last week, while a third vessel is due to deliver a partial cargo of Australian LNG to Barcelona on December 24 after leaving the larger part of the shipment in China this month.

Torbjorn Tornqvist, founder and chief executive of Gunvor, the world's biggest independent LNG trader, said he expected to see 15 to 20 cargoes, in addition to the normal flow, head to Europe this month and the same amount in January.

"Europe is clearly pricing itself to attract a lot of LNG and it needs it," he said. "Without that, the supply situation could be very serious depending on the weather. Stocks are already low and will be exceptionally low by the end of the winter."

Equities

SEC demands greater risk disclosure for New York listings of Chinese groups

WILLIAM LANGLEY — HONG KONG
RYAN MCMORROW — BEIJING

US regulators are demanding greater disclosure from New York-listed Chinese companies after new rules from Beijing wiped billions of dollars from Chinese education businesses and compelled ride-hailing group Didi to delist from American exchanges.

The demands are contained in a disclosure guidance from the Securities and Exchange Commission that was released on Monday evening and seeks to reshape how Chinese companies present their businesses to investors.

In particular, the guidance calls on companies to provide more information on their use of variable interest entities (VIEs), an investment model in which foreign investors hold shares in offshore companies and contractually control the Chinese operating companies.

The complicated legal structures have been used for two decades by Chinese tech companies to circumvent Beijing's stringent foreign investment restrictions for internet groups and take in billions of dollars from global investors.

New York-listed companies including

Alibaba, Pinduoduo and Baidu all use VIEs to run their operations.

But the use of these structures is a legal grey area in China, which has provided little guidance on their enforceability. The risk associated with VIEs has grown this year in line with tension between Washington and Beijing.

Chinese officials in July unilaterally declared foreign investors could no longer use VIEs to invest in the country's education industry and launched a drive to ban profits in the sector. Beijing's actions wiped out tens of billions



Ride-hailing group Didi is delisting from the New York Stock Exchange

of dollars from the US shares of Chinese education companies.

"Recent events have highlighted the risks associated with investing in companies that are based in or that have the majority of their operations in the People's Republic of China," the SEC said.

The regulator is advising Chinese companies to repeatedly convey to investors that shareholders do not own the VIEs contributing the bulk of their sales in China.

Companies must explain if VIE contracts have been tested in Chinese courts, break out financials for their VIE subsidiaries and outline how cash is transferred in and out of the businesses.

"Please refrain from implying that the contractual agreements are equivalent to equity ownership in the business of the VIE," the SEC's corporation finance division said in a mock draft of the new disclosures.

Nigel Stevenson of GMT Research said Chinese companies provided varying degrees of information to investors about their VIEs and how cash is pulled out of the businesses. "We've been calling for greater disclosure around these issues for some time," he added.

Equities

Investors shrug off Beijing intervention worries to pump money into ETFs

STEVE JOHNSON

Investors are pumping money into exchange traded funds focused on Chinese equities despite jitters over government interventions that have rattled stocks and sectors this year.

President Xi Jinping's "common prosperity" agenda has wiped more than \$1tn from the market value of Chinese equities since February as regulatory blows have targeted sectors from video games and technology to property and education.

Yet three China-focused ETFs, China-AMC MSCI China A 50 Connect, E Fund MSCI China A 50 Connect ETF and China Universal MSCI China A 50 Connect ETF, were among the top 15 globally for net inflows in November, according to ETFGI, a London-based consultancy, pulling in a combined \$4.6bn.

More strikingly still, KraneShares CSI China Internet ETF (KWEB) has seen \$7.8bn of net inflows since mid-February, more than twice as much as any other US-listed thematic ETF, according to Goldman Sachs.

Some now see opportunities in the

beaten-up Chinese equity market, which is down by a third from its February peak in dollar terms.

"We are modestly positive on Chinese equities," said Karim Chedid, head of investment strategy for iShares in the EMEA region. "We think the equity risk premium compensates investors for the risk. In other words, they are cheap."

Jose Garcia-Zarate, associate director,

'We think the equity risk premium compensates investors for the risk. In other words, they are cheap'

passive strategies research at Morningstar, said the outlook looked attractive for investors. "The growth picture in China is rebounding much more quickly than other economies. That helps explain interest in the equity side."

The KraneShares ETF's asset-raising success has come despite Chinese technology companies enduring a year of regulatory turbulence in the wake of the cancellation of the \$37bn initial public

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Additional reporting by Emma Boyde

COMPANIES & MARKETS

The day in the markets

What you need to know

- Futures contracts linked to European wholesale gas prices hit fresh record
- Equities in Europe recoup most of Monday's losses
- Core government debt sells off as Wall Street stocks rally

Global stocks bounced back yesterday, although investors remained on edge over the prospect of fresh travel restrictions to combat the fast-spreading Omicron variant of coronavirus.

Wall Street's blue-chip S&P 500 index was up 1.4 per cent by lunchtime in New York, having closed 11 per cent lower a day earlier. The tech-heavy Nasdaq Composite jumped 1.6 per cent.

Oil prices also rebounded. Brent crude, the global benchmark, was up 3.2 per cent at \$73.94 a barrel while US marker West Texas Intermediate climbed 3.9 per cent to \$71.27 a barrel.

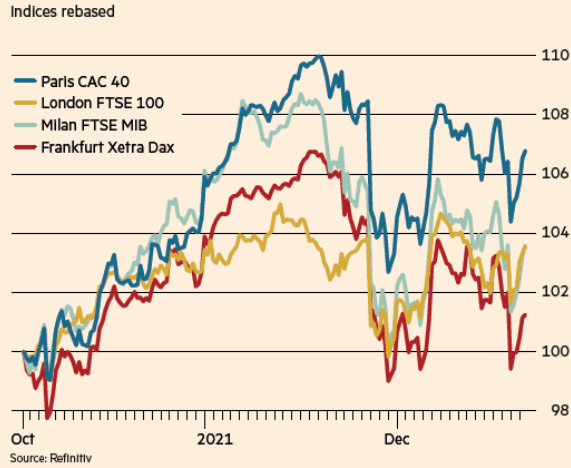
European wholesale gas prices continued to rise with futures contracts linked to TTF, the region's benchmark contract, gaining a further 22.8 per cent to hit a record €181 per megawatt hour.

Such high prices came "as temperatures have continued to decline heading into the European winter and we also got the news that Gazprom hadn't booked any extra capacity in January for gas flowing through Ukraine", said Deutsche Bank.

"That's an important story heading through the winter with implications for European growth, and one that will have investors closely following the weather forecasts to work out what might happen," added the analysts.

The spread of the highly transmissible

European stocks bounce back after Omicron-induced wobble



Omicron strain was likely to add to inflationary pressures by exacerbating existing supply chain issues, said Emmanuel Cau, a strategist at Barclays.

But if governments were to reimpose nationwide lockdowns — as has happened in the Netherlands — "it would be a different deflationary story" because it would heavily knock consumer demand, he added.

Mark Haefele, chief investment officer at UBS Global Wealth Management, said he expected markets to look through Omicron concerns.

"While mindful of risks around ...

variants and inflation, we keep a positive outlook on stocks for the start of 2022," he added.

Across the Atlantic, the region-wide Stoxx Europe 600 index rose 1.4 per cent, recouping a similar loss a session earlier.

London's FTSE 100 and Frankfurt's Xetra Dax both also gained 1.4 per cent.

Core government debt sold off as equities rallied, taking the 10-year US Treasury yield up 6 basis points to 1.48 per cent.

In Asia, Hong Kong's Hang Seng closed up 1 per cent and Tokyo's Nikkei 225 Average added 2.1 per cent. **George Steer**

India's buoyant economy disguises vulnerabilities

Henny Sender

Markets Insight



In 2013, when the mere whisper of Fed tightening in Washington was enough to send a so-called taper tantrum across emerging markets, India was among the hardest hit.

The currency fell more than 10 per cent and foreign investors pulled \$11bn out of local capital markets.

Today, most Indian business people and financiers believe such vulnerability is a thing of the past, despite the profound economic scarring of the pandemic.

"In 50 years, I have never been more optimistic," says Deepak Parekh, chair of HDFC, the leading financial conglomerate in the country.

After months of suffering, such optimism comes as a relief. But is it justified?

There are many reasons for the optimism.

The Reserve Bank of India is sitting comfortably on more than \$600bn in foreign exchange reserves. Economic growth is buoyant, thanks to strong exports in everything from engineering goods to gems and jewellery, and also to government investment.

Moreover, the cost of capital is at close to all-time lows, making capex more attractive than it has been for many years.

The current account deficit is under control, despite perennial concerns about inflation that derive partly from Indian dependence on imported oil.

Some problems that in the past bedevilled industrialists have been solved.

Power supply was so iffy 10 years ago that many manufacturers had to install generators in their plants to ensure steady supplies. Now it is no longer an issue in virtually all India's states. The cost of power has also fallen to levels at

which it is actually competitive with China, according to one tyre maker with operations in both northern and southern India.

Until a few weeks ago, with the arrival of the new coronavirus strain, the stock market was up 30 per cent this year. This made it one of the top performing asset classes, along with the S&P 500, before it slipped back 7 percentage points to 23 per cent.

Moreover, the market has put in that stupendous performance without much help from foreigners. Year-to-date inflows into the equity market from abroad only amounted to about \$8bn.

'About 40% can't afford a packet of biscuits' let alone a two-wheeled vehicle

Samiran Chakraborty, Citi

Ashish Gupta, senior financial analyst for Credit Suisse in Mumbai, asks: "If so little money came in, how can there be so much for the foreigners to pull out?"

Yet there are two factors that should give investors cause for caution, not tomorrow perhaps, but in coming months.

First, much of the feelgood factor stems from liquidity, which has always been the opiate of the financial markets.

The Reserve Bank of India has nearly doubled its balance sheet during the pandemic while, every day, risk-averse banks park Rs10tn (\$132bn) overnight with the central bank. Companies have been issuing commercial paper, certificates of deposit and bonds.

IPO financing is a mere 6 per cent, low by historical standards, according to

data from Samiran Chakraborty, chief economist of Citigroup in India.

"If liquidity drops, everything goes down," said Sanjay Mookim, chief equity strategist of JPMorgan in Mumbai.

According to Chakraborty, the second factor that may damp enthusiasm is the fact that India remains a dual economy and a two-tier society.

Twenty per cent of Indians, or about 250m people, are doing just fine. They live in the formal economy, have secure incomes and jobs, and aspire to buy electric vehicles.

But the remainder inhabit the more precarious world of the informal economy, where job losses, declining income and reduced consumption in the wake of the pandemic are far more prevalent. "About 40 per cent of Indians can't afford to even buy a packet of biscuits," said Chakraborty, let alone a two-wheeled vehicle.

A measure of this distress is the rise in applications for rural jobs from a government programme that provides for 100 days of make-work support annually. These applications are up more than 60 per cent from pre-Covid levels, according to Mookim.

India's social and economic inequalities form the backdrop to what could be a flurry of ever more toxic populist policies as states, particularly the Hindu heartland of Uttar Pradesh, prepare for elections early next year.

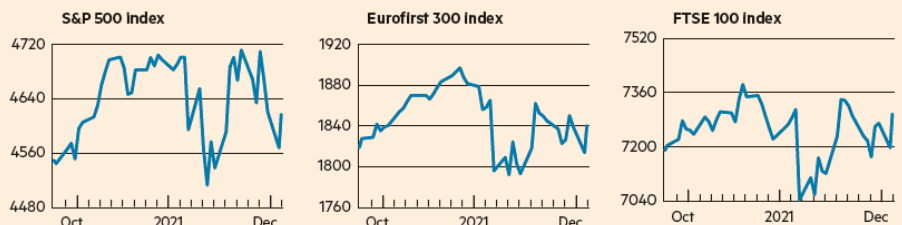
"Beneath the excess liquidity, the fundamentals have not changed," said Sanjay Bhandarkar, retired head of restructuring at Rothschild in India. "You have to ask yourself if the India story is sustainable."

Henny Sender is a managing director at BlackRock

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	4617.22	1840.42	28517.59	7297.41	3593.60	105387.22
% change on day	1.08	1.46	2.08	1.38	0.00	0.35
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	96.416	1.126	114.085	1.323	6.370	5.745
% change on day	-0.140	-0.266	0.608	0.076	-0.125	0.360
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	1.480	-0.309	0.050	0.798	2.851	10.323
Basis point change on day	9.460	6.000	1.630	10.200	-0.300	-15.100
World Index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEXO)
Level	483.44	73.94	71.34	1796.30	22.30	4336.00
% change on day	1.32	2.77	3.20	-0.63	-1.55	-0.69

Main equity markets



Biggest movers

	US	Eurozone	UK
Ups			
Citrix Systems	12.09	Bolloré	11.54
Micron Technology	9.42	Lufthansa	6.58
Carnival	9.05	Airbus	4.64
Expedia	8.99	Vivendi	4.49
Las Vegas Sands	8.70	Bnp Paribas	4.32
Downs			
General Mills	-4.16	Unilever	-0.64
Pfizer	-4.14	Dassault Systemes	-0.62
Kroger Co (the)	-4.08	Generall	-0.54
Clorox	-2.94	Hermes Intl	-0.45
Kellogg	-2.41	Kone	-0.26
		Ocado	-2.71
		Auto Trader	-1.67
		Unilever	-1.03
		Sage	-0.97
		Rightmove	-0.68

Wall Street

Sportswear giant Nike leapt after its fiscal second-quarter results beat expectations.

A 6 per cent year-on-year rise in earnings per share to \$0.83 was 20 cents above consensus estimates but "revenues were flat on a currency-neutral basis as we continue to manage the ongoing impact of supply chain challenges", it said.

A 12 per cent rise in North American sales helped offset a 20 per cent fall for Greater China and an 8 per cent slide in the Asia-Pacific and Latin America region.

BMO Capital Markets said Nike's size and scale represented "a competitive advantage to work through what still appears to be transitory issues".

Better than expected results also lifted chipmaker Micron Technology.

Fiscal first-quarter EPS of \$2.16 was above the \$2.11 that analysts had forecast while a 33 per cent year-on-year jump in revenue to \$7.69bn topped estimates.

Sanjay Mehrotra, chief executive of the Idaho group, said "powerful secular trends", including artificial intelligence, electric vehicle adoption and the rollout of 5G tech, was driving demand.

Citrix Systems rallied following a Bloomberg report stating that Elliott Investment Management and Vista Equity Partners were weighing a bid for the software group. **Ray Douglas**

Europe

The Netherlands' TomTom took a turn higher after announcing an extension of its partnership with car manufacturer Volkswagen.

The maker of navigation equipment signed a multiyear deal to provide cloud-based routing and real-time traffic information to VW consoles.

French mining group Eramet slid following the revelation that it was investigating fraud.

"The financial impact of this fraud is currently estimated at €45m, before insurance or implementation of legal action," it said, adding that it would be "accounted for in the operating profit for financial year 2021".

The group said it had filed a criminal complaint with the authorities and had taken disciplinary action against the identified staff.

Bolloré, the French group of billionaire industrialist Vincent Bolloré, leapt on news that MSC Group was eyeing a purchase of its transport and logistics business in Africa.

The container transport company's offer valued Bolloré's division at €5.7bn.

French biopharma group DBV Technologies plummeted more than 35 per cent after revealing that it was changing its strategy to gain US regulatory approval for Viaskin, its peanut allergy patch. **Ray Douglas**

London

Asset manager Schroders rallied after announcing that it was purchasing a 75 per cent stake in Greencoat, a renewable infrastructure manager, for £358m.

The global transition to net zero carbon targets was one reason Schroders gave for the move. "The US and European markets for renewable energy assets are forecast to grow by more than \$1tn to 2030," it said.

Institutional demand for environmentally positive products was also "accelerating", said Schroders.

Mandeep Jagpal, an analyst at RBC Europe, said that the purchase was "a sensible long-term strategy".

A strong environmental, social and corporate governance "offering and improving investor sentiment should stabilise outflows" from Schroders' traditional active products, he said.

A contract win sent Silver Bullet Data Services shooting higher.

It signed an agreement with Australian media and marketing agency Nunn Media related to 4D, its product that helps target online consumers "as the use of third party cookies continues to diminish within the advertising ecosystem", it said.

The news came a day after Silver Bullet said it was the victim of a cyber attack by "sophisticated hackers who solicited falsified payments of £365,000 from its corporate bank account". **Ray Douglas**

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MARKET DATA

WORLD MARKETS AT A GLANCE

Change during previous day's trading (%)



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

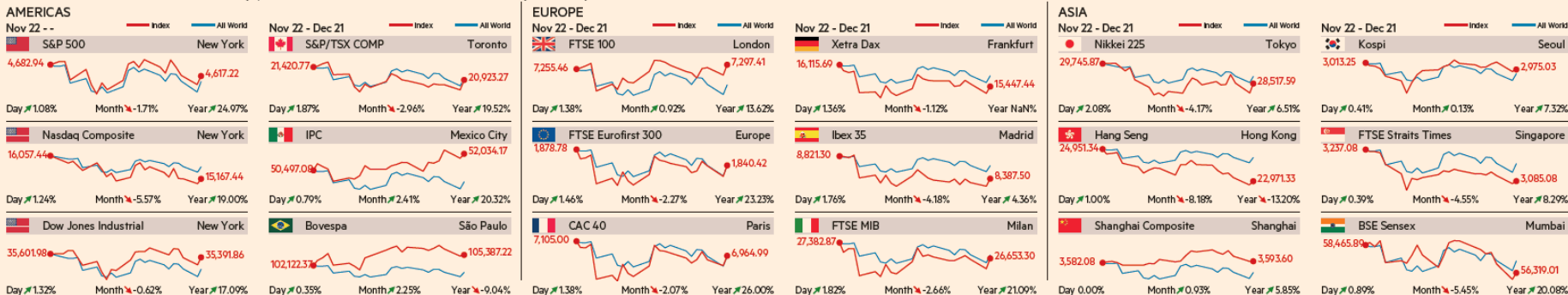


Table listing market indices by country, index name, latest value, and previous value. Includes indices for Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kenya, Kuwait, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Monaco, New Zealand, Norway, Oman, Pakistan, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, South Korea, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, UK, USA, Vietnam, and others.

STOCK MARKET: BIGGEST MOVERS

Table showing the biggest movers in stock markets across AMERICA, EUROPE, and TOKYO. Columns include stock name, price, change, and active stocks.

CURRENCIES

Table showing currency exchange rates for various currencies including the Dollar, Euro, Pound, and others, with closing and mid values.

FTSE ACTUARIES SHARE INDICES

Table of FTSE Actuaries Share Indices showing performance metrics for various sectors and indices.

FT 30 INDEX

Table of FT 30 Index showing performance metrics for the FT 30 index.

FT WILSHIRE 5000 INDEX SERIES

Table of FT Wilshire 5000 Index Series showing performance metrics for the Wilshire 5000 index series.

FTSE SECTORS: LEADERS & LAGGARDS

Table of FTSE Sectors: Leaders & Laggards showing performance metrics for various sectors.

FTSE GLOBAL EQUITY INDEX SERIES

Table of FTSE Global Equity Index Series showing performance metrics for various global equity indices.

FTSE 100 SUMMARY

Table of FTSE 100 Summary showing performance metrics for the FTSE 100 index.

UK STOCK MARKET TRADING DATA

Table of UK Stock Market Trading Data showing trading volume and other metrics for the UK stock market.

UK RIGHTS OFFERS

Table of UK Rights Offers showing details of rights offers for various companies.

UK COMPANY RESULTS

Table of UK Company Results showing financial performance for various companies.

UK RECENT EQUITY ISSUES

Table of UK Recent Equity Issues showing details of equity issues for various companies.

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Figures in £m. Earnings shown basic figures in light text are for corresponding period year earlier. For more information on dividend payments visit www.ft.com/marketdata. Pricing page. Introduction. When issued. Annual report/prospectus available at www.ft.com/rvr. All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant or guarantee that the information is reliable or complete. The FT does not accept responsibility for any loss or liability arising from the reliance on or use of the listed information. For all queries e-mail ft.reader.enquiries@morningstar.com

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table listing FT500 companies with columns for Stock, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap. Includes companies like Amazon, Apple, Microsoft, Google, etc.

Table listing FT500 companies with columns for Stock, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap. Includes companies like Facebook, Amazon, Apple, Microsoft, etc.

Table listing FT500 companies with columns for Stock, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap. Includes companies like Alphabet, Amazon, Apple, Microsoft, etc.

Table listing FT500 companies with columns for Stock, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap. Includes companies like Amazon, Apple, Microsoft, Google, etc.

FT 500: TOP 20

Table showing the top 20 FT 500 companies with columns for Rank, Company, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap.

FT 500: BOTTOM 20

Table showing the bottom 20 FT 500 companies with columns for Rank, Company, Price, Day, Chg, 52 Week High, Low, Yld, P/E, MCap.

BONDS: HIGH YIELD & EMERGING MARKET

Table showing bond market data for High Yield and Emerging Markets with columns for Index, Bid, Yield, Spread, etc.

BONDS: GLOBAL INVESTMENT GRADE

Table showing global investment grade bond market data with columns for Index, Bid, Yield, Spread, etc.

INTEREST RATES: OFFICIAL

Table showing official interest rates for various countries and currencies with columns for Rate, Date, Change, etc.

BOND INDICES

Table showing bond indices for various regions and currencies with columns for Index, Bid, Yield, Spread, etc.

BONDS: EMERGING MARKET

Table showing emerging market bond indices with columns for Index, Bid, Yield, Spread, etc.

GILTS: UK CASH MARKET

Table showing UK gilt market data with columns for Index, Bid, Yield, Spread, etc.

INTEREST RATES: MARKET

Table showing market interest rates for various currencies and instruments with columns for Rate, Date, Change, etc.

BONDS: INDEX-LINKED

Table showing index-linked bond data with columns for Index, Bid, Yield, Spread, etc.

BONDS: TEN YEAR GOVT SPREADS

Table showing ten-year government bond spreads with columns for Index, Bid, Yield, Spread, etc.

GILTS: UK FTSE ACTUARIES INDICES

Table showing UK FTSE Actuaries indices with columns for Index, Bid, Yield, Spread, etc.

COMMODITIES

Table showing commodity prices for various goods like oil, gold, silver, etc. with columns for Commodity, Price, Day, Chg, etc.

BONDS: INDEX-LINKED

Table showing index-linked bond data with columns for Index, Bid, Yield, Spread, etc.

BONDS: TEN YEAR GOVT SPREADS

Table showing ten-year government bond spreads with columns for Index, Bid, Yield, Spread, etc.

GILTS: UK FTSE ACTUARIES INDICES

Table showing UK FTSE Actuaries indices with columns for Index, Bid, Yield, Spread, etc.

Large advertisement for Morningstar Research, featuring the text 'Make confident investment decisions powered by our independent global insights and a consistent methodology across our qualitative and quantitative universes.' and the Morningstar logo.

ARTS

Young hope springs eternal

THEATRE

Sarah Hemming



They file on to the stage and stare out at us, as if assembled for one of those dusty photographs of generations long gone that hang in school corridors, their faces blazing with hope, defiance, apprehension. Then they talk.

The pupils in Frank Wedekind's groundbreaking *Spring Awakening* (written in 1891) first stormed the stage in 1906, shocking audiences with their candour, rebellion and desire. Multiple generations later they are back in Duncan Sheik and Steven Sater's 2006 rock-musical version, and what's striking about Rupert Goold's terrific new staging is how fresh and true these characters still feel. We might have moved on from Wedekind's repressive 19th-century German society but many of his themes still feel all too contemporary — though today's teenagers would add climate change to their concerns. They blaze across the footlights in the hands of Goold's superb young cast.

We meet Moritz, a tentative, troubled, dreamy soul who is failing to keep up at school. He has an ally in Melchior, a brilliant scholar and a rebel, whose frankness leads to a ruinous clash with authority. And then there is Wendla, sweet, honest and curious, kept in sexual ignorance by her mother with disastrous consequences.

All three are played with great integrity and clarity, the performances catching precisely the enormity of the young characters' pain and longing. Amara

Okereke brings a lovely blend of openness and frustration to Wendla and a keen understanding that innocence does not equal ignorance. Her fate, then, is all the more heartbreaking.

She is beautifully matched in Laurie Kynaston's intelligent but impetuous Melchior, who draws the heat with his refusal to conform or be quiet. Their duet "The Word of Your Body" is delicate and almost sorrowful, the two touching fingers as they slither on their backs over Miriam Buether's steep staircase of a set, as if melted by their awakening feelings; their lovemaking is tender and clumsy. Saddest of all is Stuart

What's striking about 'Spring Awakening' is how fresh and true these characters still feel

Thompson's Moritz: he brings an aching gentleness and hesitancy to the part of a misfit who goes tragically unheard.

Around this hopeful, crushed trio radiate their classmates, each one sharply drawn. Wedekind's daring strikes you over and over: here's Häschen (Nathan Armarkwei-Laryea), who is gay; here's Martha (Bella Maclean), who is abused by her father. Equally striking is the restless intelligence, turmoil and energy of youth. Lynne Page's expressive choreography drives the cast up and down and around the steps of the set. She has them bursting to the front of the stage in the raging rock anthem "Totally Fucked" and silently passing a single white rose in a rippling pattern at a funeral.

Catherine Cusack and Mark Lockyer play all the adults as caricatures: variously bullying, bohemian or buttoned-up, but always remote. Finn



Top: Amara Okereke in 'Spring Awakening'. Above: Pia Laborde-Noguez and Eduardo Arcelus in 'A Fight Against...'

ARTS ONLINE

Discover our critics' favourite films, TV shows, podcasts and albums of the year — an entertaining guide to what to watch and listen to over the holidays

ft.com/2021top10s

Spring Awakening

Almeida Theatre, London
★★★★☆

Habeas Corpus

Menier Chocolate Factory, London
★★★★☆

A Fight Against...

Royal Court, London
★★★★☆

with knowing asides to the audience. But it's still bizarrely unfunny, even as self-parody, and despite Bennett's astute philosophical observations about the loneliness and gnawing awareness of mortality that drive the indiscretions. To be frank, it feels like a waste of a great cast and a dazzling director.

menierchocolatefactory.com

A bulletin from Chile arrives in *A Fight Against...* (*Una Lucha Contra...*), a sharp splinter of a play by Pablo Manzi, written before the country's recent seismic election but perhaps catching something of the spirit leading up to it.

In five brief, unrelated scenes, scattered around in place and time (an apartment in Chile; outside a nightclub; on the border with Peru; in the USA; in 19th-century Mexico), individuals are confronted by their own loneliness. It's a piece that wrestles with isolation, individualism, borders and community, with the need to belong and what it means. Over and over, people find themselves on some sort of threshold between belonging and being alone, while Manzi considers the disturbing role of violence in uniting people.

In texture, the piece (translated by William Gregory) feels akin to a Caryl Churchill play, with its teasing obliqueness and dark shafts of humour. A young couple (Joseph Balderrama and Jimena Larraguivel) conduct an urgent conversation about a threatening incident in a university seminar in a tense whisper because of their sleeping baby; a vigilante crew (Balderrama, Eduardo Arcelus and Sebastian Orozco) disperses like a group of children called home for tea; a pair of border guards (Orozco and Pepa Duarte) attempt to order chocolate on their radio.

Director Sam Pritchard keeps the scenes subtly distinct and elusive and his fine, versatile cast shift through scenarios and centuries, each bringing us individuals caught up in something they struggle to express.

royalcourttheatre.com

joined by his long-suffering wife (Catherine Russell), his disconsolate unmarried sister, Constance (Kirsty Besterman) and her would-be fiancé, lust-pumped cleric Canon Throbbing (Matthew Cottle) — a man for whom nominative determinism was invented.

The arrival of effortlessly snobbish Lady Rumpers (Caroline Langrishe) and her desirable daughter Felicity (Katie Bernstein) has everyone all a-flutter. Before long Wicksteed and his weedy, hypochondriac son (Thomas Josling) are both after Felicity, they are all pursuing one another around the coffin that sits centre stage as a *memento mori* and several people, naturally, get groped or lose their trousers.

There are an awful lot (and I mean an awful lot) of jokes about breasts, including the sorry story of Constance's attempts to enhance her flat chest with a fake bosom and the multiple misunderstandings that ensue when the hire company's technician arrives to check out the excellent revival feels like a beacon of hope and determination.

almeida.co.uk

We're back with the disruptive nature of desire in *Habeas Corpus*, a revival of Alan Bennett's 1973 farce. Only this time the results are not so happy. Bennett's comedy wings us back to the 1970s and to a doctor's surgery where mistakes and mishaps expose a writhing tub of lusts, jealousies and resentments. Written by a master of subtle comic revelation and directed by the brilliantly funny writer and director Patrick Marber, on page this self-billed "filthy farce from a less enlightened age" promises a treat. On stage, however, it proves to be a badly dated mistake.

We are in the Hove surgery of Dr Wicksteed (played with world-weary self-knowledge by Jasper Britton), a GP whose appetite for female conquest has not dimmed with advancing years. He is



Matthew Cottle and Kirsty Besterman in Alan Bennett's farce 'Habeas Corpus'

Adventures in murder and melancholy

Tom Faber picks his top 10 favourite video games of 2021

Death's Door

This indie diamond walks in the shadow of classic *Zelda*, combining satisfying puzzles with meaty combat. You play a fledgling crow, a new hire to the office of avian grim reapers, tracing a lonely tale of mortality which is beautifully conveyed through a reduced art style and minimalist storytelling.

Deathloop

A high-octane shooter from the creators of the *Dishonored* series, *Deathloop* pairs a mind-bending time-loop storyline with superb gunplay. It works best as a sandbox for players to imaginatively combine acrobatic movement, stealth mechanics, precision combat and supernatural powers.

The Forgotten City

What started life as a popular free mod for *Skyrim* became a fully fledged game this year. Its storyline centres around a fantastical Roman city in which, if a single citizen sins, they all die. This thoughtful game offers brilliant writing and a searching moral core rarely found in games.

Forza Horizon 5

Anyone with even a passing interest in cars could easily lose days to this behemoth of an open-world racing game. Set in a huge, lush recreation of Mexico, it offers mechanical minutiae for gear heads to tweak, a raft of races and exercises to take on and a thrilling sense of freedom as you crest each hill just to see what lies beyond.

Hitman 3

The final part of the *World of Assassination* stealth trilogy is exactly what you expect from the long-running series: the

laconic Agent 47 explores exotic locales with a target in mind and a huge range of ways to take them out. Each level runs like a clockwork machine with rhythms you can learn, making each assassination more like a puzzle than a fight.

It Takes Two

You cannot play *It Takes Two* alone; it is all about co-operation. Two players take control of each half of a married couple on the brink of collapse, shrunk down to the size of dolls and forced to navigate a series of imaginative minigames as they fight to save their love.

Overboard!

Imagine an Agatha Christie murder mystery set on a 1930s cruise ship, but you're the murderer. From this winning conceit, interactive fiction specialists Inkle spun one of the year's most joyous games, which combines sparkling writing with a range of approaches that ensure you'll be revisiting the scene of your crime over and over.

Psychonauts 2

A sequel to a cult platformer 15 years in the making, *Psychonauts 2* brings all the humour and narrative pedigree

'Deathloop', a high-octane shooter from the creators of the 'Dishonored' series

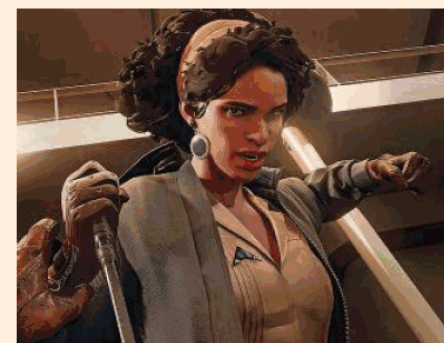
of LucasArts designer Tim Schafer to an inspired psychedelic journey through the human mind. This vibrant title is a joy to play at any age, with story beats that pull at the heartstrings and ask meaningful questions about regret, trauma and the nature of consciousness.

Sable

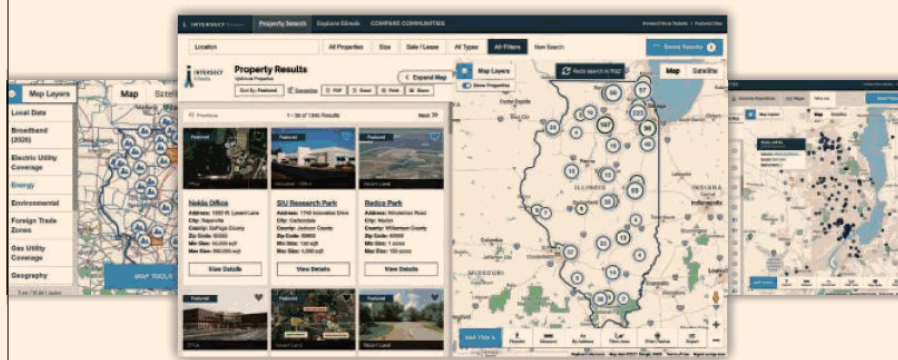
Peaceful open-world adventure *Sable* deserves a place on this list for its original visual style alone, a ravishing homage to sci-fi comics legend Moebius, but it's far more than just pretty landscapes. Here is a game that never tells you where to go, instead allowing you to trace your own path across its pastel deserts and decide who it is that you want to be.

Unpacking

This imaginative puzzle game tells the story of one person's life through objects. You never see your protagonist or hear her speak, but as you unpack her belongings from boxes in each home she occupies over 20 years, these possessions become powerful symbols of character, eloquent of the bittersweet melancholy of life's transitions.



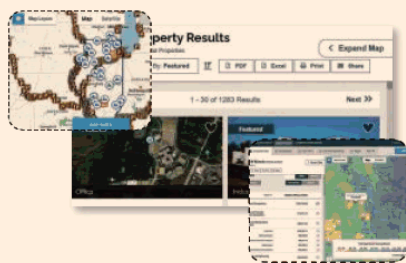
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FT BIG READ. IMMIGRATION

FT seasonal appeal. Despite obstacles including a lack of knowledge of the UK's civil and financial systems and difficulty accessing capital, new arrivals have a record of entrepreneurship.

By Sarah O'Connor

Against the odds: migrants in business

When Razan Alsous fled the war in Syria in 2012, she had a degree in laboratory science and spoke a clutch of languages including English. "You're more qualified than me!" concluded the local jobcentre adviser in West Yorkshire, the place she settled with her family. But her Syrian qualifications didn't seem to count for much in the UK job market. Without any work history in the country, she was even rejected for jobs in secretarial and admin work.

Yet giving up was not an option. She had three children to provide for and her husband was forbidden from working while his application for asylum was processed, which took two years (Alsous herself was granted leave to remain within a month). "That made me think I need to do something to support my family, just think about a way of living," she says. Besides, "my personality cannot accept just sitting".

She decided to start a business to make a Syrian breakfast staple: halloumi cheese. There weren't many UK-based producers and supplies of high-quality local milk were plentiful. Banks wouldn't lend to her but she was given a business mentor and a £2,500 loan by the government's Start Up Loans scheme, which started in 2012 to support businesses that struggle to access other forms of finance.

She bought an ice-cream maker, which her husband (an electrical engineer) converted into a cheese vat. Only a few months after production started in a fried chicken shop, her halloumi had



'We had ups and downs, lots of difficulties, we hadn't enough money to buy bigger machinery ... but we never stopped'

won a bronze medal at the World Cheese Awards. She expanded production of the subsequently named "Yorkshire Squeaky Cheese" into a factory in 2017, and her husband is now developing a semi-automated production process to boost output per hour.

Alsous has ended up on a well-trodden path for people who move to a new country: entrepreneurship is slightly higher among immigrants than natives in OECD countries. An OECD report published this year found the nature of immigrant entrepreneurship is also beginning to change as the skill levels of new arrivals have risen. The share of immigrants with a tertiary education has increased in nearly all EU member states and OECD countries between 2006 and 2017. There have been slight increases in the share of self-employed immigrants working in education and service sectors over the past decade, while the shares in agriculture and accommodation and food services have declined.

Though the survival rate of companies started by immigrants is on average about 3 percentage points lower than those of non-immigrants in OECD countries, examples of success stories abound. A study from 2018 by the National Foundation for American Policy found that immigrants founded or co-founded 55 per cent of the US's "unicorns" — privately held companies with billion-dollar valuations. Research has also found that immigrants in the US punched well above their weight in terms of the number of patents they filed.

Some studies suggest immigrants have a higher tolerance for risk, which makes them more likely to have the spirit and drive both to move to a new country and to start a new business.

Other research emphasises the practical barriers and discrimination which can make it hard for new arrivals to access the traditional job market, making self-employment or entrepreneurship a forced choice.

But while success stories like Yorkshire Squeaky Cheese show what is possible with a well-timed injection of start-up cash and mentorship, many other new arrivals are held back by



Razan Alsous fled Syria in 2012 for the UK, where she set up a business making award-winning halloumi cheese, right. Not all immigrants are as successful and despite having qualifications, many end up in low-skilled, low-pay jobs, above-left, while opportunities for learning English, above-right, are more limited after funding cuts

Lorne Campbell/Guzelan; Richard Baker/In Pictures/Getty; Helle Adams/Boomborg

UK asylum limbo 'You start to lose your talents, it kills your skills'

There are few people more financially excluded in the UK than asylum seekers waiting for a decision on their application. They are usually forbidden to work and must live in government-provided accommodation on a cash allowance of £39.63 per week. The government fears that, if it allowed asylum seekers to work, it would create a powerful "pull factor" for illegal immigration. But critics such as the Refugee Council say the current system leaves people in economic limbo, unable to use their skills or talents to help their new country or their families.

That limbo period is lasting longer. In the second quarter of 2014, 87 per cent of applications received an initial decision within six months, according to Oxford University's Migration Observatory. In the second quarter of

financial exclusion and a lack of knowledge of their new country's system.

Alsous herself has struggled, especially with the lack of access to capital. "What I'm saying now in small words, just quickly summarising to the victory — we had ups and downs, lots of difficulties, we hadn't enough money to buy bigger machinery to make the work efficient, but we never stopped," she says.

A downward spiral

A research project with Syrian refugees in Yorkshire found that while a number did start businesses, "many willing entrepreneurs had financial problems and for the vast majority of refugees hoping to enter business there is no financial support or funding available". It was common for people to end up in "low-skilled, precarious forms of employment".

Lucila Granada, chief executive of the charity Focus on Labour Exploitation, says it is hard enough for Britons to manage their finances while doing these sorts of jobs, let alone recent arrivals. A

cleaning job might involve a 5am to 7am shift at a bank, then a 7am to midday shift at a restaurant, before waiting until the end of office hours to start the next shift. Time between shifts isn't paid, sick pay is rare, and working hours can vary unpredictably from week to week. Combine this instability with poor English and scant understanding of the financial system and people can quickly spiral into disaster.

"There are some huge links between financial literacy, debt, poverty and the risk of exploitation," Granada says. "Whenever there is a crisis — a health issue, a difficult life situation — it's very common for people to end up getting into debt."

Loans might come from family members, loan sharks or credit cards. When Granada worked in front line support, nervous people would arrive with a pile of warning letters they couldn't read. "They get so scared, they don't understand what is going on ... For many it's the first time they have had a credit card." She says it is "incredibly common" for people without English to ask their children with better language skills to help translate. "These are children who might be sitting in front of a bank representative trying to negotiate a debt, or breaking it to their parents they have a massive amount of debt. These are not easy situations for children to handle psychologically."

Predatory lending

Universal credit, the UK's main benefit system, is designed to top up the earnings of the low paid. But it can add to the sense of financial chaos because unpredictable earnings often lead to fluctuating levels of benefit payments. It is also a digital service, which many people struggle to deal with — and not just migrants. A government survey of almost 1,500 claimants of universal credit found that only 54 per cent were able to register their claim online unassisted. A fifth completed it online only with help, while a quarter couldn't submit their claim online at all, mostly due to problems using or accessing devices and the internet.

"Everything is going digital," Granada says. "The avenues for people to find

demand for their services to begin with".

Maria (who did not want her real name used) says she was trafficked from Romania to the UK with her family, where they were kept in a house with their passports withheld. After they managed to escape with the help of a relative, she found work in a pillow factory. A fellow Romanian — a supervisor at the factory — charged her £500 to apply on her behalf for a national insurance number and other paperwork. She was left with so little money she was relying on food banks until she had the idea to speak to the social worker at her daughters' school. The social worker helped her open a bank account and sign a tenancy agreement with the person from whom she was informally subletting. But another man befriended the family with the promise of good work, persuaded them to rent a flat in his name and took out loans in their name.

She says she wishes she had been able to speak English when she came; that the language barrier left her isolated and compounded her lack of financial knowledge. But she also says she didn't know how to get help and was exhausted from factory work and caring for her children. The UK does offer funding for providers of classes in English as a second language, but the funding was cut by 40 per cent between 2010 and 2019, according to the Association of Colleges. Maria eventually found help from the Work Rights Centre.

A report by the OECD in 2016 found that, in many countries, "holistic approaches to reaching migrants and their families with financial education



'There are some huge links between financial literacy, debt, poverty and the risk of exploitation'

and financial inclusion initiatives are rare". Yet it concluded that this was "an important component of any attempt to support these vulnerable groups, reduce poverty and increase financial wellbeing and financial stability".

Mexico is a notable example of a country that tries to help its diaspora by providing financial education through its embassies and consulates in North America. Since 2012, Mexico has also run an annual financial education week, which aims to reach Mexicans abroad and community leaders with workshops and talks.

"It's easy to say 'well, low-paid workers, uneducated people, it's an issue of financial literacy, let's teach them how to budget', but it's really not about that in most cases," says Granada. "It's about understanding how the system works, [and] definitely that requires education." Still, she adds, even the best understanding of the system won't resolve problems like precarious jobs and under-regulated labour markets.

Vicol says that practical support and information would help empower new arrivals to meet their ambitions, to their own benefit and that of their new home country. "No one lives their lives feeling sorry for themselves, everyone is an actor in their own story," she says. "That narrative of the entrepreneurial self, the resilient self who will get by, find a way, who can do anything — that does people a lot of good and it helps them, it's part of their sense of self," she says. "I can think of all these quotes people say: 'you never look back', 'I'm strong, I can do this', 'it's definitely an attitudinal thing'."

Maria is now beginning English language classes and says she still has "hope and willingness to fight" for her children. In Yorkshire, Alsous and her husband have launched new products including smoked halloumi and labneh, a spreadable yoghurt. Their factory was damaged by a storm last year and the pandemic has been tough.

"Even if you change country ... you can't guarantee your life forever, so we are just facing all challenges," she says. "Making things like this cheese, just [helps you] to remember to keep going, [that] life is good. It reminds you to enjoy simple things."



About FT Flic

This article is part of the FT's Financial Literacy and Inclusion Campaign to develop educational programmes to boost the financial literacy of those most in need.

Financial literacy education gives young people the foundations for future prosperity — and can help economically disadvantaged people out of deprivation. Join the FT Flic campaign to promote financial literacy in the UK and around the world.

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information, to find someone who will help them navigate the system, all of this is narrowing and narrowing."

The lack of accessible help from the state had led to an underground industry of "self-styled street-level accountants", as Olivia Vicol, director of the Work Rights Centre, describes them. These people can be found on most migrant social media groups, offering to help with everything from applying for national insurance numbers to universal credit and registering for self-employment.

"The market is really diverse, there are companies, there's also lots of amateurs who straddle the bounds between care and commerce and community and business," Vicol says. "In the worst cases, some of these accountants can be genuine predators." While some do serious harm, she adds, it's important to look at "why there is



FINANCIAL TIMES

'Without fear and without favour'

WEDNESDAY 22 DECEMBER 2021

Trade-offs are needed to rescue 'Build Back Better'

Democrats lack the congressional strength to railroad Manchin

Joe Biden came to office determined to use the Covid-19 crisis as an opportunity to address some of America's long-standing economic and social inequities — and to turn the US into a climate leader. The ambition to "Build Back Better" was bold and worthwhile, even if many better-off Americans, pre-pandemic, did not see economic issues as the nation's principal concern.

It has run into hard realities; Democrats lacked the congressional strength they hoped for, and at times misread a mandate to eject Donald Trump as one to transform the US. Saving Biden's bill, in some form, will need further, difficult, political bargains. But it is worth doing.

Senator Joe Manchin's resistance to the bill is not as strange or ignoble as some in his party suggest. Much of its content, which addresses climate change and poverty, deserves to come into law. But even desirable ideas must go through the sieve known as "politics". The West Virginian has one of the most conservative states in the union to answer to. In an outstanding year for Democrats, 2018, and with impeccable local bona fides, he held it by just 3 points.

Manchin's concerns about inflation and public debt, however, are overdone: the legislation is mostly funded (though "temporary" expenditures often find a way of becoming permanent). His claim that America's clean energy transition does not need such a lavish boost, being "already well under way", betrays complacency and bad faith. He sometimes relishes his awesome power as the ideological median of a split Senate a tad too much.

The bill now seems lost until at least Christmas — but there could be room for compromise later. Manchin seems open to a vast package, if not the \$2tn one that cleared the House of Representatives last month. He opposes "this

piece of legislation", not any of its kind. He has even suggested extending the child tax credit by a decade, as long as it is funded.

Manchin might just be inviting his colleagues to choose their priorities. The expansion of Medicare to cover hearing needs is well-intentioned. Is it worth losing the bill over? The increase in the Earned Income Tax Credit will help millions. Is it more precious than subsidised child care? The funding for affordable housing is needed in a country where rough-sleeping is so distressingly rife. But how to weigh it against green reforms that, if not passed now, might come too late for the planet?

A deal should not be impossible to reach here, but it will sting those Democrats who believed the Biden-as-Franklin-Roosevelt hype of the spring. They can console themselves that, if Manchin is the knave they believe him to be, nothing will expose him like a streamlined bill he still refuses to back. A package with fewer line items and moving parts will also be easier to communicate to voters in the run-up to the midterm elections of 2022.

Some of the fire his party has directed at Manchin is self-exculpation. To an extent that Biden's win obscured, congressional Democrats flopped in 2020. House seats were lost. Anticipated Senate gains never materialised. They simply have not earned the right to have as much progressive reform as they had wanted.

Manchin is as liberal as a Senator for West Virginia is ever likely to be. He has to be squared, not browbeaten. Trade-offs have to be made, not ducked. A guiding principle might be that climate change, given the existential stakes, should be the priority. Alternatively, poverty reduction, which is hard to do through executive orders, might deserve more stress. But there is no choice not to choose.

Ethiopia is a tragedy for the whole of Africa

War in Tigray unleashed old hatreds and brought low a growth model

Ethiopia's war in Tigray was meant to be over by Christmas. Last Christmas. Instead a year has rolled by during which all sides have committed appalling human rights abuses. Only this month, details emerged of an alleged summary execution of 49 civilians by the Tigray People's Liberation Front. Equally credible reports have found evidence of civilian massacres and mass rapes perpetrated by Ethiopian federal troops and their Eritrean and Amhara allies.

Despite a recent retreat by the TPLF that has boosted federal troops, the war, which started in November 2020, trundles on. Fortunes have oscillated wildly, with one side and then the other appearing to hold the upper hand. A few weeks ago, the TPLF, once seemingly down and out, staged a blitzkrieg comeback and threatened to march on Addis. Now it has been driven back again, partly thanks to federal air power. This week, federal troops retook Lalibela, a city of rock-hewn churches in Amhara, in what the TPLF claims was a tactical retreat aimed at preparing the ground for a ceasefire.

One can only hope it is so. Before this conflict began, the east African country of 110m people was among the most promising prospects on the continent. During almost three decades of effective, if highly authoritarian, rule, a TPLF-dominated government pursued a development path pioneered in East Asia. Building on high savings and investment rates, it chalked up years of double-digit growth and impressive social advances. Ethiopia was one of the few African countries with a coherent manufacturing strategy. Once associated with famine, it had a shot at reaching middle-income status.

Today Ethiopia is torn apart by ethnic hatreds and age-old vendettas. The TPLF tried to solve the "ethnic question" by giving regions more autonomy,

including the right to secede. But that pact failed to hold as ethnic groups, led by the Oromo and Amhara, rebelled against Tigrayan dominance. In 2018, Abiy Ahmed, an Oromo, emerged as a supposedly conciliatory force. The hope was his premiership would graft a tolerant liberal democracy on to the TPLF's developmental state.

As prime minister, Abiy's vision of a united Ethiopia has clashed with nationalist sentiment in the country's 10 ethnically constituted regions. Abiy compounded his problems by purging Tigrayans from power, putting him on a collision course with TPLF diehards who refused to concede that their days running the country were over.

Even if you accept the dubious premise that the TPLF are no more than terrorists, Abiy's government has undermined its case by allowing its soldiers and their allies to run rampant. Whatever crimes the TPLF have committed, it is incumbent on government forces to abide by basic norms of warfare. Addis has even enlisted troops from Ethiopia's old enemy, Eritrea, to help crush its own people. If there is one winner from all this, it is Isaias Afwerki, the wily Eritrean dictator.

Calls by the international community for negotiations have thus far fallen on deaf ears. Both sides think their cause is just. Until recently both sides seemed to think they could win. When the fighting eventually does end, it may be difficult to put Ethiopia back together again. Even if Abiy achieves the total victory he seems to believe possible, Tigrayans are unlikely to accept being part of a federal union.

That the Ethiopian project should have so dramatically unravelled is a tragedy not only for Ethiopia but for a continent that looked to it as a plausible model of development. Those in search of an African success story will have to look elsewhere.

Letters

Max Harlow rightly points out that sleaze is impossible to clean up (Opinion, December 20) while the quality of public data remains poor, the format antiquated and the timeframes for publication tardy.

In Ukraine or Colombia, for example, all public contracts to procure PPE and medicines to battle the pandemic had to be published within 24 hours of

being agreed. In the UK, we've had to wait over 100 days for censored copies of contracts to be published, well over the mandatory 30 days set in UK law.

The damage doesn't stop at undermining public trust and integrity: it's impossible to co-ordinate a pandemic response or to manage market disruptions with such poor information.

The UK's proposed new procurement legislation can transform this situation by mandating end-to-end publication of UK procurement and contracts as standardised open data, but it will need political leadership, adequate resourcing and oversight to reap the economic benefits and to enforce standards.

If Ukraine or Colombia can manage

it, there really aren't any excuses for Britain, especially given the pressing need to get better results from the £300bn that we spend on public contracts every year, the single largest area of government spending.

Gavin Hayman
Executive Director
Open Contracting Partnership
Washington, DC, US

How one by-election has upended Tory calculations

Lewis Baston advises that "Lib Dems and Labour should forget mutual peevishness" (Opinion, December 20) in the aftermath of the North Shropshire by-election. What lessons does he think the Conservatives should draw?

To observers of the Tory party it is clear that electoral success has always trumped ideological consistency. They fear being outflanked and triangulate towards whoever threatens them. David Cameron marched towards the Liberal Democrats well before coalition.

In the past decade that role in the Tory psyche has been usurped by Ukip and successor parties. The government has veered more and more dramatically towards the nationalist right believing that there is only political upside to yet one more ding-dong with Brussels.

The Chesham and Amersham by-election in a Remain-voting London suburb could be written off as the side-effect of a nailed-on election-winning formula. North Shropshire, which voted heavily for Leave, upends that calculation. The target for popular anger has shifted from elites bound by the — "foreign" EU — rules to elites who appear to flout the rules.

If the Liberal Democrats can exploit this the eventual Tory reaction would be to morph back towards the centre, even though it may take at least one change of leader to register.

For supporters of good governance the seasonal cheer provided should alleviate their peevishness, whatever their political affinity.

Tim Gordon
Former Chief Executive, Liberal Democrats (2012-2017)
London NI, UK

Beijing should have more confidence in itself

Your article "Taiwan opposition struggles for relevance" (Report, December 17) pointed out the vote on the four referendums backed by the Kuomintang (KMT), the largest opposition party in Taiwan which has been upholding the One China idea, was a proxy for a vote of confidence by the Taiwanese people in both the KMT and the incumbent government.

It was closely watched by Beijing. The result: all four referendums failed. Rather than paying attention to the results of the referendum, Beijing should also note that the Taiwanese have already been voting in referendums for 17 years and have been able to directly express their views on specific issues peacefully.

Although east Asian cultures in general appreciate strong leaders and obedient followers, and emphasise harmony, in which criticism of the



government is discouraged, democracies exist in various degrees among Asian countries.

Voting and the associated discussions allow the venting of discontent through peaceful channels, avoiding displays of discontent through radical means, and preserving the bigger harmony.

Letting the people decide is also a universal value. Beijing should be confident in itself and allow its own people to vote and express their views.

Kuan-Cheng Chen
Taoyuan City, Taiwan

Here's an easy way to avoid a song's controversial lyrics

Regarding the Life of a Song column "Baby, it's cold outside" (Life & Arts, December 18) the controversy over the lyrics can be avoided by listening to Jimmy Smith and Wes Montgomery in their instrumental version on their 1966 *The Dynamic Duo* album, complete with sleigh bells.

Ian Wingfield
London SW7, UK

Bid to change poverty narrative wins plaudits

In her recent FT op-ed ("The US must confront financial illiteracy head-on", Opinion, December 18) Mellody Hobson speaks knowingly of poverty in our country. As the head of an affordable housing provider, I have seen her personal experiences of eviction and homelessness reflected in countless families. The large majority of these families struggle to secure housing despite working two or three jobs.

They are hard-working and motivated individuals doing the best for their families . . . and yet, they have trouble making ends meet. I applaud Hobson for trying to change the hackneyed and empty narratives around the poor.

David Levine
Alexandria, VA, US

Financial illiteracy is also an issue for policymakers

Inflation is a monetary phenomenon and using fiscal measures, such as curbing spending, price controls etc, will not cure it.

Recent steps by the three leading central banks — the Federal Reserve, European Central Bank and the Bank of England — are on the right track.

Yet it seems that economic and financial illiteracy goes beyond schools ("The US must confront financial illiteracy head-on", Opinion, December 18) and into the ranks of the highest decision-making bodies in this country . . . as evident in the opposition, even by some so-called Democrats, to spending aimed at strengthening the social safety network and other measures embodied in President Joe Biden's build back better proposals, using the spectre of inflation as an excuse.

Who is to blame? Gary Morson and Morton Schapiro in their 2017 book *Cents and Sensibility* reveal that modern economists have a lack of appreciation of social and cultural needs.

They write that Adam Smith, author of *The Wealth of Nations* "has been de-Smithed. Those who treat him as the founder of the sort of all-encompassing rational choice theory on display in much of neoclassical economics have turned him from a fox into a hedgehog by taking what he presents as one principle of behaviour as the only principle . . . to maximise our utility" (emphasis added).

A pertinent question in this context is, corrupt politics aside, why use economic analysis and economic measures in general if not to try to improve people's lives?

Professor Mehdi Al Bazzaz
Former World Bank Economist
Alexandria, VA, US

Central banks are only independent up to a point

Patrick Jenkins ("Economic burdens carry risks for central banks' independence", Opinion, December 21) raises some concerns regarding the degree of central bank independence which worries "growing that central banks will become increasingly instrumentalised by governments".

Yet central banks are really only independent within the political system rather than from it.

Central banks might have operational independence but are typically set targets by the government of the day, which is usually the shareholder.

Like any executive team, central bankers want to keep the shareholder happy even if other stakeholders are less than chuffed.

Quin Casey
Portfolio Manager (Fixed Interest)
Fisher Funds, Auckland, New Zealand

BoE rate rise and the Fed tapering are right response

Patrick Jenkins contemplates whether central banks like the Federal Reserve, the Bank of England and the Bank of Japan have blurred the lines between politics and monetary policy ("Economic burdens carry risks for central banks' independence", Opinion, 21 December).

It is true that central bank independence has been a key force in the history of central banking. Yet, as Michael Bordo argues in a paper for the Federal Reserve Bank of Cleveland entitled "A Brief History of Central Banks", independence is not absolute.

The Fed regained its independence after 1951, but it must report to Congress, which as Bordo says "ultimately has the power to change the Federal Reserve Act".

According to Charles Goodhart in a 2010 paper for the Bank for International Settlements, central banks have generally three main objectives or functional roles: to maintain price stability, subject to the monetary regime currently operating; to maintain financial stability and last but not least, to support the state's financing needs at times of crisis, but in normal times to constrain misuse of the state's financial powers.

Yet, it has been more than a decade since times could be characterised as "normal". First, in the aftermath of the global financial crisis, as Mohamed El-Erian argued, central bankers wielded more power over the fates of politicians, investors and regular folk than ever before. In the absence of government action, central banks with their bond purchases and other unconventional policies were bearing most of the burden of supporting economic recoveries in the US and Europe.

Second, during the pandemic crisis, average central bank policy rates in advanced economies have already been less than 1 per cent above the zero lower bound and the central banks' "quantitative easing" genie has already been out of the bottle. It is therefore harder, in the words of Claudio Borio of the BIS, to raise interest rates without causing economic damage, owing to the large debts and distortions in the real economy.

In this respect, I argue that it is rather premature to regard central bankers' decisions as having blurred the lines between politics and monetary policy.

After all, policy mistakes always happen. The critical issue is to correct them in a timely manner. The latest rate hike by the BoE and a bolder tapering by the Fed should be regarded in that vein.

Konstantinos Gravas
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Johnson's personality politics offer diminishing returns

UK Notebook

by Sebastian Payne



On a bitter morning in May, people queuing for fish and chips in Hartlepool in the north-east of England were unaware of what was about to hit them. A motorcade thundered into town, a stocky blond celebrity emerged from a Range Rover and the mood shifted instantly.

The seafarer was Boris Johnson's stage. A crowd rapidly gathered behind the UK prime minister as he hustled for votes on behalf of the Tory candidate in a by-election the Conservatives would go on to win easily. Passers-by bellowed "Boris", while others demanded selfies. I asked an aide if it was always like this; she nodded with a sigh and a smile.

It was this effect on voters that persuaded the party to plump for Johnson as their leader over two years ago. It was a gamble that paid off, with Brexit mostly delivered, an 80-seat parliamentary majority and Labour broken in its traditional heartlands.

Now, however, some Tories have buyer's remorse. After the worst month of Johnson's career — humiliating parliamentary defeats, anger over lockdown-breaking parties in Downing Street, Covid confusion, days of appalling headlines — the political obituaries are in preparation. One Tory grandee predicts "there's no way he will make it through to the next election or even the next year".

The prime minister is struggling to govern. He has shown little interest in the management or exercise of power. And for a growing number of MPs, ministers and voters, it is not apparent

what he is in office to do, beyond the purpose of simply being there.

But it is his persona, not policies or principles, that has made Johnson the most compelling figure in modern British politics. No one since Tony Blair has dominated the political arena in the way he has. It's improbable to picture voters in Hartlepool reacting in the same way to, say, David Cameron appearing on the seafloor.

Johnson operates outside normal politics, having been in the public eye for over two decades. He arrived in the national consciousness first via a television quiz show. Politics came second. His true rivals for public recognition and approval, therefore, are not the chancellor Rishi Sunak or foreign secretary Liz Truss, but media personalities such as Jeremy Clarkson, the blokeish motoring show host turned farmer.

The parallels between Clarkson and Johnson are many. Both have been sacked for misdemeanours, but the nation forgave them. When they get into sticky situations, the public chortles. When they make inappropriate remarks, they get away with it. And although loved and loathed in equal measure, they are impossible to ignore.

After the prime minister's speech to this year's Tory conference, Clive Martin, a writer for *Vice* magazine, observed: "Trying to get him on conventional notions of hypocrisy or contradiction is totally useless. He's completely post-scrutiny, he pioneered

it. He's barely even a politician or accountable public figure any more. He's more like a national mascot."

Having a bouncy persona is useful on the campaign trail but is worth little in office. And if the public shine wears off, so does political power. Last week saw the spectacular loss of a safe Tory seat, and a run of opinion polls put the Tories behind Labour — not unusual for a government after 11 years, but a problem if your electoral appeal rests purely on the standing of your leader. And Johnson's personal ratings have tanked.

There are signs of that plunge in popularity among the kinds of voters the prime minister has to keep on side. On Monday, a crowd of thousands at the darts world championship in London chanted, "stand up if you hate Boris". A few days earlier, Johnson had been sung about in even more disobedient terms at a football match in Leeds. He is unique, but if he stops being liked, he is of no use to his party.

Johnson once summed up his world view thus: "There are no disasters, only opportunities. And, indeed, opportunities for fresh disasters." The past month has shown this to be his method of governing too. The choice facing the Tories in 2022 is either to decide they can live with the combination of chaos and celebrity or opt for someone more stable and predictable — whom the voters of Hartlepool would barely recognise.

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Opinion

Conservatives must grow out of the 'appeasement' trope

AMERICA
Janan Ganesh



The eyes have become livelier, and that thin voice much more resonant. Nor does the upward revision of Neville Chamberlain in Munich: *The Edge of War*, a new Netflix film starring Jeremy Irons, stop there. The former British premier is brought in from the reputational cold in which he has languished as a gutless suer-for-peace and seller-out of Czechs: a naïf and a cynic all at once. "Appeasement", as *Munich* allows, bought the Allies almost a year, during which Britain rearmed. No less a personage than the Fuhrer came to regret

the postponement of hostilities. Pray that the film, and the Robert Harris novel it adapts, finds a conservative audience. A quirk of the Anglo-American right is its obsession with one historical event as the key to all others. Munich has come to stand for the folly of compromise and the wisdom of toughness, almost always and everywhere. Having helped to silence critics of the Iraq war, the slur of "appeaser" should have been tainted beyond all use. Instead, it was deployed against the Iran nuclear accord that Barack Obama signed as late as 2015. It then drove the US withdrawal from the deal three years later. Donald Trump never made a more globally consequential error.

Iran can now amass enough highly enriched uranium to make a weapon in a matter of weeks. (Firing it at a foreign target is another matter.) When the deal was implemented, this "breakout" time was thought to be a year. Iran is also closer than it was to China, which gave

the Islamic Republic economic succour as Trump's sanctions bit. "We're trying to correct for what was the Obama administration's appeasement of Iran," said then secretary of state Mike Pompeo in 2020, who never defined what success would look like.

Even if we use the yardstick of Iran's domestic rather than geopolitical evolution, the results are dire. The country has harder-line presidential leadership than it did at the time of the pact. Its conditions for any resumption of the deal span the fantastical (the end of all US and EU sanctions) and the constitutionally impossible (assurances that no future White House will renege).

Those demands are the main reason that President Joe Biden has dallied in signing back up to the nuclear pact. But it doesn't help that even mainstream Republicans would accuse him of moral capitulation. What the appeasement myth lacks in accuracy, it more than redresses in popular cut-through. In a

sense, Biden is a prisoner of history, even if it is sloppy history.

Perhaps he is more constrained than many would be in his place. After his botched withdrawal from Afghanistan, which the Taliban now run, he doesn't have the licence for another concession to a central Asian power. But the cry of

A misreading of one historic event has encouraged the idea that pugnacity gets results

appeasement will keep bouncing presidents into bad decisions until we learn not to grade their every foreign doing on a spectrum of Chamberlain to Churchill. It would help to admit that, to a large extent, appeasement *did* work. It did not just create the time for arms manufacturers to crank into life, it meant that

Britain went to war on the clear-cut prospectus of the Nazi invasion of Poland in 1939. The Sudeten issue in 1938 had commanded nothing like the same unanimity of moral outrage. It cannot be assumed that Britain would have been as united had it gone to war then. One family with addresses in Balmoral and London SW1 certainly seemed torn.

None of this is said out of academic pedantry, but rather in the hope (no doubt idle) of practical change. A misreading of one historic event has distorted so much subsequent statecraft. It has encouraged the idea that, in foreign relations, a sort of blanket pugnacity gets results in the end. When it fails, the problem is held to be insufficient will: that Iraq wasn't invaded earlier and with more troops, that America only gave it the 20 years in Afghanistan, that Iran hasn't been made to taste the reality of US power yet.

At least US conservatives reserve the notion of appeasement to relations with

autocratic enemies. The British right applies it to dealings with the EU. Last week, the UK's trade minister Penny Mordaunt gave a speech of virtuoso silliness but also malevolence in Atlanta. She petitioned US support for Brexit as a blow for "democracy and capitalism", as though the EU had neither. The wartime undertones were of a piece with a UK strategy that treats Brussels as a foe to whom no quarter can be given.

The results have been predictable and predicted: fettered access to the European market, an exasperated Washington, eventual capitulation on fishing licences and judicial arrangements in Northern Ireland, and another resignation by a frustrated Brexit secretary. The strength-at-all-costs school of foreign policy is not just ugly, it is counterproductive. As Iran's resourcefulness under sanction has shown, other countries have egot too.

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Human progress stumbles on, Covid or no Covid

ECONOMICS
Robin Harding



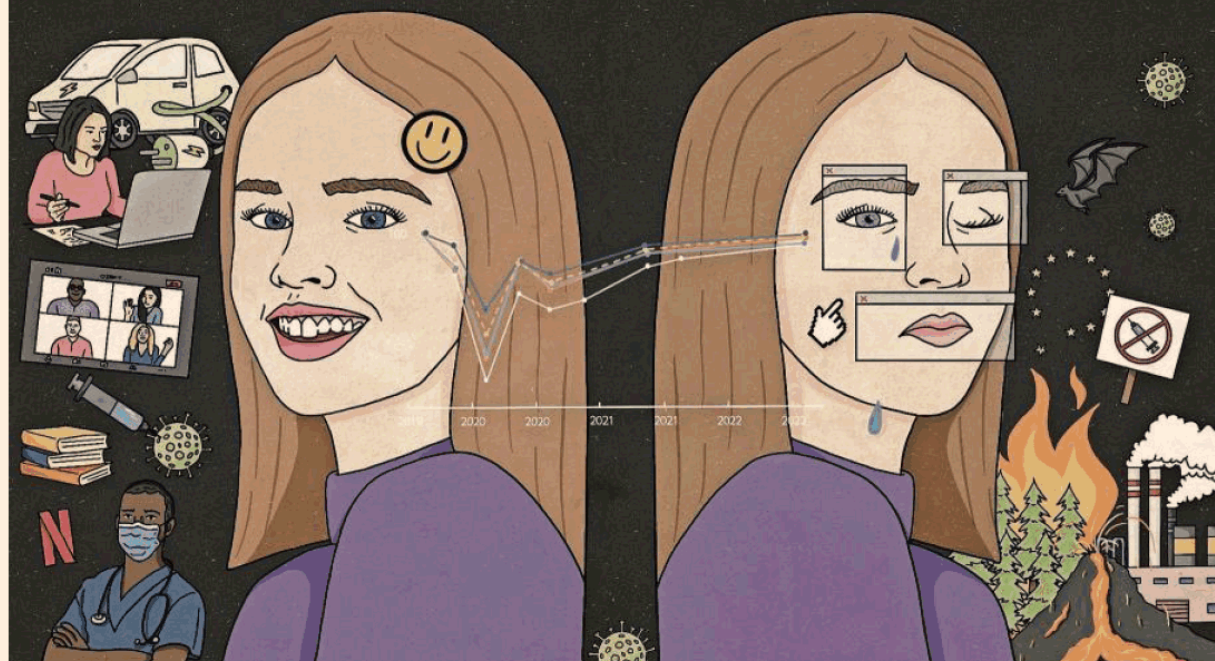
In most years the world gets better. It seldom feels that way, admittedly, but that is human nature: we worry about the catastrophe in the news — the earthquake, war, famine or pandemic — and miss the gradual but relentless growth of production, technology and understanding. During recent decades, as charted by social scientists such as Hans Rosling, Max Roser and Steven Pinker, those forces have lifted hundreds of millions of people out of poverty. By stopping to do a careful accounting, you can see the process in action, year by year.

When I last did this exercise in 2019, it was easy to conclude life had improved. But some years are different. The chaos wrought by the Covid-19 pandemic has been the greatest challenge to humanity's grip on its own condition since the height of the nuclear stand-off during the cold war. It is interesting then to ask: did the world get better during 2020 and 2021? Or did the pandemic mark an actual setback to human progress? My answers are: probably and no.

Perhaps the best place to start is with the pandemic itself. Although the statistics are mere estimates, it has directly caused about 275m infections and 5m deaths, as well as having a drastic secondary impact on living standards, with lockdowns and travel restrictions keeping us from our families.

The emergence of Omicron makes it particularly tempting to feel miserable right now, but in the long perspective, Covid-19 could be far worse. First, after decades with no great pandemic, what emerged could have been more infectious and more lethal — plenty of diseases in the past, including Sars in 2003, killed more than 10 per cent of those infected. What we have is survivable for most.

Second, the development of vaccines was a spectacular success. Doctors pioneered the new technology of mRNA and administered almost 9bn doses in just 21 months since the outbreak



began. Covid-19 is horrible, yes, but it is no cataclysm.

Third, it is important to note that our very prosperity is what makes the virus so disruptive. Advanced countries are willing and able to pay a high price to save a small number of lives. Fifty or 100 years ago, life would have gone on as normal while the disease ripped through a much younger population. Whether lockdowns were good or bad, we could afford to make the choice.

The damage done to the global economy is smaller than the scale of the Covid-19 event might suggest. In fact, remarkably so. In most rich countries, output in 2021 was still less than in 2019, but overall the world economy grew by

Despite the pandemic, the capitalist system has still delivered enough growth to lift people out of poverty

2.6 per cent during the pandemic. It is testament to how well the capitalist system works that even during the most extreme health emergency in a century, it still delivered enough growth to lift people out of poverty.

There are countries, especially in tourism-dependent or island economies such as Thailand or in the Caribbean, where living standards have slipped, and some very poor countries, such as Afghanistan and Myanmar, have suffered fresh political crises that threaten to set them back many years. But they are offset by other emerging economies, such as Bangladesh, China, Vietnam, Ethiopia, Ghana and Kenya, which lost some growth, but are still richer now than they were a couple of years ago.

Humanity has survived the pandemic thus far with its material prosperity intact or even improved. Against that, however, many threats to our future security and prosperity have got worse.

Carbon dioxide concentrations at the

Mauna Loa observatory went up relentlessly, from a peak of 414 parts per million in 2019, to almost 420 ppm in 2021. Although carbon emissions did fall during the pandemic, they quickly bounced back. The observatory said it saw no discernible signal from the pandemic when measuring the concentration of carbon in the atmosphere.

The COP26 summit in Glasgow was as disappointing as ever. What encouragement there was on the climate came from private enterprise: 2020 and 2021 were the years when electric vehicles began to go mainstream. They provide another technological building block for an emission-free future. Many more are still needed, but that progress inspires hope.

Geopolitics, by contrast, does not. One defining ingredient of global growth since 1989 is peace and security. In Taiwan and in Ukraine, that no longer seems guaranteed, calling into question the whole global trading system on which prosperity relies. There are dis-

turbing signs of a new nuclear arms race between the US, Russia and China — nuclear weapons are still a leading contender for how humanity will eventually destroy itself.

Worst of all, it was a period of retreat for democracy. According to Freedom House, 2020 was the worst in a 15-year run of decline for democratic governance. The pandemic has been a boon for authoritarians and a difficult challenge for liberal democracies. In the long-run, freedom and prosperity are intertwined.

Overall, then, humanity grew somewhat more prosperous, but the foundations of that prosperity in peace, environmental stability and liberal democracy deteriorated. Call it roughly even. It is the worst assessment one would give in decades. Since it was achieved in the face of a pandemic, however, perhaps there is still reason this Christmas for some good cheer.

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2021
A year in a word / n.

Metaverse
(noun) a virtual world where users appear as avatars to socialise, work, shop or play

Every few years the tech industry has a brainstorm about the next big thing that is supposedly about to invade our lives, leading to a race to dominate that era of consumer technology. The land grab this time is over the metaverse, only in this parallel digital universe there's no limit to the space that can be created.

In its full version, users would don virtual reality headsets to enter an alternative reality. Simpler manifestations involve acting through 2D avatars on our existing screens, or augmented reality glasses that superimpose digital images on to the real world, blending the virtual and physical.

Facebook founder Mark Zuckerberg finds the idea of the metaverse a useful distraction at a time when his company is under intense fire. When he changed its name to Meta in October, he single-handedly pushed talk about the metaverse into the wider public consciousness. But watching a demo of Zuckerberg coming face to face with his own pale, robotic avatar stirred uncomfortable thoughts of the "Uncanny Valley" — the place where tech, in pursuit of the hyper-real, becomes downright creepy.

One reason for the hype is a belief that the metaverse could be the most important computing platform since the smartphone. If Apple launches a headset of its own in 2022 or 2023, as rumoured, it could do much to propel the idea into the mainstream.

It is easy to imagine some limited forms of the metaverse catching on. We already spend much of our time in digital places — an online store, a social network, an office chat group. These might be more engaging if we could enter them more fully, even through a simple 2D avatar. But the vision of a life lived fully in virtual reality is likely to remain the stuff of science fiction for a long time yet.

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Germany holds the key to deterring Russian moves against Ukraine

EUROPE
Constance Stelzenmüller



Thirty years after the outbreak of the Yugoslav wars, the western alliance is once more facing the possibility of a major armed conflict at Europe's periphery. Vladimir Putin's Russia has amassed an estimated 100,000 troops near the border of Ukraine. Western intelligence services and analysts are concerned that he might be preparing to invade soon.

There is a spine-chilling sense of déjà-vu about it all. In most key aspects, however, today's situation is notably worse than that of three decades ago.

In the 1990s, the US was reluctant to

get involved in ending the bloodshed in the Balkans. Yet once it decided to intervene, a sense of righteous responsibility as the cold war's victor carried it through, and its European allies with it. A demoralised and nearly bankrupt post-Soviet Russia kept its distance, but diplomatic pressure from Moscow helped force the Serbian dictator Slobodan Milosevic to withdraw his forces from the breakaway province of Kosovo, ending Nato's air war against Belgrade. Germany participated in that operation, but only after an agonising debate over whether its history permitted it to do so.

Today, the Biden administration says it is firmly committed to the security of Europe and Ukraine's sovereignty. Yet it is crippled by political polarisation and painfully aware of its limited influence over an electorate weary of war and distrustful of politics. The few hawks remaining in Washington are laser-focused on China. "Restraint" increasingly finds bipartisan favour. The

tumultuous withdrawal from Afghanistan has damaged US standing in the world and sapped alliance cohesion.

Russia, meanwhile, has been helping Belarus to weaponise migration into the EU. It has blown up one of its satellites with a missile, creating a debris field in low-earth orbit that menaces the space-based infrastructure of globalisation. State-owned Gazprom is not complying with its commitments to fill gas storage facilities in Germany, despite tight supplies and sharply rising prices. Putin has recently referred to combat in Ukraine's eastern Donbas region — where Russia has waged a proxy war since 2014 that has claimed more than 13,000 casualties — as "genocide".

A wish list of security guarantees presented by the Kremlin to the US and Nato last week amounts to a veto on further expansion of the alliance, a removal of all US nuclear weapons in Europe, including B-61 bombs in Germany, as well as a military withdrawal

from the territories of the former Warsaw Pact and Soviet Union.

This is no longer just about Ukraine. In effect, Russia is demanding a sphere of interest that begins at Germany's eastern border, and the end of nuclear sharing in Europe — unacceptable proposals for the west. Even if this is merely

There is a spine-chilling sense of déjà-vu. But the situation is notably worse than three decades ago

brinkmanship intended to bring about diplomatic negotiations or a coup in Kyiv, it is stupendously risky.

But there is another 30th anniversary this year: that of the dissolution of the Soviet Union, on December 26 1991. In a recently aired documentary, Putin called this event the demise of "histori-

cal Russia", adding that it had forced him to moonlight as a taxi driver. In an essay published in June, he denied Ukrainian nationhood. Russian prosecutors have moved to ban Memorial, the Moscow-based human rights group dedicated to documenting the crimes of Stalinism. What if Putin the amateur historian is moving to rewrite history?

Nato and the EU have responded with a generalised offer of dialogue, rejected demands for vetoes and withdrawals, and warned Russia of "massive consequences and severe costs" should it take military action against Ukraine — leaving open exactly what they mean by that. The ambiguity could be deliberate, so as not to offer a pretext for escalation. It could also be an attempt to hide divisions in Europe. Mario Draghi, Italy's prime minister, has expressed scepticism about a possible Russian invasion, while Gabrielius Landsbergis, Lithuania's foreign minister, says Moscow is "really gearing up for war".

Still, Putin should keep in mind that two of the six former republics of Yugoslavia are now in the EU. Four are in Nato. And Milosevic ended up in front of a UN war crimes tribunal in The Hague.

The writer is Fritz Stern Chair at the Brookings Institution

Lex.

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Nikola: stop start

Electric-truck maker Nikola has, at last, delivered some trucks. Seven years after it was founded and five months after founder Trevor Milton was charged with misleading investors, the first electric semis have made their way to a customer in LA.

The arrival means Nikola has kept its promise to start sending out trucks in the final quarter of 2021.

The timing could not be better. On Monday, Nikola agreed to pay \$125m to US securities regulators to settle a charge regarding allegedly misleading statements made by Milton. He is also facing criminal fraud charges for making false claims about Nikola's abilities, including an infamous promotional video in which gravity, not batteries, kept a truck moving.

Nikola, which had \$587m of cash at the end of the last quarter, can afford to set aside funds for payment. The more pressing job is to put distance between itself and its founder. Following the playbook of Uber and WeWork, it has put in place a notably understated chief executive and is demonstrating its ability to control costs. It has made a number of deals, including an agreement to supply 100 semi trucks to PGT Trucking. Nothing, however, comes close to the GM deal. The US carmaker's plan to acquire a 11 per cent stake fell apart last year. Shares remain far below 2020 heights, when Nikola hit a near \$29bn equity valuation. Its market cap is now \$3.7bn.

The SEC payment bodes ill for start-ups in electric vehicles or flying taxis thinking of making wild claims. Regulators are taking an increasingly cautious approach to hype.

Nikola was once the ultimate meme stock. Euphemistically known as "pre-revenue", it joined markets in June 2020 via a reverse merger before it managed to deliver any vehicles. The vision was all. Nikola wants to make hydrogen-powered vehicles and fuel stations, leasing vehicles with fuel to fleet operators. The company says one model will have a 900-mile range. Anheuser-Busch is set to receive its first hydrogen fuel-cell vehicles.

Hydrogen is an alternative fuel seen as key to decarbonising the global economy; but infrastructure is at an early stage. For now, Nikola is

delivering its more modest battery-electric semi trucks. These claim a 350-mile range. Delivery will stabilise the stock price until hydrogen fuel cell trucks are produced. For Nikola, credibility now rests on proof.

China Mobile: easy call

China Mobile is back. A year after being kicked out of the New York Stock Exchange, it will raise up to \$8.8bn in a Shanghai listing. The world's largest mobile operator by subscriber numbers is on track to be China's biggest flotation in a decade.

It may be one of the few remaining safe places for local investors looking for stable returns and yields.

China Mobile, valued at more than \$120bn, was one of the three local telcos — along with smaller state-owned rivals China Telecom and China Unicom — that were forced to delist last year from New York. That followed the Trump administration's ban on US investors holding stakes in companies with suspected Chinese military links.

The sector is enjoying good times. Take-up of 5G is going strong in a country with 1.6bn mobile users. China Mobile has tripled the number of its 5G subscribers over a year to 331m in the third quarter. The proceeds of the listing will be used to build out infrastructure and cloud services.

The offer price represents a premium of about a half over China Mobile's Hong Kong-listed stock. That is not unusual for secondary listings in the mainland, and should not deter local investors from piling in.

The Hong Kong-listed shares are inexpensively valued. They trade at just 6 times forward earnings, about half that of regional peers such as South Korea's SK Telecom and Japan's KDDI. The dividend yield is 7 per cent, with scope for higher payouts.

Infrastructure spending was cut by a quarter in the first half as chip shortages hit supply chains, leading to a shortfall of telecom gear available for sale to Chinese mobile operators.

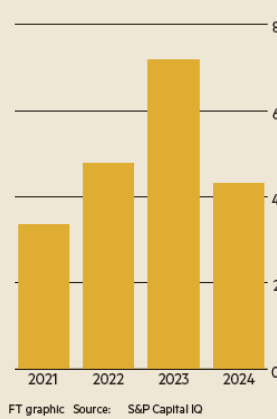
The listing is taking place against a backdrop of falling returns and heightening regulatory risks for Chinese techs. That makes state-owned companies and defensive sectors look increasingly attractive. As a household

AIB: banking on the future

The Irish state will begin selling down the large holding in Allied Irish Banks it acquired during the financial crisis. Shares in AIB are still among the lowest rated in the European banking sector, despite an improved outlook for growth and returns.

AIB payout

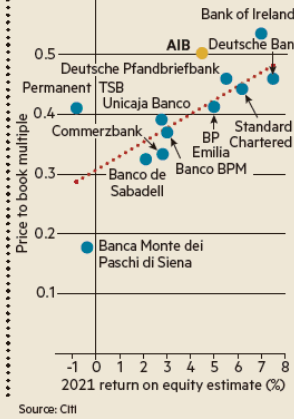
Dividend yield estimates on consensus (%)



FT graphic. Source: S&P Capital IQ

European bank valuations

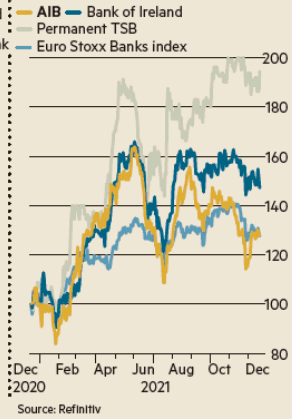
Price to book multiple



Source: Citl

Irish bank performance

Share prices (rebased)



Source: Refinitiv

The Irish government has set off on a long path. It wants to begin selling down its 71 per cent shareholding in Allied Irish Banks, it said yesterday.

A token share sale over the next six months could reduce the holding by a couple of percentage points, analysts predict.

The state's move is less of a surprise than the summer decision to reduce its Bank of Ireland stake. BOI shares have held up well since, outperforming AIB and the eurozone sector. That is a reflection of the sector's improving prospects, which are being helped by consolidation.

If the interest of investors is to be further piqued, there will need to be firmer pledges on capital returns. AIB might have enough in reserve to start

this process as early as next year. But the bank could still have its sights on growth. It is finalising the acquisition of a €4bn corporate loan book from Ulster Bank as part of NatWest's exit from Ireland. It has also acquired stockbroker Goodbody.

The deals will eat into AIB's substantial common equity tier one capital buffer, which stood at 16.9 per cent at the end of the third quarter, Citi's estimates say. Altogether, they might use 180 basis points of that.

That would leave about 160 basis points above the bank's target of 13.5 per cent available to shareholders.

Risk-weighted, that translates into about €800m of CET1 or 14 per cent of the current market value. It would also be more than enough to cover what

analysts anticipate could be a bumper payout when the bank resumes paying dividends next year. As much as €270m has been pencilled in by analysts, more than half of next year's profits.

A possible obstacle is another larger deal with Ulster Bank for a €6.5bn book of tracker mortgages. It is the last major milestone for Irish banking consolidation and AIB is firmly in the running.

A deal would mean a bigger AIB. But it would also eat up an estimated 70 basis points of CET1 and leave little spare. Should that require the bank to hold back cash from hungry shareholders, it would make the job of shifting the government's shares also much harder.

name with 70 per cent of the local market share, retail investor demand for China Mobile should be strong.

Insolvency practitioners: watchdog sought

Insolvency practice is a rum sort of industry. Big fees have a tendency to quash scruples and penalties are rare.

For all the 8,000 complaints in the UK over the past decade, just five practitioners have lost their licences. Fines rarely passed £10,000.

Self-regulation clearly has not worked. Planned reforms seek to change that, paving the way for an independent watchdog to oversee the country's 1,600 practitioners, meting

out bigger fines and promoting more transparency.

About time. A string of scandals, public opprobrium and the spectre of rising insolvencies pile on the pressure.

Silentnight, a bed manufacturer at the centre of one such scandal, illustrates the type of conflicts of interest that need to be unwound.

KPMG's restructuring advisory, according to the tribunal looking into the case, helped push Silentnight into insolvency in 2011. That allowed private equity firm HIG — then a potential KPMG client, subsequently the buyer of KPMG's restructuring unit — to acquire it without the burden of its £100m pension scheme.

Such referrals are part and parcel of insolvencies. Banks, usually the default creditor, appoint insolvency

practitioners. But as creditors, their interests seldom align with those of other involved parties such as employees, pensioners or suppliers.

Splitting IPs from auditors, as KPMG did when it sold its insolvency advice business to HIG, removes one layer of conflicts. Policing referrals via an independent watchdog also helps, although the state too has skin in this game. The regulator needs to be independent of the government.

It must also have a clear mandate. A task force charged with developing a post-Brexit regulatory framework has produced a 130-page document that is heavier on clichés than the promised bold new ideas.

Any watering down of proposed insolvency practitioner reforms, now out for consultation, must be avoided.

General Mills: tasty morsel

The resurgence in Covid-19 cases is buoying sales at General Mills. The US company behind Cheerios, Häagen-Dazs and Pillsbury dough reported a 5 per cent rise in organic sales in the latest quarter.

Alas, cost inflation means little of that falls through to the bottom line. Net income fell 13 per cent during the period as margins shrank 400 basis points. Supply-chain disruptions, labour shortages and higher commodity prices for key ingredients like corn and wheat accounted for the bulk of the profit decline.

Investors, more focused on past performance than General Mills' upbeat guidance, pushed the shares down 4 per cent. That may reflect skittishness after their recent rally.

Even after yesterday's drop, General Mills' shares are up by about a tenth this year. Compared with Campbell Soup's 13 per cent dip or Kraft Heinz's 3 per cent gain, that makes General Mills one of the top performers in the packaged-food sector. Its inflation woes are not unique. Like rivals, it has been raising prices on its goods to counter the price pressure.

Past bouts of inflation have shown that packaged-food companies — after initial hits to margins — eventually recover once price increases take hold.

Changes to consumer behaviour brought on by the pandemic, including more time spent working from home and "appreciation for cooking and baking" are proving to be sticky, it says. That suggests shoppers could prove willing to shoulder further price rises.

At nearly 18 times forward earnings, General Mills trades at a premium to the sector. But this is justified. Unlike rivals, it boasts a fast growing and highly profitable pet-food business.

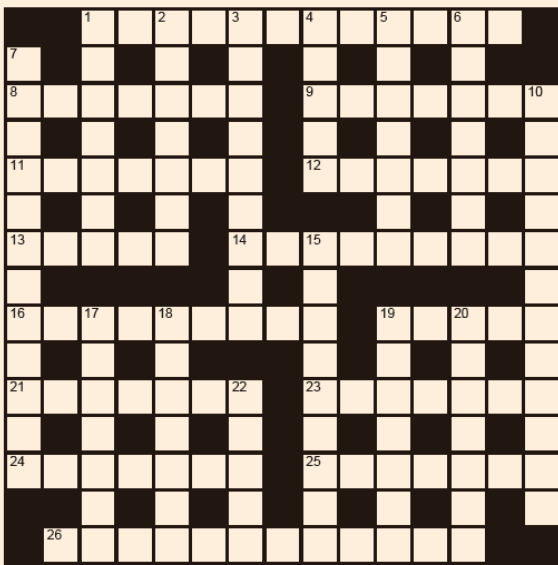
Demand for premium brands like Blue Buffalo helped the unit deliver a 14 per cent rise in organic sales growth and a 10 per cent increase in operating profits during the period. Yesterday's drop in the share price was excessive. General Mills' shares are appetising despite its inflation woes.

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No 16,975 Set by AARDVARK



ACROSS

- Timid cow that's seen at the front of the field? (6,6)
- Opener, awfully tall, in The Cricketers Arms? (4-3)
- One's clean load put in corner, half aired (3-4)
- Participated in demo song with artist and student (7)
- Play the empty local when in bands (7)
- Element of technical language Jack ignored (5)
- Joggers Mike and American circling Italian city in recession (9)
- Part of newspaper's front page wrinkles? (9)
- English stream divided on Beckett ultimately (5)
- Snake around border with India, finding ancient kingdom (7)
- During Noel essentially detectives on team become rusty (7)
- Harry's personal audio system complements party (7)
- Wise perhaps to interrupt dope creating flames (7)
- Freezing underground line, a line on some maps (6,6)

DOWN

- In auditorium, second person will record cake (4,3)
- European's muscle getting unit inside truck (7)
- Quiz man Richard introduces Mike, friend and moderator (9)
- Devout patriot, on disc, telling gags? Not OK (5)
- Cowboy builder's latest alteration extremely dear, according to Rene (7)
- Character in Marathon that follows delta (7)
- Open program by fish expert (12)
- Maybe study leading novel of the 1950s (4,2,3,3)
- Problem lifting lino's bothered one supremo in the past (9)
- Fan heard reworking by Queen (7)
- Business graduate participates in final lecture (7)
- Fabulous plant pruned by constant champion (7)
- Old record company detailed immature female expatriate (7)
- Improvised band she once observed regularly (2,3)

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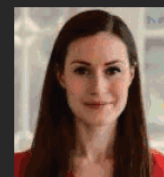
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