FINANCIAL TIMES WORLD BUSINESS NEWSPAPER USA \$2.50 Canada C\$3.00 THURSDAY 7 JANUARY 2021

Race reset Police battle to regain trust among black Britons — BIG READ, PAGE 13

V for vaccine

States must adopt a war footing to ramp up jab output - OPINION, PAGE 15



On thin ice

Rosneft's Arctic oil clouds BP's green vision — INSIDE BUSINESS, PAGE 5

Trump fury as Pence refuses to tamper with US election result

◆ VP stands firm on vote ◆ Angry rally in Washington ◆ Democrats close in on Georgia win

LAUREN FEDOR, JAMES POLITI AND COURTNEY WEAVER - WASHINGTON

Donald Trump's effort to extend his presidency beyond January 20 was dealt a fatal blow yesterday when Mike Pence refused to overturn the result of the election.

As angry Trump supporters gathered in Washington to protest against the election result, Mr Trump's formerly loyal vice-president dismissed suggestions that he tamper with the electoral vote count when presiding over a joint session of Congress.

The outgoing president had put pressure on Mr Pence to reverse Joe Biden's win. But Mr Pence refused, writing in a letter: "My oath to support and defend the constitution constrains me from claiming unilateral authority to determine which electoral votes should be counted and which should not." In a later statement, he added: "I want to assure the American people that I will keep the oath I made to them."

In a further blow to Mr Trump, Mitch McConnell, the Republican Senate majority leader, condemned the effort to overturn the election, saying the vote was "not actually particularly close" and that if Congress were to overrule the result then "democracy would enter a death spiral".

Republican senator Mitt Romney said Mr Trump's election challenge had "disgraced the office of the presidency".

Mr Trump lashed out at Republicans who have refused to back his last-gasp effort to cling to power. "They're weak Republicans. They're pathetic Republi-



Pro-Trump crowds gather in Washington yesterday FPA/FFF

Inside

boosting Mr Biden's chances of implementing his agenda as president when he takes office later this month. Mr Warnock was declared the victor

gress for the first time in a decade,

by the Associated Press in the early hours of yesterday morning. With 98 per cent of votes counted, he had 50.6 per cent of the vote with a lead of about

Kelly Loeffler. In the other Georgia Senate race, Mr Ossoff led Republican incumbent David Perdue by slightly more than 17,000 votes. Many of the remaining ballots are expected to come from areas that favour Democrats.

The two run-off elections were triggered after no candidate earned more than 50 per cent of the vote in the November 3 general election. The AP, which the Financial Times relies upon to call elections, has yet to declare victory for Mr Ossoff, a 33-yearStates" and berated his former attorneygeneral Bill Barr because he did not want to serve as his "personal attorney".

He described the three conservative justices he appointed to the Supreme Court as ungrateful, after the court declined to hear his challenges to the election. "They couldn't give a damn," he said.

Briefing

▶ US group acquires Alliance Healthcare US drug wholesaler AmerisourceBergen has agreed to buy the distribution division of Walgreens Boots Alliance for about \$6.5bn as the group pushes further into Europe. – PAGE 5

▶ China bars Wuhan-bound WHO team

Beijing has barred the entry of a 10-member team of virologists from the World Health Organization who were to probe the origins of the Covid-19 pandemic after their visas were not approved.- PAGE 4

▶ Grammy Awards canned amid virus rise

A "dangerous surge" of virus cases in Los Angeles has forced authorities to enforce extreme lockdown measures and led to the postponement of the Grammy Awards.— PAGE 6



▶ Russia blamed for US cyber campaign US security agencies including the FBI have said that Russia was probably behind a huge cyber espionage campaign uncovered late last year, contradicting statements from President Donald Trump.- PAGE 2

Police hold 53 HK democracy protesters Police have arrested 53 pro-democracy politicians in Hong Kong, one of the biggest purges of the city's opposition since Beijing imposed a national security law on the city last year. – PAGE 4

▶ EU ends de facto recognition of Guaidó The EU's de facto recognition of Juan Guaidó as Venezuela's interim president has been dropped, a serious diplomatic setback to the opposition leader's efforts to force out Nicolás Maduro.— PAGE 2

Trump seeks China payment apps ban Donald Trump moved to outlaw transactions with Chinese payment apps including Alipay, WeChat Pay and QQ Wallet, stoking Sino tensions with just days of his presidency left. – PAGE 4; LEX, PAGE 16

Datawatch

United we rise S&P performance in periods of united* and divided US govt

The S&P 500 has performed better when the same

party has held the

White House and

Congress. Average

annual growth has

been 12 per cent

governments but

10 per cent amid

splits, excluding

the 2007-09 fall.

with unified

both houses of

cans," he said.

He was speaking as Democrats moved within touching distance of control of Congress after Raphael Warnock became the first African-American in Georgia to win a Senate seat and fellow Democrat Jon Ossoff led his Republican opponent in run-off elections.

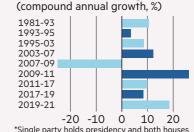
The rising prospect of a Democratic sweep in the two pivotal races would hand the party unified control in Con53,000 over Republican incumbent

Georgia set to give Biden a clearer path to deliver on party's priorities ANALYSIS. PAGE 3

> The US Senate run-offs have shown the electoral cost of Trumpism EDITORIAL COMMENT, PAGE 14

old documentary film producer. Mr Pence was one of several Republicans who Mr Trump lambasted in what is likely to be one of his last speeches before leaving office. He called Georgia's Republican governor Brian Kemp "one of the dumbest governors in the United

US stocks and Treasury yields rose on the prospect of a bigger fiscal stimulus that could feed through to inflation. US 10-year Treasury yields hit 1 per cent for the first time in more than nine months, rising 0.06 percentage points to 1.02 per cent in Asia trading, reflecting expectations of higher government spending. Yields rise when bond prices fall. Markets pages 8 & 9 Lex page 16



*Single party holds presidency and both of Congress Source: FT research



Merz brushes off criticism in race to succeed Merkel

Millionaire lawyer Friedrich Merz, one of the three candidates bidding to become the next leader of Germany's Christian Democrats, ignores criticisms that he is an anachronism from the 1990s who wants to drag the party back to its conservative past. The race will have far-reaching consequences; whoever wins as CDU leader is likely to succeed Angela Merkel when she steps down after 16 years as chancellor. Rival sells modern vision > PAGE 2 Constanze Stelzenmüller > PAGE 15

UK watchdog to probe industry fears over Nvidia's \$40bn Arm takeover

TIM BRADSHAW - LONDON

The UK's competition regulator is preparing to investigate Nvidia's \$40bn acquisition of Arm, after rivals raised concerns about the deal.

The Competition and Markets Authority yesterday invited interested parties to share their views on the US tech group's purchase from SoftBank of the British chip designer, with the agency set to begin its formal investigation later in the year.

"We will work closely with other competition authorities around the world to carefully consider the impact of the deal and ensure that it doesn't ultimately result in consumers facing more expensive or lower-quality products," said Andrea Coscelli, CMA chief executive.

The CMA has the power to block the deal if it decides that the tie-up could

reduce competition. The agency has proven itself one of the world's most aggressive antitrust enforcers, blocking a higher percentage of deals in recent years than regulators in other countries. The CMA inquiry will be separate to any examination by the UK government of the deal's impact on national security or industrial policy.

Arm's designs are used across the smartphone industry and in data centres, laptops and the emerging "internet of things". The company licenses its technology to many technology groups, including Apple, Samsung and Microsoft, as well as rival chipmakers, such as Qualcomm, Broadcom and NXP.

Jensen Huang, Nvidia chief executive, has said both that Arm will retain its "neutral" status under his company's ownership and that he hopes to sell more of Nvidia's tech to Arm licensees,

which would be "good for the market" as it "brings more competition".

"[Arm's] definition of neutrality is that they are willing to sell to anybody who wants to buy their technology," he told the Financial Times. "Of course we will do that and be neutral in that way."

However, some rival chipmakers remain concerned. Nigel Toon, chief executive of Graphcore, which competes with Nvidia in chips for artificial intelligence applications, has warned that the deal is "bad for the market ... let alone that it is bad for Britain".

He added: "I think it smacks of anticompetitiveness. It's market power coming into the hands of a big player that is going to reduce competition."

Mr Huang said he had expected close regulatory scrutiny of the deal. "I'm fully expecting a lot of back and forth." Additional reporting by Kate Beioley





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World Markets

STOCK MARKETS				CURREN	CIES					INTEREST RATES			
	Jan 6	prev	%chg		Jan 6	prev		Jan 6	prev		price	yield	chg
S&P 500	3767.43	3726.86	1.09	\$ per €	1.228	1.228	£ per \$	0.738	0.736	US Gov 10 yr	105.43	1.04	0.09
Nasdaq Composite	12860.56	12818.96	0.32	\$ per £	1.355	1.360	€ per £	1.103	1.107	UK Gov 10 yr		0.24	0.03
Dow Jones Ind	30861.69	30391.60	1.55	£ per €	0.906	0.903	¥per€	126.973	126.191	Ger Gov 10 yr		-0.56	0.02
FTSEurofirst 300	1567.83	1545.56	1.44	¥ per \$	103.390	102.790	£ index	78.391	78.348	Jpn Gov 10 yr	118.62	0.02	0.00
Euro Stoxx 50	3619.53	3547.85	2.02	¥ per £	140.104	139.744	SFr per £	1.194	1.195	US Gov 30 yr	118.65	1.82	0.11
FTSE 100	6841.86	6612.25	3.47	SFr per €	1.083	1.080				Ger Gov 2 yr	105.38	-0.70	0.02
FTSE All-Share	3861.77	3749.27	3.00	€ per \$	0.814	0.815							
CAC 40	5630.60	5564.60	1.19										
Xetra Dax	13891.97	13651.22	1.76	соммор	DITIES						price	prev	chg
Nikkei	27055.94	27158.63	-0.38							Fed Funds Eff	0.09	0.09	0.00
Hang Seng	27692.30	27649.86	0.15				Jan 6	prev	%chg	US 3m Bills	0.09	0.09	0.00
MSCI World \$	2684.18	2670.04	0.53	0il WTI \$		ļ	50.70	49.93	1.54	Euro Libor 3m	-0.56	-0.56	0.00
MSCI EM \$	1319.97	1304.43	1.19	Oil Brent S	\$	ļ	54.50	53.60	1.68	UK 3m	0.03	0.03	0.00
MSCI ACWI \$	646.96	642.98	0.62	Gold \$		194	40.35	1943.20	-0.15	Prices are latest for edition	Data prov	ided by Mor	rningstar

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INTERNATIONAL

Cyber attack

2

US security chiefs blame Russia for hack

★

FBI and other agencies contradict Trump over massive spying effort

HANNAH MURPHY — SAN FRANCISCO

US security agencies have said that Russia was probably behind a massive cyber espionage campaign uncovered late last year, contradicting earlier statements from President Donald Trump, who played down the possibility of Moscow's involvement.

In a joint statement on Tuesday, the FBI, the National Security Agency, the Cybersecurity and Infrastructure Security Agency and the Office of the Director of National Intelligence described the motivation for the attacks as "an intelligence gathering effort", rather than for the purpose of data manipulation or other more destructive efforts.

"This is a serious compromise that will require a sustained and dedicated effort to remediate," they said, adding that the perpetrators were "likely Russian in origin".

The hackers gained access to systems by hijacking software in March from SolarWinds, a Texas-based information technology company, which has said that some 18,000 of its government and private sector clients globally may have been exposed.

The agencies said "a much smaller number have been compromised by follow-on activity on their systems". It identified "fewer than 10" US federal agencies falling into this category and

said it was "working to identify and notify the non-government entities who also may be impacted".

Only the US commerce, energy and Treasury departments have acknowledged publicly they were breached,

Trump has previously claimed the hack was being overhyped 'in the fake news media'

along with a handful of companies, including Microsoft and FireEye.

The NSA has previously said the hackers sometimes posed as employees to move around undetected and tap sensitive information stored in the cloud. The statement marks the first official attribution of the hack to a nation state, although the intelligence community and several politicians have said the attack bears the hallmarks of the SVR, Russia's foreign intelligence service.

Mr Trump has previously claimed the hack was being overhyped "in the fake news media", adding in a tweet: "Russia, Russia, Russia is the priority chant when anything happens because Lamestream is, for mostly financial reasons, petrified of discussing the possibility that it may be China (it may!)."

Russia has denied any involvement. It will probably fall to the Biden administration to decide what, if any, response the US government should take against the hackers.

On Tuesday, Adam Schiff, chairman

of the House of Representatives intelligence committee, said: "Congress will need to conduct a comprehensive review of the circumstances leading to this compromise, assess the deficiencies in our defences, take stock of the sufficiency of our response in order to prevent this from happening again, and ensure that we respond appropriately."

The agencies described the hack as "ongoing", as investigators try to identify victims and eject the hackers from their systems once detected, which experts say could take months or years.

"We are taking all necessary steps to understand the full scope of this campaign and respond accordingly," the agencies said.

Interview. Friedrich Merz Merkel's old party rival sells modern vision

Millionaire lawyer says he has what it takes to tackle the issues confronting Germany

GUY CHAZAN - BERLIN

As soon as Friedrich Merz launched his campaign to lead Germany's Christian Democrats, critics said he was an anachronism, a man from the 1990s who wanted to drag the party back to its conservative past.

Mr Merz brushes the criticism aside. "There's nothing retro about me," he said. "In fact, I would say I'm the most modern of the three candidates, even though I'm the oldest.

"How come? Because all the issues Germany will be facing in the next decade" — an ascendant China, the new great-power rivalry, profound technological change — "I've been dealing with them for years," he said.

It is a bold claim for a man seen by many, even in his own party, as out of step with the times: a millionaire corporate lawyer who defends traditional values and thinks the CDU has drifted too far to the left under Angela Merkel, his old rival.

Many Merkelites consider Mr Merz



'All the issues Germany will face in the next decade, I've been dealing with for years'

'We can't keep saying let's have both x and y. We can't keep saying yes and no at the same time' for the CDU as it was 20 years ago," he said. "That's just going backwards."

The reference to 20 years ago is pointed. Mr Merz was a leading light in the CDU in the 1990s and early 2000s, carving out a reputation as a pro-market reformer who said every citizen should be able to work out their income tax on a beer mat.

But in 2002, Ms Merkel shoved him aside to become leader of the CDU parliamentary group. For a few years, Mr Merz sulked on the sidelines, and then in 2009 quit the Bundestag to pursue a career in business, rising to the post of chairman of BlackRock Germany.

Mr Merz dismisses as "nonsense" suggestions he has a score to settle with the chancellor. "Ms Merkel and I had an arrangement and she didn't stick to it," he said. "But that's OK. It's 20 years ago. I got over it long ago."

Mr Merz is leading in polls of CDU members. Yet they are not an accurate gauge of his chances. The 1,001 delegates who will elect a leader might find it too risky to back a candidate who is adored by the rank-and-file but could struggle to connect with the type of middle-of-the-road voters who, for the past 16 years, have elected Ms Merkel.

Delegates may also worry about his ability to forge a coalition with the

Diplomatic setback

Brussels stops calling Guaidó Venezuela's interim president

MICHAEL STOTT LATIN AMERICA EDITOR

The EU has dropped its de facto recognition of Juan Guaidó as Venezuela's interim president, a serious diplomatic setback to the opposition leader's faltering campaign to oust Nicolás Maduro from power.

EU foreign policy chief Josep Borrell said the bloc deeply regretted the new government-controlled National Assembly had assumed its mandate on Tuesday after recent elections that "failed to comply with the international standards for a credible process".

But his statement referred to Mr Guaidó as one of "the political and civil society actors striving to bring back democracy to Venezuela" rather than interim president or assembly head.

A senior EU diplomat confirmed the declaration amounted to dropping recognition for Mr Guaidó as interim president of Venezuela, though he emphasised that Europe still saw him as a *"primus inter pares"* – first among equals – among the Venezuelan opposition.

Mr Guaidó's claim to be Venezuela's interim president was based on his position as president of the 2015 National Assembly, chosen in elections widely regarded as Venezuela's last truly democratic contest. The opposition leader declared himself interim president at the start of 2019, saying Mr Maduro's 2018 re-election was fraudulent.

About 60 western and Latin American countries, led by the US, recognised Mr Guaidó as president and some even allowed him to appoint ambassadors to their nations and occupy Venezuelan diplomatic premises. But Mr Guaidó never got his hands on the levers of power at home, which remained tightly controlled by Mr Maduro and his allies.

The EU never formally recognised Mr Guaidó as interim president because of objections from Italy and Cyprus but treated him as such de facto, a position supported by most member states.

In a further blow, the Lima Group of 12 mainly Latin American nations issued a statement that did not mention Mr Guaidó as interim president, though it did say it recognised a "delegate commission" set up by the outgoing National Assembly under Mr Guaidó. "My reading is that this is an oblique way of recognising Guaidó's leadership [of the opposition] but not his interim presidency," said one Latin American diplomat. Mr Guaidó's office said the Lima Group "continued to keep their support for President Guaidó" and pointed to its support for the delegate commission. The US continues to recognise Mr Guaidó as Venezuela's legitimate leader, though it remains unclear whether the incoming Biden administration will maintain this Trump-era policy. "President Guaidó and the National Assembly are the only democratic representatives of the Venezuelan people as recognised by the international community", Mike Pompeo, US secretary of state, said. But the European decision will come as a big blow to Mr Guaidó, who is already struggling with falling opinion poll ratings, a fresh government clampdown and disagreements over strategy within his opposition alliance.

too abrasive and rightwing to lead their party. "I've nothing against him personally, but I don't see how he can appeal to, say, workers in eastern Germany," said one senior MP. "He's not the right person for our age."

Mr Merz, 65, is standing in an election that will have far-reaching consequences for Germany and the EU. Whoever is chosen as CDU leader on January 16 is likely to succeed Ms Merkel, 66, when she steps down this year after 16 years as chancellor.

The contest is in effect a choice between Armin Laschet, the Merkel loyalist and prime minister of North Rhine-Westphalia, and Mr Merz, an unapologetic rightwinger.

Norbert Röttgen, the third candidate and a foreign policy expert, is seen as a long shot even though he has been surging in recent polls with a clever, digitally-savvy campaign that has impressed younger CDU members and MPs.

Mr Merz has been reaching out with a simple message: Ms Merkel's departure offers Germany a chance to break out in a new direction. "For the first time in

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Centre stage: Friedrich Merz leaves after delivering a speech at the Ash Wednesday meeting of the CDU in Apolda, east Germany, in February Jens Schlueter/AFP/Getty our postwar history, we will have an election where the incumbent chancellor isn't running as a candidate," he said. That held risks but also opportunities: the chance to "readjust our policies". For the first time in years, the main centre-right party had the chance to overhaul its offer to voters and "to be a bit freer in the decisions we make".

The CDU needed to sharpen its profile after the consensual, ideologically fuzzy Merkel years. "We can't keep saying let's have x and y," he said. "We can't keep saying yes and no at the same time."

The idea is a return to a pro-business economic agenda and a sharper focus on

core conservative values. That way, Mr Merz said, the CDU could win back those who "couldn't figure out what [it] actually stands for any more". Some defected to the populist Alternative for Germany; some, he said, no longer vote.

But many in the party disagree. "The Merkel wing in the CDU says you would win back fewer conservative voters than you would lose by veering away from the centrist Merkel line," said Andreas Rödder, a historian at Mainz University. "There's a real conflict over strategy."

Mr Laschet is typical of the establishment CDU voices who dismiss Mr Merz's offer. "There are a lot of people who pine Greens — widely expected to enter government after this year's Bundestag election. Mr Merz admitted that he was "not [the Greens'] preferred opponent". "That would be Armin Laschet. He would leave them in peace and let them do their own thing and bring the CDU along," he said.

Mr Merz's gaffes may also give the delegates reason to pause. He recently got into trouble for appearing to suggest that some gay people were a danger to children (he blames his opponents for "aggressively misunderstanding" him). And in an outburst in October, he accused "parts of the party establishment" of plotting to thwart his leadership hopes by delaying the election.

"That went down really badly," said the senior CDU MP. "It's not the kind of tone the party executive likes."

Mr Merz is unrepentant. "I'm someone who is not backward at coming forward," he said. "My view is that sometimes you have to speak plainly. And the problem is that people just aren't used to that any more." See Opinion

Political alliance

Energy deals point to thawing of Belarus-Russia tensions

HENRY FOY - MOSCOW

Asked whether he and Russian president Vladimir Putin were "on the same political team", Belarus's Alexander Lukashenko was unequivocal.

"They pushed us tightly into one team, for the rest of our life," he told Russia's state television channel, in a comment broadcast on Tuesday that underscored his desire to portray both the strength of their relations and the role that the rest of the world had played in cementing them.

Yet Mr Lukashenko has work to do to restore relations between Moscow and Minsk. Mr Lukashenko, who has ruled Belarus since 1994, has faced massive street protests and unprecedented public anger since he claimed victory in last August's presidential election, a vote that western countries said was falsified.

His regime's brutal crackdown on protesters and political opponents prompted the US, EU and UK to impose sanctions against Minsk and even sparked anger in the Kremlin, which blamed its longtime ally for misjudging the country's febrile mood. Moscow was already losing patience with Mr Lukashenko early last year for dragging his heels on integration projects, and relations hit a nadir in July after the arrest of 33 Russian mercenaries in July, who were accused of being part of a plot to destabilise the country ahead of the poll.

But a series of agreements struck in recent days suggest a change in attitude from Russia, whose leverage over Belarus has only grown as western countries turned their back on Minsk, amid continued efforts from Mr Putin's administration to closely bind the country with Russia.

Kremlin-controlled gas producer Gazprom announced on December 24 it had agreed a new gas supply contract with the Belarusian government. And five days later, Minsk said it had struck a deal for oil supplies, ending a stand-off that predated Mr Lukashenko's alleged fraudulent election and the ongoing crisis.

This week, Russia's deputy prime minister, Alexander Novak, said Russia was exploring ways to help Belarus export oil products, and circumvent ports in the Baltic states that have imposed sanctions against Minsk and have been some of the fiercest critics of Mr Lukashenko. The countries are also discussing whether to restart some cross-border travel suspended due to the coronavirus pandemic.

The oil and gas deals end months of uncertainty for Minsk, which relies on Russian gas for its energy needs and props up its budget by importing cheap Russian oil and selling on petroleum products to Europe.

The agreements also come as the anti-Lukashenko rallies in Minsk and other cities show signs of fatigue and the



An Alexander Lukashenko placard is held up at a Minsk protest in October

impact of sustained police violence against protesters has lowered the number of participants. From a precarious position a few months ago, Mr Lukashenko now looks more stable, even if he is more reliant on Moscow than ever before.

Mr Putin offered Mr Lukashenko both moral and financial support in a crisis meeting in September, as the protests were reaching their peak.

However, the Russian president's attitude towards Mr Lukashenko still appears to be a little strained: Mr Lukashenko held a telephone call this week not with the president but with Dmitry Medvedev, Mr Putin's predecessor and current deputy on the country's security council.

Mr Lukashenko has hinted he could step down if Belarus agrees on a new constitution, but has not laid out a timetable for such a step.

And while the scale has decreased since the autumn, protests against him continue. On Tuesday, while visiting the headquarters of a white goods manufacturer, he said: "I am not an enemy to my own people."

Inside Business see Companies

Good Friday, Independence Day, Thanksgiving, the day after Thanksgiving, Christmas Day and the day

after Christmas Day

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INTERNATIONAL

Democratic ambitions reinforced as control of Senate inches within reach

Georgia election result shaping up to give Biden clearer path for delivery of party's policy priorities

JAMES POLITI AND LAUREN FEDOR WASHINGTON

After Joe Biden won the US presidency in the November election, his victory was tempered by concern that he would have a Republican Senate majority blocking his agenda at every turn.

But Mr Biden is now probably heading to the White House with many of his ambitions intact. His Democratic party is poised to claim control of the Senate for the first time in six years, after Raphael Warnock won one US Senate runoff in Georgia, while fellow Democrat Jon Ossoff held a lead over his Republican challenger in the other.

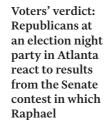
"Georgia's voters delivered a resounding message yesterday: they want action on the crises we face and they want it right now," Mr Biden said yesterday morning. "On Covid-19, on economic relief, on climate, on racial justice, on voting rights and so much more."

The political feat of clinching the Senate with dual wins in the traditionally conservative southern state, where Democrats have not held a Senate seat since the early 2000s, would be reassuring in itself for Mr Biden.

Mr Warnock, the Atlanta pastor from Martin Luther King Jr's Ebenezer Baptist Church, and Mr Ossoff, a 33-yearold documentary film producer, received strong support from black and suburban voters - the same coalition that made Mr Biden the first Democratic presidential candidate to win Georgia in almost three decades.

The vote also suggested Donald Trump was becoming a weaker political force, after his conspiracy-fuelled tirades against the integrity of the vote, and chaotic leadership on economic stimulus failed to pay off for Kelly Loeffler and David Perdue, the two Republican incumbents.

For the Democratic party, the ramifications of Tuesday's vote will reach far beyond Georgia if it reclaims control of the Senate: Chuck Schumer, the New York senator, will take over leadership of the upper chamber from Republican Mitch McConnell, and Kamala Harris, the future vice-president, will cast any tiebreaking votes. With that, Mr Biden has a better chance of implementing the



Warnock, below, was declared winner



thing from infrastructure to clean energy and education, which would be partially paid for by higher corporate

RDUE

taxes and higher taxes on the wealthy. "Government becomes a whole lot more manageable for the incoming president. Democrats controlling committee chairmanships and the legislative calendars in the House and Senate is extremely significant," said Izzy Klein, a Democratic strategist and lobbyist in Washington.

"First, he'll get his nominees confirmed more quickly by the Senate. Second, it is much more likely that another meaningful economic and Covid relief package, an infrastructure bill and some other bills can be enacted," Mr Klein said. Passing legislation through Congress will nevertheless be challenging for Mr Biden, given Democrats' slender edge in both the House and the Senate where conservative Democrats such as Joe Manchin of West Virginia and Kyrsten Sinema of Arizona will have huge sway. That could give the centrists power to water down the new president's plans, triggering disappointment from the progressive left. Yet political analysts in Washington said Democrats, including Nancy Pelosi, the House speaker,

would try aggressively to advance their plans under unified control of Congress, which last occurred in the first two years of Barack Obama's presidency.

"Expect the Democratic leaders to go as big as they can, as Pelosi and Biden eye the next two years as the legacy markers of their careers and see a challenging 2022 midterm map on the horizon," Beacon Policy Advisors wrote in a note yesterday.

Meanwhile, Democrats turned attention to other possibilities that could be unlocked with two Senate victories in Georgia. Some of Mr Biden's more challenging cabinet picks, such as Neera Tanden for budget director and Lloyd Austin for defence secretary, will proba-

'Expect the Democratic leaders to go as big as they can, as Pelosi and Biden eye the next two years as the legacy markers

of their

from his own party. Among them are likely to be Ron Wyden of Oregon, expected to take over as chair of the Senate finance committee, which oversees taxes and trade. Sherrod Brown of Ohio, a Wall Street critic and champion of financial regulation, could take the helm of the Senate banking committee.

Mr Biden's administration will also be poised to avoid more scrutiny from congressional probes such as the one Senate Republicans launched this year into Hunter Biden, the president-elect's son, for business dealings in Ukraine.

Yesterday morning, Mr Schumer and Ms Pelosi celebrated the early results, despite the potential difficulties and internecine battles ahead.

Pivotal race

Warnock becomes first black senator to be elected in Georgia

LAUREN FEDOR AND JAMES POLITI WASHINGTON

Democrats closed in on control of the US Congress after Raphael Warnock became the first African-American in Georgia to win a Senate seat and fellow Democrat Jon Ossoff led his Republican opponent in a second contest in the state.

The prospect of a Democratic sweep in the two pivotal races would hand the party unified control in Congress for the first time in a decade, boosting Joe Biden's chances of implementing his agenda as president when he takes office later this month.

It is also likely to trigger a bitter round of recriminations among Republicans, after they failed to secure Donald Trump's re-election as president or preserve control of the Senate as a lastditch opportunity to thwart Mr Biden.

Mr Warnock was declared the victor by the Associated Press in the early hours of yesterday morning. With 98 per cent of votes counted, he had 50.6 per cent of the vote with a lead of about 53,000 over Republican incumbent Kelly Loeffler.

In the other Georgia Senate race, Mr Ossoff led Republican incumbent David Perdue by slightly more than 17,000 votes. Many of the remaining ballots are expected to come from areas that favour Democrats.

US stocks and Treasury yields rose on the prospect of a bigger fiscal stimulus that could feed through to inflation.

The two run-off elections were triggered after no candidate earned more than 50 per cent of the vote in the November 3 general election, and took place in the shadow of Mr Trump's repeated refusal to accept his loss to Mr Biden.

The Associated Press, which the Financial Times relies upon to call elections, has yet to declare Mr Ossoff, a 33year-old documentary film producer, the victor against Mr Perdue, 71, the former chief executive of Dollar General.

But Mr Ossoff, who would be the youngest senator since Mr Biden was sworn in at the age of 30 in 1973, claimed

more sweeping agenda he campaigned on, particularly on economic policy to tackle the pandemic fallout.

Near term, there could be a new round of economic stimulus, including more direct cheques to Americans, an extension of emergency jobless benefits beyond their current expiration in March and aid to state and local governments.

In the longer term, it could deliver more spending on every-

bly face fewer roadblocks to Senate concareers firmation, which could mean his top team could be in place more rapidly.

With Mr Biden yet to select his choice for attorney-general, CNN reported that the prospects for Sally Yates, the Atlanta-born former senior justice official who clashed with Mr Trump in the early days of his administration, and Merrick Garland, Mr Obama's stymied appointee to the Supreme Court, were suddenly boosted. The Biden campaign declined to comment.

In Congress, Mr Biden would be able to press ahead with his legislative priorities with a new slate of committee chairs

"For too long, much-needed help has been stalled or diluted by a Republicanled Senate and President Trump. That will change with a Democratic Senate, Democratic House, and a Democratic

president," Mr Schumer said. Ms Pelosi vowed to deliver "extraordinary progress" for Americans. "We will pursue a science- and values-based plan to crush the virus and deliver relief to struggling families, safeguard the right to quality affordable healthcare and launch a plan to 'Build Back Better' powered by fair economic growth," she said. See Editorial Comment and Markets Insight

a win yesterday in a video posted to social media.

"It is with humility that I thank the people of Georgia for electing me to serve you in the United States Senate. Thank you for the confidence and trust that you have placed in me."

Mr Perdue's campaign said the "exceptionally close election . . . will require time and transparency to be certain the results are fair and accurate". "We will mobilise every available resource and exhaust every legal recourse to ensure all legally cast ballots are properly counted. We believe in the end, Senator Perdue will be victorious."

Pandemic

California healthcare buckles in Covid crisis

DAVE LEE — SAN FRANCISCO

California health officials are resorting to drastic measures to reduce the crippling strain on hospitals, as the surge in coronavirus admissions illustrates the high cost of the state's failure to flatten the pandemic's curve.

At Christmas, officials pleaded with Californians not to gather – with family, friends or strangers - in a desperate attempt to fend off an increase in cases. New restrictions were imposed on much of the state last month to keep a lid on the upward trajectory.

The crisis, however, has not been averted: hospital admissions in the state have increased 17 per cent in the past two weeks, the health department said, with intensive care unit (ICU) usage up 21 per cent as capacity dwindles.

"The anticipated surge from the winter holiday gatherings has begun," said Dr Barbara Ferrer, Los Angeles county public health director. "We're likely to experience the worst conditions in January that we've faced the entire pandemic. And that's hard to imagine."

California, the most populous US state, has been hammered by the sustained surge in Covid infections and hospital admissions sweeping the country. The US has registered more than 20m infections and nearly 350,000 deaths, while admissions are hovering at a record high - 131,195, according to data from the Covid Tracking Project.

California's health department on Tuesday attributed a further 368 deaths to coronavirus, among the biggest oneday increases in the state's death toll, and 31,440 new infections.

In Los Angeles county, which has 10m residents, officials have taken drastic steps to grapple with the massive strain.

A January 4 memo from county officials told paramedic agencies to no longer bring to hospital patients who had an extremely slim chance of survival. For example, under the guidelines, a person severely injured in a car accident, and who cannot be resuscitated after at least 10 minutes, should not be taken in.

"Hopefully this serves as a wake-up call," said Dr Marc Eckstein, medical director and commander of the Los Angeles Fire Department's ambulance service. "We're approaching the peak in the next few weeks, I suspect."

He said ambulance operators had seen hours-long waits to get critically ill patients - of any nature - into hospitals, where emergency beds and holding pens had been set up in almost any conceivable space, including parking lots.

"It doesn't matter who they are, or their level of insurance, or whether



Emergency: California has seen record Covid hospital admissions

they're there for a heart attack or a gunshot wound or Covid, there's no resources," said Dr Eckstein, stressing that with ambulances kept waiting at hospitals, response time for all emergencies was increasing. "We were very low on ambulances today," he said on Tuesday. "We moved firefighters from fire engines and trucks to back-up reserve ambulances."

Of his 3,500-strong team, 170 were currently suffering from Covid-19, Dr Eckstein said, including three who were "fighting for their lives".

State officials on Tuesday evening ordered hospitals, in areas where there is no ICU availability, to start delaying some surgeries and procedures - transferring those patients to lesser-affected regions to free up capacity. "Serious cancer removal and necessary heart surgeries" could still take place, officials said.

Averaged over the past two weeks, the state is recording 38,000 positive cases per day, with almost 300 deaths. According to state-provided demographic analysis, Latinos have been disproportionately represented among the dead, accounting for almost half.

The large number of sick has also created an oxygen shortage. Paramedics have been told to strictly ration any supplemental oxygen given to patients, with exceptions made only for patients in "severe respiratory distress".

The state has faced criticism for being too slow to roll out vaccines. So far, while 1.6m doses of the Moderna vaccine had been distributed to healthcare facilities across California, just 459,564 had been administered, according to the most recent figures.

US business turns on president's backers

Republicans. Power transition

Companies reconsider support

for politicians who favour

reversing election result

ANDREW EDGECLIFFE-JOHNSON NEW YORK JAMES POLITI AND COURTNEY WEAVER

WASHINGTON

Republicans supporting President Donald Trump's efforts to overturn the election are on a collision course with business leaders, as companies reconsider support and funding for politicians they deem to be a threat to national stability.

The decision by 13 Republican senators to join most House Republicans in refusing to certify Joe Biden's victory yesterday was quickly denounced by business groups, whose leaders voiced alarm at the threat it posed to a democracy that most had taken for granted.

Their action "undermines our democracy and the rule of law", warned the US Chamber of Commerce, as a small business coalition blasted the "shameful complicity" of elected officials trying to help Mr Trump "undermine the will of the voters".

Attempts to thwart the orderly transfer of power to Mr Biden ran "counter to the essential tenets of our democracy", added more than 180 New York executives. Several of the statements argued that indulging baseless conspiracy theories - including that Mr Biden only won thanks to mass voter fraud - was bad for business at a time when executives wanted Washington to tackle the economic fallout from Covid-19.

Sowing further distrust in the political system "threatens the economic recovery . . . our country desperately needs", said the Business Roundtable, which is led by Doug McMillon, Walmart chief executive.

Richard Edelman, head of the eponymous public relations group, said: "CEOs are scared. They don't like the idea America is a banana republic."

A Financial Times analysis found that the 13 senators supporting Mr Trump's last-gasp effort to cling to power have

'CEOs are scared. They don't like the idea America is a banana republic'

Richard Edelman

been bankrolled by some of corporate America's biggest names. Together they received nearly \$2m over the 2019-20 election cycle from the political action committees of companies including Koch Industries, Berkshire Hathaway, UPS and AT&T.

Jeffrey Sonnenfeld, a Yale School of Management professor who convened a call of 33 top executives on Tuesday to discuss how business should respond, said there was "universal outrage" among a group that usually spanned the political spectrum.

In a straw poll taken during the call, 88 per cent said officials supporting Mr Trump's stance were "aiding and abetting sedition"; just over half said they would consider cutting investment in the senators' states; and 100 per cent said companies should warn lobbyists they would no longer fund politicians denying the election results.

"These business leaders are certainly not going to be investing in the divisive fringe," Prof Sonnenfeld told the FT.

Senators who should know better were "playing with fire", added Tom Glocer, the Morgan Stanley director and former chief executive of Thomson Reuters. "If people are going to think twice before this political opportunism, we have to hit the only thing they care about" - campaign contributions.

But some lobbyists in Washington cautioned that they did not expect a big shift away from corporate donations to Republican lawmakers who have embraced Mr Trump's defiance of an orderly transition.

They pointed out that corporate support was based on other issues important to them, and predicted companies would wait to see how the furore played out. They added that the controversial senators supporting Mr Trump's efforts could be preferable to potential primary challengers from the right.

Still, companies may face external pressure over their financial support for politicians who are pushing election fraud claims that have been rejected by courts and state officials.

Steve Schmidt, a founder of The Lincoln Project, warned that the political action committee led by Bush-era Republicans would turn its fire on corporate donors who professed support for racial equality while funding politicians seeking to "throw out millions of black votes".

INTERNATIONAL

Covid-19

China blocks WHO team on way to Wuhan

Beijing claims health experts must follow 'necessary procedures'

CHRISTIAN SHEPHERD — BEIJING

Beijing has barred the entry of a 10member World Health Organization team investigating the origins of the coronavirus pandemic after their visas were not approved.

Tedros Adhanom Ghebreyesus, WHO director-general, said that he was "very disappointed" after China blocked the arrival of the virologists.

"Two members [of the team] had already begun their journeys and others

were not able to travel at the last minute," Mr Tedros said.

He added that the WHO had been in contact with Chinese officials who said they would expedite the visa approval procedure. More than 86m people have been infected worldwide by coronavirus, which has claimed more than 1.8m lives.

The slow progress of the WHO probe and its lack of access into the suspected origins of the pandemic have drawn criticism from the US and calls for greater transparency from some western governments. President Donald Trump has threat-

ened to suspend US funding to the WHO and withdraw from the global health

agency after accusing it of "mismanaging" the pandemic.

Huang Yanzhong, a senior fellow for global health at the Council on Foreign Relations in New York, said: "This is certainly a bad omen for the upcoming WHO investigation in China. It's not like the arrival was unexpected."

He added that the WHO's rare public criticism of China might help bolster the organisation's international credibility and its leverage over Beijing when negotiating for access, as happened during a 2003 probe into the origins of the severe acute respiratory syndrome outbreak.

China maintains that it welcomes the investigation, which will be primarily

focused on identifying when, where and how the Sars-Cov-2 virus that causes Covid-19 made the jump from animals to humans.

complicated issue. To ensure that the international team's work progresses smoothly, they must go through the necessary procedures, "Hua Chunying, a Chinese foreign ministry spokesperson, said yesterday in response to questions about the delay.

Many scientists believe the disease originated in bats, which have been found to carry genetically similar virus strains. But many stages in the virus's transmission to humans remain

Health crisis. Mutation

"Tracing the source [of the virus] is a

uncharted.

that the first human infections came from a market in Wuhan where multiple species of wildlife were on sale, has been drawn into question after several early cases were discovered without an obvious link to the location. Despite uncertainty over the exact

transmission route, WHO experts have maintained that the investigation must begin in Wuhan and follow the evidence from studies conducted in the central Chinese city.

A leading theory, which suggested

Chinese officials, however, have consistently suggested that the origin of the virus is outside the country. Additional reporting by Xinning Liu in

Beijing

Beijing crackdown Hong Kong police round up opposition politicians and activists

PRIMROSE RIORDAN AND NICOLLE LIU HONG KONG

Hong Kong police have arrested 53 prodemocracy politicians in one of the biggest purges of the city's opposition since Beijing imposed a tough national security law on the city last year.

Among those detained were moderate former democratic lawmakers and human rights lawyer John Clancey, a US citizen who is believed to be one of the first expatriates arrested under the law.

Police also for the first time accused the city's most prominent pro-democracy activist, Joshua Wong, of violating the national security law. Crimes under the law are punishable with up to life imprisonment.

The arrests targeted activists and politicians who were involved in a primary run-off last year to determine which opposition candidates would run in elections for the Legislative Council, Hong Kong's de facto parliament. The city's government subsequently postponed the election, which was scheduled for last September, citing the coronavirus pandemic.

The sweeping action yesterday marks a severe escalation of a crackdown following the imposition of the national security law in June, which critics say threatens freedoms promised to the semi-autonomous territory under its handover to China by the UK in 1997.

Beijing introduced the law in the wake of last year's anti-government protests.

Senior superintendent Steve Li, of the Hong Kong police national security department, said 1,000 officers were deployed to arrest people for "subversion under the national security law".

Police also froze about HK\$1.6m (US\$206,378) in funds, raided 72 locations and demanded documents related to the case from four media organisations. News groups including pro-democracy tabloid Apple Daily, In-Media and Stand News said they received police document requests.

In Beijing, Hua Chunying, a Chinese foreign ministry spokesperson, said the "police action was necessary", adding that the "SAR [Special Administrative Region] government cannot tolerate crimes of subverting the state power". Yesterday, police searched the home of Mr Wong, who is in prison for other offences, and accused him of contravening the security law, according to the activist's official social media pages. Former lawmakers James To, Andrew Wan, Lam Cheuk-ting, Wu Chi-wai and Roy Kwong were also among those arrested.

South Africa strain of virus stirs vaccine concern

Scientists worry inoculation against new variant will prove to be less effective

CLIVE COOKSON - LONDON **JOSEPH COTTERILL** — JOHANNESBURG

The new coronavirus variant linked to a surge in Covid-19 cases in South Africa is not only more infectious than previous forms of the virus but could make some vaccines less effective.

Scientists racing to understand the new strain said they still expected the current crop of approved vaccines to work but were worried that a specific mutation, also identified in a new variant in Brazil, could impact the way the virus responds to a vaccine.

"At this moment, we think that a vaccine could be a little less effective," Tulio de Oliveira of the University of KwaZulu-Natal, who is leading South Africa's scientific effort to understand the 501Y.V2 strain, told the Financial Times. "[But] between all the varieties of vaccines that are coming to the market, we still have strong belief that some of them will be very effective."

The mutation in question, E484K, changes the "receptor binding domain" - a key part of the spike protein that the virus uses to enter human cells. This is



also an important site at which neutralising antibodies induced by infection or vaccination bind to the virus.

A team at Fred Hutchinson Cancer Research Center in Seattle has assessed the ability of antibodies taken from people previously infected with Sars-Cov-2 to neutralise various new strains of coronavirus.

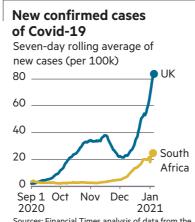
Their study, released on Tuesday but not peer-reviewed, found that "emerging lineages in South Africa and Brazil carrying the E484K mutation will have greatly reduced susceptibility to neutralisation by the . . . serum antibodies of some individuals". However, the effect was much stronger in some people than others, the paper said.

Prof de Oliveira's team in South Africa has reached similar conclusions. "This finding about antibody neutralisation was highlighted very strongly in our paper," he said. "There is a reason to be concerned."

Prof de Oliveira added that his team had spent "the last 15 days, working day and night, with the top laboratories in South Africa" and would release "strong preliminary results" soon.

Mobile checks: people queue to be tested for coronavirus by medical staff in Johannesburg Guillem Sartorio/Bl

The 501Y.V2 variant emerged in August in South Africa's Nelson Mandela Bay in the Eastern Cape, before spreading to other provinces as the country's second wave of Covid-19 infections accelerated in recent weeks. Out of South Africa's 1.1m total confirmed cases to date, around 100,000 have been in the past seven days.



Sources: Financial Times analysis of data from the World Health Organization; the Johns Hopkins CSSE; the UK government coronavirus dashboard Data updated January 6 2021 7.58am GM

Coronavirus variants are emerging globally as Sars-Cov-2 passes between tens of millions of people. On average the virus accumulates about two mutations a month but can change more quickly under some circumstances, for example within an individual who has a suppressed immune system and remains infected for many weeks.

The South African and Brazilian strains share several mutations with the fast-spreading B.1.1.7 variant in the UK, which made its first known appearance in Kent in late September. But B.1.1.7 does not have the E484K mutation.

For this reason, "most scientists with a view on these variants are more concerned about the South African one than the Kent one", said François Balwith this loux, director of the University College London Genetics Institute.

Matt Hancock, UK health secretary, has expressed concern about the South African variant on several occasions, saying he is "incredibly worried".

Prof de Oliveira described Mr Hancock's comments, perceived by some in South Africa as an attempt to deflect

attention from the UK, as "very unfortunate", adding: "We are trying our best to see if that politicisation can decrease. We are working very closely with British scientists. We have been exchanging data and knowledge on an almost daily basis on the scientific front."

The UK and South Africa – unlike most other countries - have conducted extensive genomic sequencing throughout the pandemic, enabling health officials to track mutations quickly. This could mean other, more infectious variants are already spreading in other countries undetected.

No new Sars-Cov-2 variant is known to cause more severe disease than the original virus that emerged in China at the end of 2019, but more rapid rates of transmission have piled more pressure on hospitals and health systems.

"The main take-home message is that we should not be playing with this virus by letting it transmit for so long," said Prof de Oliveira. "More than ever, this is a global problem and we should be looking for a global coalition to respond." See Opinion

The pro-democracy lawmakers had resigned from the Legislative Council last year as part of a mass boycott of the body by opposition politicians after the government disqualified four of their colleagues.

The resignations left the de facto rubber-stamp parliament effectively devoid of opposition.

Hong Kong's opposition Democratic party said police had linked the arrests to the primary run-offs and accused its members of violating the national security law, according to the party's Facebook page.

The round-up also followed fears that political pressure from Beijing is threatening the independence of Hong Kong's globally respected judicial system.

Cricket Sydney Test match raises super-spread fears

JAMIE SMYTH - SYDNEY

Australia has imposed some of the world's toughest Covid-19 social restrictions, but the cricket-mad nation has balked at cancelling the traditional new year's Test match, prompting fears from health experts that it risked becoming a "super spreading" event.

The game between Australia and India was set to begin today with the number of spectators reduced to 10,000, less

Legal Notices

In the matter of Dutchright Limited

In the matter of the Cyprus Companies Law Cap 113

In the matter of the typius companies Law (Lap 113) Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 7th day of February 2021 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (fit any) to the undersigned Constantinos Constantinou, of PricewaterhouseCoopers Limited, Julia House, 3Th. Devis Strect, CY-1066 Niccias, R2B 002, C121 (CY-1591 Niccias, Qprus, the joint liquidator of the said company, and if so required by notice in writing from the said joint liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default threef they will be excluded from the benefit of any distribution made before such debts are proved. Dated this 7th day of January 2021

than a quarter of the Sydney Cricket Ground's capacity. Two city Covid-19 clusters have alarmed the Australian Medical Association, which called yesterday for crowds to be banned to avoid unnecessary risks. "We watched the New Year's Eve fireworks on TV and we can do the same with the Test. The risk of gathering thousands of people together surely outweighs the benefit," said Danielle McMullen, AMA New South Wales president.

Some epidemiologists have called for the match to be cancelled altogether, warning a stadium setting creates the potential for "super emission".

The controversy deepened yesterday when authorities revealed a man who attended the second Test in the fourmatch series on December 27 in Melbourne had tested positive for Covid-19. Health officials have asked several thousand fans to get tested and self-isolate.

The NSW state government has played down the concerns, although it has mandated mask-wearing in all parts of the venue during the match, with potential fines of A\$1,000 (US\$775) for non-compliance.

"To simply say, put off the Test, or to can the Test in New South Wales, it wouldn't be productive," said Brad Hazzard, NSW health minister.

"You have to think about people's mental health, the desire to get out there and have aspects of a normal life."

Cricket occupies an important position in Australia, where the national team captain's job is considered by many to be more important than the prime minister's.

Scott Morrison, the prime minister, has backed the NSW government, noting that holding the match was a way of demonstrating how life could continue while managing the crisis.

The decision to allow crowds was welcomed by Cricket Australia, which faces a Covid-19 cash crisis that forced it to lay off 100 staff last year. The hard-fought Test series is delicately poised at 1-1.

Dr McMullen said families in NSW had sacrificed time with family over Christmas because the government imposed social-distancing measures to quash outbreaks.

'We hope those sacrifices weren't made in vain," she said.

JAMES POLITI - WASHINGTON ERIC PLATT - NEW YORK YUAN YANG - BEIJING

> Donald Trump moved to ban transactions with Chinese payment applications including Alipay, WeChat Pay and Tencent's OO Wallet, stoking tensions with China with just days remaining in his presidency.

We should

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for so long

The executive order is the latest in a series of moves by the Trump administration to crack down on Beijing before Joe Biden's inauguration on January 20.

Mr Trump said on Tuesday in a message to Congress explaining the order that the "pace and pervasiveness" of the spread of Chinese software apps "continue to threaten the national security, foreign policy and economy" of the US.

"By accessing personal electronic devices such as smartphones, tablets, and computers Chinese connected software applications can access and capture vast swaths of information from users, including sensitive personally identifiable information and private information," he said.

The US president said the ban would

apply to Alipay, CamScanner, QQ Wallet, SHAREit, Tencent QQ, VMate, WeChat Pay and WPS Office.

WeChat had been targeted in a previous executive order, which has yet to take effect because of court challenges. In August, Mr Trump issued sanctions against We Chat and TikTok, but a Cali-

Trump claimed the apps 'continue to threaten [US] national security, foreign policy and economy'

fornia judge subsequently blocked the WeChat order while judges in Washington DC and Pennsylvania halted the Tik-Tok ban.

Mr Trump said the commerce secretary should evaluate Chinese software apps that "may pose an unacceptable risk" to the US and work with intelligence officials on "recommendations to prevent the sale or transfer of United States user data to, or access of such data by, foreign adversaries".

Alipay, Ant Financial's payments app,

has deals with merchants in the US such as Walgreens and claims to work with more than 250 overseas partners, primarily to support cross-border payments for Chinese tourists. However, the bulk of its roughly 1bn users are in China. Hong Kong-listed shares in Alibaba were up 3.2 per cent yesterday afternoon while Tencent was up 1.9 per cent. Tencent and Ant yesterday declined to comment on the ban.

In response to the order, the New York Stock Exchange initially said it would delist China Mobile, China Telecom and China Unicom, China's three largest state-run telecom groups, from the exchange, but abruptly reversed course this week, sowing confusion in Washington and on Wall Street.

The confusion over the delistings also came amid heightened focus on the Trump administration's ties to the NYSE. On Monday night, Mr Trump praised Jeffrey Sprecher, chairman of the NYSE and husband of Kelly Loeffler, Republican senator, at a campaign rally for her re-election in Georgia.

The NYSE declined to comment. See Lex

US-Sino tensions Trump seeks ban on Chinese payment apps Unliked in Asia Barred from China, Facebook meets resistance from other regimes such as Vietnam and Thailand S ANALYSIS, PAGE 7

Companies&Markets

US drug group buys Alliance Healthcare for \$6.5bn

AmerisourceBergen in Europe push
Proceeds boost Walgreens' war chest

ORTENCA ALIAJ, HANNAH KUCHLER AND JAMES FONTANELLA-KHAN — NEW YORK JONATHAN ELEY — LONDON

US drug wholesaler AmerisourceBergen has agreed to buy the distribution business of Walgreens Boots Alliance for about \$6.5bn as it pushes further into Europe.

The offer for Alliance Healthcare, comprising \$6.275bn in cash and 2m AmerisourceBergen shares, comes three years after a potential deal for Walgreens to acquire the pharmaceuticals distributor fell through.

The two companies already have a strategic partnership in place but as part of the transaction, Walgreens and AmerisourceBergen have agreed to extend a US distribution agreement by

'Pharmacies will continue to be the backbone of healthcare in any country'

Stefano Pessina, Walgreens CEO

three years to 2029. Alliance Healthcare will also remain a distribution partner for Boots, the UK drugstore group, for a decade. Walgreens is the largest shareholder in AmerisourceBergen with an almost 30 per cent stake.

The deal is designed to expand AmerisourceBergen's presence in Europe, as Alliance is one of the largest wholesalers Walgreens to focus on its pharmacy business — which includes more than 9,000 drugstores across the US.

Mr Pessina defended retail stores amid a rise in online shopping and pharmacy delivery services. Using the coronavirus vaccine as an example, he said some things could not be distributed digitally. "Pharmacies will continue to be the backbone of healthcare in any country," he added.

Despite concerns about a sluggish start, Mr Pessina said that Walgreens would finish the first phase of its US vaccination programme five days ahead of schedule, inoculating residents and staff at nursing homes across the country by January 25.

Shares in AmerisourceBergen climbed almost 8 per cent to \$105.50 by early afternoon in New York.

Walgreens stock, which has fallen 30 per cent in the past year as the pandemic put pressure on its bricks-andmortar stores, also gained — up 4 per cent to \$43.04.

In late-2019 Walgreens explored a \$70bn management buyout with US private equity giant KKR that would have delisted the retailer. The sale of Alliance Healthcare is likely to reignite speculation about a fresh attempt to take the drugstore group private.

Mr Pessina, the deal-hungry chief who assembled Walgreens through a series of mergers over the years, could take advantage of Walgreens' smaller business and market valuation to explore a buyout.

Bald truth Michelin to slash 2,300 French jobs to stay competitive against cheaper rivals



Michelin said the job cuts will come through voluntary redundancies and lay-off plans – Jean Sebastien Evrard/AFP

DAVID KEOHANE - PARIS

French tyremaker Michelin plans to cut up to 2,300 jobs in France over the next three years as lower-cost competitors ratchet up pressure on European manufactures in the wake of the pandemic.

Michelin, one of the world's biggest tyre manufacturers, is facing what it calls "profound structural shifts" in the market with waves of cheap imports threatening European industry, prompting the company to cut costs in its home market and bet on higher value products. "We don't have a choice. If we don't work every day on our competitive position, we will be wiped out," Michelin chief executive Florent Menegaux told the Financial Times. delayed the announcement of the new plan. The "simplification" of Michelin's French operations will aim to boost efficiency by 5 per cent a year and is not based on factories closing. The job cuts will come through voluntary retirement and lay-off plans.

Europe's car parts suppliers are caught between the pandemic and structural changes that were already under way as budget tyre producers flood the market.

Mr Menegaux estimates that

to lower-cost sites, despite desperate interventions by French politicians. In Germany, car parts supplier Continental plans to cut up to 30,000 jobs worldwide and tens of thousands more are at risk throughout the country's network of smaller suppliers.

The flip side of the job cuts for Michelin is a push to "reinforce" its premium tyre offering and an attempt to press further into highervalue areas such as new materials and recycling, as well as developing its

Moderna vaccine gains approval in Europe

DONATO PAOLO MANCINI — ROME MICHAEL PEEL — BRUSSELS AND HANNAH KUCHLER — NEW YORK

The EU has approved US drugmaker Moderna's Covid-19 vaccine, paving the way for its rollout on a continent in urgent need of more supply.

The decision follows a recommendation yesterday by the European Medicines Agency that the vaccine developed by Moderna should be authorised for use in the 27-member bloc.

Moderna's vaccine is the second to be approved by the Amsterdam-based regulator after BioNTech/Pfizer's jab late last year.

The EU has ordered 80m doses of the Moderna vaccine, with an option to double the amount. Moderna, based in Massachusetts, expects to be able to make up to 1bn doses this year.

The EU has also ordered 300m doses of the BioNTech/Pfizer vaccine.

"This vaccine provides us with another tool to overcome the current emergency," said Emer Cooke, head of the EMA. "It is a testament to the efforts and commitment of all involved that we have this second positive vaccine recommendation just short of a year since the pandemic was declared by the World Health Organisation."

Progress in inoculating the EU's population has been slow, intensifying the pressure on governments to deliver more supply and eliminate bottlenecks. The EU allocates doses to member countries based on the size of their populations. Ursula von der Leyen, European Commission president, said: "we will have more than enough safe and effective vaccines for protecting all Europeans."

The approval comes as infection rates across Europe have picked up in recent weeks, forcing countries such as Germany to extend their lockdowns.

The Moderna jab uses a novel type of technology known as mRNA that is delivered in fatty particles, which are in

on the continent. Stefano Pessina, chief executive of Walgreens Boots Alliance, told the Financial Times that he would use proceeds from the sale to pay down debt and to help fund acquisitions, adding that the company had identified a number of targets.

Steven Collis, chief executive of AmerisourceBergen, said he has "inherited an intact and very good business" that will allow the company to pursue European expansion. It will also allow Mr Pessina announced last year that he planned to step down from the role and become executive chairman but did not give a timeline.

Walgreens and AmerisourceBergen expect synergies in four years' time to be at an annual run rate of at least \$150m, which will be split equally between the companies.

While Covid-19 has crushed demand across the car industry and heaped pain on Michelin, Mr Menegaux said the pandemic had only demand will only come back to 2019 levels, before the coronavirus crisis, by the second half of next year. And he says that stress is increasing in the premium part of the market too. Michelin did not have a budget offering in place until 2016 and about 80 per cent of its business remains in premium tyres.

Japan's Bridgestone also said_it_ would close its Béthune plant in the north of France and shift production hydrogen battery joint venture, Symbio. Mr Menegaux says the strategy is crucial for the future of Michelin and French industry.

"It's like when you are in flight and when you are changing from an area of depression to a new area, you have some turbulence," he said.

"We are balancing realities. We are not abandoning France." Additional reporting by Joe Miller in Frankfurt short supply at the moment. The vaccine is Moderna's first approved product, which it is selling at a higher price than rivals.

In a statement, the EU Commission said Moderna would deliver the 160m doses by the third quarter of the year.

The price agreed with the EU is about \notin 20 a dose, according to people familiar with the matter, higher than others agreed in forward-order deals negotiated by the bloc.

Rosneft's massive Arctic oil push undermines BP's green turn

INSIDE BUSINESS

EUROPE

Henry Foy

> P's chief executive Bernard Looney has staked his leadership on the oil company producing less oil. Rosneft's chief executive Igor Sechin is taking the opposite side of that bet, with a planned Rbs10tn (\$134bn) wager on a vast new project in the Arctic.

That BP owns nearly 20 per cent of the Russian oil producer appears to make no difference to the pugnacious Mr Sechin's faith in crude. But perhaps it should to Mr Looney.

Mr Sechin officially announced Rosneft's Vostok Oil project was under way in November during a tête-à-tête with his old friend President Vladimir Putin. It is in many ways the antithesis of Mr Looney's commitments to make BP a net zero company by 2050, and reduce its reliance on fossil fuel revenues.

The scale of the project is huge. Seeking to tap an estimated 6bn tonnes of crude, Rosneft will create 15 new towns to house the 400,000 people required to both build the wells and infrastructure and operate them.

When fully operational, Rosneft hopes to export 100m tonnes of oil a year. Trafigura, the trading house, has purchased a 10 per cent stake in the project, which is also being pitched to potential Chinese and Indian investors.

Mr Looney, who became chief executive of BP in February 2020, joined Rosneft's board in June, one of two seats the British company holds thanks to its 19.75 per cent shareholding – the largest stake after that of Mr Putin's government. By then, the details of the project were at a rubber-stamping stage, having that month been initially approved as "ambitious and promising" by Mr Putin. But the dichotomy between Mr Looney's vision of the future and the one on which Mr Sechin is staking the investment of BP and every other Ros-

neft shareholder must have been clear. Less than a month before Mr Looney joined Rosneft's board, he told the Financial Times that the slump in oil

demand caused by the coronavirus pandemic may have meant that "peak oil" demand had already passed. Mr Sechin appeared not to be listening: around the same time, in another meeting with Mr Putin, he was

requesting tax breaks for exploratory drilling. BP has said the Russian group is exempt from its

BP has said that it needs to continue participating in some lucrative hydrocarbon emissions pledge, so it can share in the profits but ignore its carbon dioxide

projects to fund its investments in cleaner energy. And Rosneft certainly provides Mr Looney with strong reasons to ignore the gulf between the two companies' outlook on their industry.

BP earned \$785m in dividends from its Rosneft stake in 2019 and booked \$2.3bn of pre-tax profit arising from that investment. Rosneft's wells account for about a third of BP's entire annual hydrocarbon production.

In its annual report, BP justifies incorporating Rosneft's business and its vast reserves on an equity basis by arguing that it exerts "significant influence" over the Russian company, "including BP's participation in decision-making". But continuing to make that assertion while also preaching a business model that its partner clearly disagrees with could get tricky.

Indeed, Didier Casimiro, Rosneft's first vice-president, said in September that BP's new green turn was creating "an existential crisis" for the oil market, and that state-backed giants such as Rosneft would benefit from the move.

BP declined to respond to questions regarding Vostok Oil but told the FT that the shareholding "is an important part of our broader portfolio, providing us with a strong position in Russia which has some of the most resilient hydrocarbon resources in the world".

Rosneft did not respond to questions from the FT. Last month, it unveiled its own "climate goals", which are far from BP's ambitions: a plan to lower greenhouse gas emissions by 20m tonnes of carbon dioxide equivalent over the next 15 years is a slower rate of reduction than the 3.1m tonnes the company managed to shed in 2018-19.

Handily, BP has said Rosneft is exempt from its emissions pledge. In other words, the company will bank its dividends and share in its profits but overlook its carbon dioxide.

That stance may become unsustainable, in all senses of the word. Mr Looney may struggle to rebrand BP as a sustainable energy group while a company over which it claims "significant influence" is digging up the Arctic.

Turning a blind eye to Mr Sechin's quest to keep pumping, selling and burning more hydrocarbons is one thing. But condoning a massive new project in the Arctic, where rapidly rising temperatures and retreating ice have made it ground zero in the war on climate change, is quite another.

henry.foy@ft.com

We are pleased to announce that Yehuda Biber Vince Michael Chiaramonte Hangi Ivan Dolgov Andrey Anthony Gonzalez Andre

Vince Ortiz Hanqing Shi Andrew Shore Andrew Tan

have been appointed Managing Directors of our firm.

DavidsonKempner

New York London Hong Kong Dublin Philadelphia

January 1, 2021

Contracts & Tenders

COURT OF APPEAL OF GENOA II CRIMINAL DIVISION N° 146/2019 RG PV C. App. NOTICE OF SALE

TRIBUNAL OF GENOVA, ITALY - JUDICAL SALE BY AUCTION of Motor Yacht "Force Blue"

The Auction will be held on 27th January 2021, at 10.00 hours, at the office of the Notary Public Ugo Bechini in Genoa (GE), Via XX Settembre N. 29/12, bids to be presented in a closed envelop in Italian language by 18.00 hrs Genoa time on 26th January 2021.



M/Y Force Blue - Imo nbr 1007524 - Flag Cayman Island - Class Rina Loa 63.3 m Beam 11.40 m - Year of built 2002 Royal Denship, DK, auction price 7,000,000 euros (seven million euros)

The yacht is safely berthed at the Marina of Genova, Italy All details on the procedure and regulation of the sale can be found on the website www.astegiudiziarie.it where the full notice of sale and the "Condition Survey" are published.

For any further particulars / informations You may require please contact Studio Pongiglione, Dott. Ugo Brunoni, Judicial Administrator email: ugo.brunoni@pongiglione.it representing the Seller and the Tribunal's appointed joint exclusive brokers Messrs Banchero Costa & C. spa, email: yachts@bancosta.it and Ocean Independence, email: peter@ocyachts.com

Anthony Gonzal ha Managi

Health

French tech start-ups gain ground with devices that imitate heart

LEILA ABBOUD – PARIS MICHAEL PEEL - BRUSSELS

Two French medical technology companies working to help people suffering from terminal or advanced heart failure announced progress in their separate efforts to commercialise their products.

CorWave, a start-up developing an implantable heart pump, has raised €35m in its third fundraising round, with €15m coming from a new EU fund aimed at supporting innovative companies.

Separately, Carmat announced that it would begin selling its artificial heart under the brand name Aeson in Germany and France in the second quarter, having obtained European regulatory approval in late December. The device serves as a bridge to a heart transplant for patients with irreversible end-stage heart failure.

Carmat's shares were up almost 10 per cent in Paris yesterday, valuing it at €409m

Their progress is a sign that scientific research under way for the past decade on how to improve treatments for heart failure may finally be bearing fruit. Some 60m people suffer from the condition, according to the Global Burden of Disease study, meaning that their hearts

Existing approaches often lead to complications and CorWave and Carmat both aim to provide alternatives

do not pump or fill with blood as a healthy heart does.

Currently available treatments for those with advanced disease include heart transplants or installing a heart pump known as a left ventricular assist device (LVAD). But transplants are limited by the supply of donor organs, and existing LVAD technologies marketed by Abbott Laboratories and Medtronic often lead to complications.

CorWave and Carmat both aim to provide alternative options for patients.

"Heart surgeons today will tell you

COMPANIES & MARKETS

Financials

6

London unlikely to regain lost trading

Banks say UK 'own goal' in euro-denominated equity dealing looks irreversible

PHILIP STAFFORD, CAMILLA HODGSON AND CHRIS GILES — LONDON

The EU share trading that flooded out of the City of London after the end of the Brexit transition is unlikely to return, banks and asset managers have warned.

The first day of dealings for the City outside the EU's single market triggered a large shift in euro-denominated shares from London, where they are typically traded, to new venues in Amsterdam and Paris. It marked an overnight change for investors and banks that had used UK membership of the EU to trade freely across borders.

Gianluca Minieri, deputy global head of trading at Amundi, said it was "a stunning own goal for the UK. And this is only the beginning". More volume would move to where investors could get better prices and liquidity.

About €6bn of shares that typically change hands in the City were traded in the EU on Monday, and a similar value on Tuesday, as investors became accustomed to the new regime. The figures equate to almost half the amount of business that London banks and brokers would normally handle.

Speaking to the Treasury Committee

yesterday, Andrew Bailey, governor of the Bank of England, said: "We are already seeing a certain amount of business having to migrate to the EU." However, he noted that the number of jobs lost in the City was lower than once feared, at between 5,000 and 7,000.

The abrupt shift had been necessary because the EU refused to recognise most of the UK's regulatory systems as "equivalent" to its own. Brussels is keen to assert its sovereignty in financial services and not leave regulation of euro assets to overseas regulators.

"I don't see this changing quickly. It's happened, it's done," said Nick Bayley, managing director at consultancy Duff & Phelps and a former official at the Financial Conduct Authority. "I can't see the EU giving equivalence in this space anytime soon. As the market adapts, the need for equivalence wanes. Its value is diminishing with every month that goes by."

The UK and EU are looking to agree an MoU on future co-operation in financial services by the end of March, though hopes are dwindling that it will be an extensive agreement.

Mr Bailey said he was not optimistic about a swift decision from Brussels on equivalence. "The situation we find ourselves in is that the EU has said that it wants more information from the UK on what its future intentions are on regulation." The requests were "problematic"

because the UK would change its rules when it needed to and would be transparent at the time, but could not say what it would do now. "I strongly recommend we do not become a rule taker."

The exodus is unlikely to seriously dent UK finances. The majority of taxes in the share trading industry are paid on the revenues the trading venues report, rather than the trades. Banks and fund managers said it was unlikely thousands of trading jobs would immediately follow assets out of London. The head of trading at a big UK-based asset manager said it was unlikely to make a difference to the physical location of teams.

Additional reporting by Stephen Morris and Attracta Mooney

Automobiles. Race for dominance GM 'steps up game' with plan to topple Tesla

Detroit carmaker hopes flood of new models will undermine rival's technological advantage

CLAIRE BUSHEY — CHICAGO

As chief executive Mary Barra announced the acceleration of General Motors' rollout of 30 vehicle models in November, she said the carmaker was "committed to fighting for EV market share until we are number one in North America".

She did not mention Tesla by name and she did not have to.

A decade ago, GM was the company to beat in the US in electric vehicles. In 2012, the year Tesla debuted the Model S, GM sold more than 23,000 Chevrolet Volts, nearly double that of its nearest competitor, the Toyota Prius, and representing 18 per cent of the total US electric vehicle market.

But since Tesla began selling the Model 3 two years ago, it has smashed US sales records for electric vehicles still just a sliver of the US vehicle market overall - and turned 112-year-old GM into an underdog. Tesla dominated the US EV market in 2019 with 58 per cent share, and some estimates have suggested its share rose to as much as 80 per



Mary Barra.

carmaker will

fight until it

takes the EV

sales records

FINANCIAL TIMES

cent in the first half of 2020.

Ms Barra has said that GM would increase the amount it invested in electric vehicle development to \$27bn and sell 1m electric vehicles in 2025. At that rate, analysts said the Detroit carmaker was unlikely soon to overtake its California competitor, which joined GM in the blue-chip S&P 500 last month.

"Right now, on pure electric in the US, Tesla is dominant," said David Whiston, a Morningstar analyst.

GM also must manage its traditional car and truck business, where it holds the largest share of the US market, to ensure it underwrites rather than undermines its electric vehicle push.

"It's like you're operating on yourself," said Adam Jonas, a Morgan Stanley analyst, who is bullish on Tesla. "It's possible. It's just the added challenge."

Industry experts agree that at some point, the market for electric vehicles will become the entire vehicle market the question is when.

Market research firm IDTechEx estimated EVs would constitute 20 per cent of the worldwide market by 2030, and up to 80 per cent by 2040. But Luke Gear, the firm's senior technology analyst, said the estimates were sure to be revised upwards, with Democrat Joe Biden set to take over the White House

General Motors kick in this year. chief, says the

GM's target of 1m vehicles and flood of new models is "stepping up the game", Mr Gear said. GM's Ultium battery allows for new models to be developed faster, and the company's planned batcrown in North tery factory in Lordstown, Ohio – a joint America. Below, venture with LG Chem - should make it Tesla's Model 3 possible to crank out enough batteries has smashed US to meet Ms Barra's production goals.

> More vehicle models mean more choices for consumers, hastening wider EV adoption. Tesla has had some highprofile quality problems, such as a roof that flew off a Model Y in California in October, the same day a new owner picked it up from the dealership. GM's play means customers who want to buy



with the 15-year-old start-up that has get into quality issues", Mr Gear said.

cheaper EV

can't rely on

fanatics to

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Tesla

For now, Tesla is still better at making its batteries cheaper than competitors, Mr Gear said. Cheaper batteries mean cheaper vehicles, making them an option for more potential customers.

In 2019, the best-selling electric vehicle in the US was Tesla's Model 3, which started at \$38,000. The group sold nearly 155,000. By contrast, the second bestseller was Tesla's Model X, a sport utility vehicle starting at \$80,000, which sold 19.000.

Emmanuel Rosner, a Deutsche Bank analyst, estimated in a note that GM would reduce the cost of battery cells to roughly \$100 per kilowatt hour in three years, and to about \$75 per kWh by 2025. Yet it would still trail Tesla's middecade target of \$50 per kWh.

"Price is going to be what determines who is the market leader, and Tesla looks set to win on price for the foreseeable future," Mr Gear said.

Tesla's head start on electric vehicles is compounded by the huge difference between the two companies' value. At \$600bn, Tesla's market capitalisation is 10 times that of GM, giving it an advantage in raising capital, Mr Jonas said.

Moreover, as a pure-play electric vehicle group, Tesla is free of conflicts All its capital expenditures went towards electric vehicles, and it might have an advantage in attracting engineering talent.

GM also could face future costs if the public and government begin to see the pollution emitted by internal combustion engines as a long-term liability, the kind that sparks regulation, legislation and litigation. That makes some investors think the automaker might still spin off its EV business, despite GM's statements to the contrary. "We are hearing investors starting to look at [internal combustion engine] cars like tobacco and asbestos," Mr Jonas said.

Analysts said GM was unlikely to beat Tesla this decade, if at all. The group had "a long way to go" if it wanted to pass Tesla in the US electric vehicle market, Mr Whiston said. Yet Tesla has dominated in recent years partly because it has lacked competition.

"Once you get into cheaper EV spots, you can't rely on Tesla fanatics to get you into the number one share position," Mr Whiston said. Even if GM never controls a larger portion of the North American market than its upstart rival, if "they keep putting out tons of great products . . . and they take a ton of share from Tesla, are their EV efforts a failure then? I would say no".

that the devices need to imitate the natural functioning of the heart," said Cor-Wave chief executive Louis de Lillers. "That is what both CorWave and Carmat are trying to achieve in different ways by replicating the physiology of the heart."

The EU's investment in CorWave also marks a turning point in the region's approach to supporting innovation: it is the first time it is directly funding promising start-ups. Traditionally it has instead acted indirectly by backing venture and private equity funds that then deploy the money.

The European Innovation Council (EIC) fund aims to address Europe's lack of success relative to the US and China in transforming start-ups with promising ideas into big international companies.

On Wednesday it announced that it had invested an initial €178m in equity financing in 42 companies, in areas including health and advanced manufacturing. Another 117 companies are going through the investment evaluation process.

CorWave plans to use the new funds to make improvements to its implantable heart pump ahead of clinical trials in humans, as well as set up a small manufacturing facility and hire more staff. See Lex

Media

Grammys postponed as LA virus cases surge

PETER WELLS AND ANNA NICOLAOU NEW YORK

Los Angeles authorities have warned that the US entertainment capital is in the middle of an "unprecedented and dangerous surge" in coronavirus cases, forcing the city into extreme lockdown measures and the postponement of the annual Grammy Awards.

The decision to postpone the music industry's biggest night, originally scheduled for the end of the month, came after local ambulances were ordered not to transport patients with little chance of survival and to conserve oxygen because emergency rooms were being overwhelmed.

"We're likely to experience the worst conditions in January that we've faced the entire pandemic - and that's hard to imagine," said Barbara Ferrer, the Los Angeles county public health director.

The Grammys, more than any other Hollywood awards show, are centred on

live performances, as the nominees take the stage to lure audiences. Artists Beyoncé, Dua Lipa and Taylor Swift were leading in nominations for awards this year.

The Recording Academy, the group that runs the Grammys, in November had declared that the show would be

'We're likely to experience the worst conditions in January that we've faced the entire pandemic'

"happening, rain or shine, Covid-19 vaccine or not" on January 31. But Los Angeles authorities said they have seen a post-Christmas spike in cases and already-full hospitals were becoming overwhelmed with the sick and dying.

"The deteriorating Covid situation in Los Angeles, with hospital services being overwhelmed, ICUs having

reached capacity, and new guidance from state and local governments have all led us to conclude that postponing our show was the right thing to do," the Recording Academy said in a statement. Los Angeles county health authorities have pleaded in recent weeks with the region's entertainment industry to postpone television and movie productions because of the surge in infections.

Hollywood's most powerful labour unions, including the Screen Actors Guild and Producers Guild of America, this week recommended a halt to productions in Los Angeles until the outbreak dissipates.

"Southern California hospitals are facing a crisis the likes of which we have never seen before. Patients are dying in ambulances waiting for treatment because hospital emergency rooms are overwhelmed," said Gabrielle Carteris, president of SAG-AFTRA. "This is not a safe environment for in-person production right now."

Neil Young swept up in music rights gold rush

NIC FILDES - LONDON

Media

Counter-cultural icon Neil Young has sold a 50 per cent share of his back catalogue to Hipgnosis, the UK music publishing company, in the latest highprofile rights deal triggered by the soaring valuation of music in the streaming age.

The deal covers the writing and publishing rights to almost 1,200 songs composed by the singer ranging from his 1960s groups Buffalo Springfield and Crosby, Stills, Nash & Young, to his 50year long solo career including the 1972 hit album Harvest and up to the 2020 release Colorado. It gives the UK-listed company partial control over songs including "Heart of Gold", "Rockin' in the Free World", "Only Love Can Break Your Heart", and "Cinnamon Girl".

The agreement is the latest sign that established artists are looking to take advantage of the soaring valuation of established hits as Hipgnosis and rival funds roll up older catalogues. It follows Universal Music's acquisition of Bob Dylan's catalogue for a nine-figure sum in December and two Hipgnosis deals this week to buy out Lindsey Buckingham of Fleetwood Mac and Jimmy Iovine's catalogue rights.

Hipgnosis provided no financial



The Hipgnosis deal covers almost 1,200 songs from the 1960s to 2020

details. Music Business Worldwide, the analysis company, estimated that the deal could be worth \$150m based on the Bob Dylan sale, but the company declined to comment.

Merck Mercuriadis, founder of Hipgnosis, said he had long worked to strike a deal with Young, having worked closely with his former manager Elliot Roberts in the past. "This is a deal that changes Hipgnosis forever," he said.

The singer has released 50 studio albums and 20 live albums over his career including forays into rock, Americana, grunge, rockabilly and even electronica. Mr Mercuriadis said that back catalogue had been under exploited. "People haven't been able to keep up. Every album has a classic on it," he said.

The acquisition is one of the largest deals landed by Hipgnosis, which has spent £1.2bn buying the back catalogues of well-known artists and songwriters, and now owns some of the rights to about 60,000 songs.

COMPANIES & MARKETS

Facebook runs short of friends in Asia

★

Political wrangles threaten expansion while accusations fly of censorship and tolerating state trolls

HANNAH MURPHY — SAN FRANCISCO JOHN REED — BANGKOK

Facebook is pushing hard into developing Asian markets as the pace of its growth in the west slows, but a growing array of political stand-offs is threatening its relentless global expansion.

Five years ago, Mark Zuckerberg embarked on a charm offensive in China, learning some mandarin and dining with Xi Jinping as he sought to expand his empire.

But having ultimately refused to kowtow, the company has been locked out of the country since, the chief executive has said publicly.

Now Facebook is ramping up expansion in other Asia markets in an attempt to capitalise on millions of untapped mobile users, investing in broadband infrastructure and trialling payments initiatives.

The number of users in the region has grown more than 50 per cent over the past three years to 1.2bn, compared with a rise of about 7 per cent in the US and Canada to 255m.

But Asia-Pacific markets present Facebook with regulatory dilemmas that are almost impossible to square with its internal ethics and guidelines, particularly Mr Zuckerberg's commitment to free speech.

Already, Facebook has quietly bent to the will of some of the most autocratic regimes, for instance censoring content from dissidents in Vietnam and Thailand at the behest of their governments.

"Facebook is and has been playing with fire in these very fragile democracies," said Coby Goldberg, researcher with the Asia-Pacific Security Program at the Center for a New American Security.

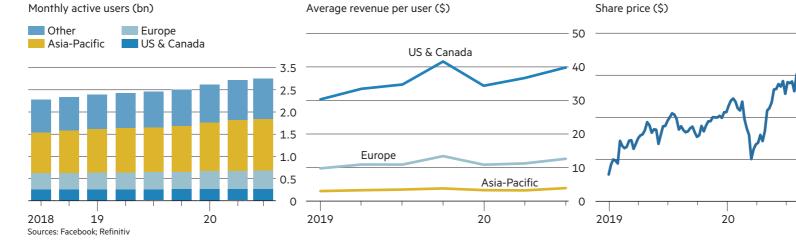
The largest social media platform has long had ambitions in Asia, establishing itself as a primary portal for millions seeking news and communication.

Regulatory filings show India, Indonesia and the Philippines represented the top three sources of Facebook user growth year on year in September 2020. By contrast, the US and Canada lost a million monthly users in its latest quarter. Still, average revenue per user in the Asia-Pacific market in its latest quarter was only about a tenth of that in the US and Canada, at \$3.67 versus \$39.63.

Facebook has attempted to boost internet access in the region, thereby







The platform, led by Mark Zuckerberg, below, is barred from China and so has focused on growth elsewhere take action against some pieces of political speech where we would really prefer not to," Mr Milner said. While Facebook went on to push back

against the order, causing Thai authorities to drop the threat of criminal prosecution, Mr Milner said the situation in

Thailand was "precarious", with the

group "constantly, constantly calibrat-

incredibly important in that country. It wasn't an easy decision. It was kind of hard fought. But we are still protecting enormous amounts of political speech in Vietnam."

Elsewhere, some caution that strongmen leaders are silencing dissidents scale under the guise of cracking down on repression of fake news. In Singapore, where its Asia operations are headquartered, Facefree speech' book has agreed to append "correction notices" to news stories deemed false by the government, which human rights groups argue could easily be abused.

Amnesty has cited what it calls 'industrial-

'It becomes

much easier

to put in

Still, experts complain that public attention - and therefore Facebook's own action - has tended to focus on addressing content moderation on home turf.

"Each of our markets alone will not get the same attention that the United

300

200

150

100

21

Financials Winton left nursing huge losses after wild year in markets

LAURENCE FLETCHER — LONDON

Winton Group, once one of the world's most successful hedge fund firms, has suffered a near-80 per cent drop in the value of its assets in the past five years with poor returns and client withdrawals accelerating in a tough 2020.

Investor assets at the London-based firm, founded in 1997 by billionaire scientist and quantitative investing pioneer David Harding, tumbled from \$33.7bn at the end of 2015 to \$7.3bn by late 2020, according to an investor letter seen by the Financial Times.

Much of the decline came in last year's market turmoil, when assets fell by about \$12.5bn. The firm has been one of the highest-profile hedge fund casualties of a coronavirus crisis that has produced a huge divergence between winning and losing managers.

Its main Winton fund, which frequently made double-digit gains in the decade before the financial crisis, lost about 20.5 per cent last year - by far its worst year on record.

"To investors, it must have seemed in recent months that everything that could go wrong has," wrote Mr Harding in an investor update late last year.

Its Diversified Futures fund fell 16 per cent, although its \$650m China fund gained 25 per cent and its \$300m Trend fund rose 7.4 per cent.

'To investors, it must have seemed in recent months that everything that could go wrong has'

In the letter, Mr Harding described investment performance as "disappointing" and the drop in assets as "substantial" but said the scale and manner of the losses were in proportion to the risks it had been running.

Many computer-driven hedge funds, which often base their investment decisions on historical scenarios, were caught out in a wild year for markets when the coronavirus pandemic hit.

Human traders were often able to react quickly to the brutal sell-off in

locking in users to its services. This has included helping to deliver fibre-optic networks in countries such as Indonesia and investing in submarine communications cables linking much of south-east Asia.

The group is using parts of the region, such as India and Indonesia, as a testing ground for introducing new payments services to users of its WhatsApp messaging app, seeking out additional revenue where the digital advertising market is still relatively immature.

Satish Meena, senior analyst at Forrester, said: "The focus was social and sharing. Now they want to move from sharing to transactions. The upside is massive and they want to take a lead."

But critics warn that the platform is being increasingly manipulated in Asia by some governments, and prioritising profits over free speech.

In Thailand, which has close to 70m people and 61m monthly active Facebook users, authorities last year threatened to prosecute the company's employees if it would not censor critics of the monarchy, according to Simon Milner, the group's executive responsible for public policy in Asia-Pacific.

"That gave us pause and did lead us to

in the region, bending to the will of regimes such as those of Vietnam and Thailand over

dissidents

ing" to protect free speech and its staff. In Vietnam, Facebook's situation is even more tenuous. Hanoi is increasingly cracking down on the platform, which is the third most-visited website in the country, and other social media groups by inundating them with take-

down requests. In April, authorities slowed Facebook's local traffic sharply in an effort to pressure it to take down content critical of the government. It worked: according to Facebook's own data, Vietnamese content takedowns soared.

Amnesty International last month accused Facebook and YouTube of complicity with "industrial-scale repression" of free speech by allowing their platforms to become "hunting grounds for censors, military cyber-troops and state-spon-

Mr Milner acknowledged the increased number of takedowns, which he said were made "in order to protect the ability of Vietnamese people to be able to use our services, which are

Facebook is also facing accusations that it has sometimes overlooked hate speech in order to cosy up to governments of developing nations.

According to the Wall Street Journal, the company failed to ban a politician from Narendra Modi's ruling party despite his breaking the platform's rules.

"Absent a good system of content moderation, it becomes much easier for countries to put in really bad authoritarian systems of content moderation," said Mr Goldberg, arguing that the platfor countries form had not done enough to tackle hate speech and fake news in places such as Myanmar and Indonesia.

really bad Facebook is not alone in struggling with politics overseas. Google is banned authoritarian in China and has faced similar criticisms systems of for curbing free expression in Vietnam, while China short-video app TikTok has content been banned in India amid rising antimoderation Beijing sentiment.

States got, because we don't have enough economic clout," said Maria Ressa, a Philippine journalist.

Against this backdrop, critics are calling for more clarity from Facebook around the considerations it makes before caving to government takedown requests.

"Where does Facebook draw the line? We know that [it] does push back, but it clearly does not push back in enough cases," said Sarvjeet Singh, director of the Centre for Communication Governance at the National Law University Delhi.

Mr Milner said the company had a formal system for governments to request takedowns, considering human rights values and whether the political speech was "peaceful or not", but it "can't ride roughshod over national laws" without risking being blocked.

As Facebook nears saturation in developed markets, any wrong move in the region runs the risk of spooking investors.

"There are going to be a whole lot of flashpoints," said Youssef Squali of Truist Securities. "[But] the prize is immense; Facebook is going to try to thread that needle really carefully."

risky assets in February and March last year and the subsequent huge rebound following central bank and government stimulus. Many quants were instead cutting their exposure to stocks just as markets were soaring.

Winton's recent losses stand in sharp contrast to its fortunes in the wake of the financial crisis. Its main fund made a return of about 21 per cent in 2008 as many investors were suffering big losses and in 2011 sucked in \$1 of every \$8 invested into hedge funds globally.

The following year, Mr Harding was estimated by the Sunday Times Rich List to be Britain's highest-paid person.

At the start of 2016, the firm was ranked by HFM's Global Billion Dollar Club as the world's seventh-biggest hedge fund, ahead of Renaissance Technologies, DE Shaw and Elliott.

Winton's losses in the first nine months of 2020 came from areas such as equities and currencies, according to another investor update seen by the FT.

Winton has suffered from a bold but controversial call by Mr Harding several years ago to turn away from so-called trend-following, a style of quant investing he helped develop in the 1980s when he co-founded rival fund manager AHL.

Aerospace & defence

Lawyer accused of embezzling funds meant for 737 Max crash victims

CLAIRE BUSHEY — CHICAGO

A lawyer married to a reality TV star has been accused of bankrolling a glitzy lifestyle by wrongfully withholding money from clients in cases dating back more than a decade, most recently from victims of the first Boeing 737 Max crash, according to court documents filed on Tuesday.

The filing is the latest accusation of misconduct to be levelled at the law firm of Tom Girardi, a member of the plaintiffs' bar who served as inspiration for the lawyer in the 2000 film Erin Brockovich.

Mr Girardi, whose Los Angelesbased firm's website advertised "We treat our clients like family", withheld money from sickened Lockheed Martin workers, elderly cancer patients, earthquake victims and homeowners who successfully sued Shell for oil pollution, according to the document filed by law firm Edelson in federal court in Chicago.

Last month, during a court hearing,

Mr Girardi was unable to account for \$2m in funds that had been set aside by Boeing to settle claims from some family of people killed in 2018 when Lion Air flight 610 plummeted into the Java Sea off Indonesia, the first of two fatal crashes involving the Max.

As a result, Judge Thomas Durkin issued a civil contempt order for Mr Girardi and referred the case to federal prosecutors.

He froze Mr Girardi's assets and those of his California firm, Girardi Keese.

Mr Girardi, who is married to Real Housewives of Beverly Hills celebrity Erika Jayne, and his firm filed for Chapter 7 bankruptcy on December 18.

He was sued by Edelson, the Chicagobased law firm, which partnered with Mr Girardi's firm to represent the Lion Air victims' families. Edelson made its reputation suing tech groups including Facebook.

Mr Girardi declined to comment through his attorney, Michael Monico, a Chicago criminal defence lawyer.

Edelson's original lawsuit, filed in December, describes a scheme by Mr Girardi and his wife to maintain their celebrity status by projecting a "public image of obscene wealth at all times", spending tens of thousands of dollars a month funded in part by money allegedly embezzled from his law firm, including client settlements.

The lawsuit noted that Ms Jayne reportedly spends \$40,000 a month on her "look" - she performs a song titled "Exxpen\$ive" with the lyric, "it's expensive to be me" - while Mr Girardi flies on private jets, owns many homes and has a standing daily reservation at Morton's Steakhouse in Los Angeles.

"Tom Girardi and his law firm Girardi

Tom Girardi, who is married to 'Real Housewives of Beverly Hills' celebrity Erika Jayne, and his firm filed for Chapter 7 bankruptcy last month

Keese . . . presently owe tens of millions of dollars," the lawsuit said. "As a result, and most egregiously, Tom has resorted to embezzling the proceeds of settlements that should have been directed to his clients – including, as the basis for this [lawsuit], the widows and orphans who lost loved ones in the tragic crash of Lion Air flight 610 – in order to continue funding his and Erika's lavish Beverly Hills lifestyles."

Boeing and some of the Lion Air families reached settlement agreements last March. Lawyers at Girardi Keese told the Chicago attorneys that Boeing would not dispense the funds until all claims were settled, according to Edelson's lawsuit.

Lawyers from Edelson began contacting the California firm in April about the delay, the lawsuit said, yet never received a satisfying answer about why the funds had not been paid to the clients.

In November Mr Girardi left Edelson a voicemail saying, "We screwed up here a little bit . . . We had three different air crashes, and they got a little screwed up . . . I'm so sorry, this never happened before."

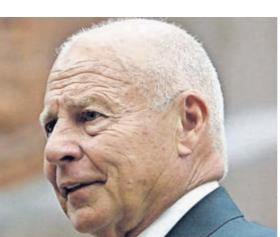
But Edelson argues in Tuesday's filing that the misuse of client funds was longstanding practice at Girardi Keese, therefore Judge Durkin should hold two longtime attorneys there, David Lira and Keith Griffin, in civil contempt of court as well as Mr Girardi.

They "covered up Girardi's wrongdoing for months" on the Lion Air case.

Mr Lira declined to comment through his attorney. Mr Griffin declined to comment through his lawyer.

The men have argued that they were unaware of how Mr Girardi treated the Lion Air settlements.

Mr Girardi and Ms Jayne are seeking a divorce after more than two decades of marriage, a move that the Edelson lawsuit claimed was "a sham attempt to fraudulently protect Tom's and Erika's money from those that seek to collect on debts owed by Tom and his law firm".



sored trolls".

8

COMPANIES & MARKETS

Commodities. Producer politics

Saudis pledge to cut oil output despite allowing Russian rises



Kingdom hopes move will keep fragile Opec+ alliance intact in face of Covid strains

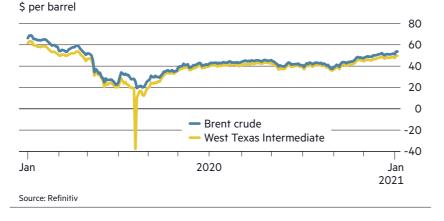
ANJLI RAVAL AND DAVID SHEPPARD

Oil prices have recovered to their highest point since the beginning of the coronavirus crisis after Saudi Arabia moved to keep the Opec+ group's fragile alliance intact in the face of the coronavirus pandemic.

The kingdom pledged this week to slash an extra 1m barrels a day of oil output in February and March even as its fellow Opec+ member Russia moves to increase production.

At the end of an extended two-day

Oil at February high after Saudi Arabia agrees output cut



market digested the deal.

continued to rise yesterday as the to raise output as oil prices recover. Saudi Arabia's unexpected supply cuts are likely to be cheered by rival producers with Russia's Opec+ representative, deputy prime minister Alexander Novak, describing it as a "great new year present" to the oil industry.

Russian oil wells will increase production in both February and March as a result of the latest Opec deal

'The Saudi

move is

not only

offering a

soft pillow

but also a

full set of

blankets'

Equities

market but also a full set of blankets, bed covers and most likely the bed itself," Mr Tonhaugen said. "But it is quite difficult to swallow the added curtailment size. It's just too good to be true."

Saudi Arabia's cut could also signal persistent concerns about the precarious nature of the oil market's rebound.

Although parts of the world are opening up again, other countries are facing the pressures of a new variant of the coronavirus that is forcing them to reimpose restrictions.

Opec said in a statement that "growing uncertainties have resulted in a more fragile economic recovery".

Prince Abdulaziz said he hoped Saudi

Fixed income

Georgia reflation bets take toll on Treasuries

COLBY SMITH AND ERIC PLATT

NEW YORK TOMMY STUBBINGTON - LONDON US government bond prices dropped to their lowest point since the start of the coronavirus crisis yesterday as investors bet that Democrats were poised to capture the Senate and clear the way for a larger stimulus package that could fuel economic growth and inflation.

Government bond prices in the US and around the world fell as Raphael Warnock won one of two US Senate runoff elections in Georgia and his Democratic colleague Jon Ossoff led in the other, pushing the 10-year benchmark yield above 1 per cent – its highest level in more than nine months.

Victories in both Georgia Senate races would give Democrats and senators who vote alongside the party 50 seats in the upper chamber, which along with the tiebreaking vote held by the vice-president would put them in control of both houses of Congress and the White House. Control of the Senate could allow president-elect Joe Biden to push a bigger fiscal stimulus through Congress than the \$900bn programme already passed in December.

"We've already had a short-term fiscal package to shore up the recovery, now the market is expecting something much larger and longer lasting," said Antoine Bouvet, a senior rates strategist

'We've had a short-term fiscal package; now the market is expecting something much larger'

at ING. "You're likely to see more money for infrastructure, more money for households. It's unambiguously positive for growth."

The yield on the 10-year Treasury note fell below 1 per cent for the first time in history last March when the coronavirus pandemic induced a rush to safety and it has largely stayed there since in anticipation of long-running drab growth. But by morning trading in the US yesterday, it had pushed 0.09 percentage points higher at 1.05 per cent, dragging yields higher in other government bond markets. Yields rise as prices fall. The possibility of additional stimulus under a Biden administration and Democrat-controlled Congress - a so-called blue wave - has buoyed investor sentiment even as the US confronts a wave of coronavirus cases and continuing economic malaise before a vaccine is available to most Americans. One market measure of inflation expectations over the next decade has risen accordingly. The 10-year breakeven rate, which is derived from prices of US inflation-protected government securities, breached 2 per cent this week, a level last reached in 2018. Low bond yields have helped support rising valuations in the \$42tn US equity market and a reversal could weigh on share prices. Futures trading pointed to a slide in the value of tech stocks when markets opened yesterday. See Markets Insight and Lex

meeting on Tuesday, Saudi Arabia's oil minister, Prince Abdulaziz bin Salman, announced the "voluntary" reduction after convincing most countries in the 23-member alliance to hold output steady - and avoid unleashing more barrels on to a market still roiled by coronavirus restrictions.

Prince Abdulaziz said the unilateral cut was a "sovereign political decision" by his half-brother, Crown Prince Mohammed bin Salman, the kingdom's de facto ruler.

It was taken with the purpose of "supporting our economy, the economies of our colleagues in Opec+ countries, to support the industry", the Saudi oil minister said.

The announcement came as Saudi Arabia hosted a summit for its Gulf neighbours with Riyadh and its Arab allies agreeing to restore ties with Qatar after more than three years of disunity.

Oil prices jumped as much as 5 per cent following the announcement, and

Brent crude reached an intraday high above \$54 a barrel, a level not touched since February 2020, and the US benchmark West Texas Intermediate crept briefly above \$50 in London trading.

The virtual gathering on Monday had adjourned with no agreement after a deadlock. But analysts questioned the motivation behind Saudi Arabia's move, which would only help rival producers in the US shale patch while giving Russia an allowance to raise its own production.

Since agreeing a record 9.7m b/d production cut in April that curbed almost 10 per cent of global supplies to counter a slump in oil demand, Saudi Arabia and Russia – the alliance's largest producers - had shared equal output targets that had helped to end last year's shortlived price war.

But from next month, Russia and Kazakhstan will increase production by a combined 75,000 b/d in both February and March. Both countries have asked

The share prices of international oil companies - from ExxonMobil to BP rose as much as 7 per cent after the announcement.

"This 'surprise' cut by Saudi Arabia is pure MBS," said Greg Priddy, an independent consultant in the oil industry, using the colloquial name for Prince Mohammed. "It's a bold move that will let him claim a short-term win on price but it makes little strategic sense in terms of their long-term position with Russia."

Bjornar Tonhaugen at Rystad Energy said it was "difficult to see how a beast of a 1m b/d cut is justified" at a time when the group was originally supposed to be slowly adding oil back to the market.

"The Saudi move, if realised, is not only offering a soft pillow to the oil

Arabia's gesture of "goodwill", as the global oil industry's "guardian", would not only show the kingdom's energy prowess but it would also ensure others complied with their share of cuts.

One person familiar with the Saudi decision said the kingdom wished to make a hefty cut to production in a bid to boost the market while taking a "preemptive" approach given the sheer level of uncertainty about the trajectory of the virus.

It was also about "maintaining solidarity" within the wider group of Opec+nations, the person said.

Countries had already started adding oil back into the market before Opec+ agreed last month to increase production by a further 500,000 b/d in January.

This week, Moscow had called for increasing production collectively by another 500,000 b/d in February while Riyadh and its Opec peers pushed for maintaining January's levels for longer, before the late reveal of new cuts.

Fixed income Alibaba plans to raise up to \$8bn in dollar bonds amid regulatory pressure

HUDSON LOCKETT, RYAN MCMORROW AND MERCEDES RUEHL

Alibaba will tap international debt markets for as much as \$8bn this month in what could be one of China's biggest ever dollar bonds at a time when the company is being squeezed by regulators and rivals.

The Chinese ecommerce group plans to raise at least \$5bn in its issue, according to people familiar with the plans, building on a list of major tech groups including Tencent and Google, which took advantage of record-low interest rates last year to gather billions of dollars.

If demand is strong, the total could be raised to \$8bn, the people said.

Alibaba had \$44bn in cash on its balance sheet at the end of September, much of it held onshore in Chinese renminbi.

The dollar raise will provide more flexibility to invest outside of China and develop its overseas operations, according to one of the people familiar with the plans.

The deal comes at a delicate time for the company founded by billionaire Jack Ma. Its Hong Kong-listed shares

have dropped almost a quarter since November when Chinese authorities suspended the \$37bn stock market listing of sister company Ant, which was also founded by Mr Ma.

He has stepped out of the public spotlight since the dramatic cancellation of what was expected to be the world's biggest initial public offering in 2020.

Regulators also announced an antitrust investigation into Alibaba last



Alibaba faces an investigation into suspected market dominance

month, probing suspected abuse of its market dominance.

China's regulators conducted interviews and collected evidence at Alibaba's base in Hangzhou and lawyers say the potential fine could run as high as 10 per cent of its previous year's sales.

The company announced last month that it would increase the size of its share buyback programme from \$6bn to \$10bn, covering the period until the end of 2022. The programme began in the fourth quarter of last year.

Beyond regulatory issues, Alibaba faces growing competition from Pinduoduo in its core ecommerce business with the upstart online shopping platform amassing 731m annual customers, behind Alibaba's 757m.

Rival Meituan is also carving out a larger share of China's vast food delivery market as it seeks to push out Alibabaowned Ele.me.

Rising inflation expectations, which could push up interest rates and make bond sales less attractive for issuers, have been stoked by the victory in the US of President-elect Joe Biden and Senate gains by Democrats. See Lex

ERIC PLATT - NEW YORK The New York Stock Exchange is to go

ahead with its plan to delist three Chinese telecommunications companies next week after drawing criticism from the US Treasury secretary over its earlier decision to keep the businesses trading on the Big Board.

NYSE said it would drop shares of China Telecom, China Mobile and China Unicom from the exchange on January 11 to comply with an executive order signed by President Donald Trump last year, which prohibits Americans from investing in businesses with ties to the Chinese military.

The decision was based on "new specific guidance" the NYSE received from the Treasury on Tuesday that forbade certain trading in the three Chinese groups, the exchange operator said.

NYSE, owned by Intercontinental Exchange, on New Year's Eve had announced its intention to delist the three groups. Days later, it reversed course, given ambiguity in advice that it had received from the Treasury, according to a person briefed on the decision.

The about-face from NYSE riled hard-

line Republicans, including several within the Trump administration.

NYSE reverses decision on three Chinese

telecoms groups after Treasury pressure

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Steven Mnuchin, the Treasury secretary, phoned NYSE president Stacey Cunningham on Tuesday objecting to the group's decision.

Shortly after NYSE's latest reversal yesterday, the Treasury moved to broaden the number of Chinese-linked entities covered by the executive order,

'A lot of political appointees believe it is their job to push as much anti-China action out before they leave'

warning that Americans could not purchase shares of subsidiaries with names that closely match companies listed in the January 11 order.

The Trump administration in recent weeks has taken a "scorched earth" approach to China, said Scott Flicker, a partner at law firm Paul Hastings.

Mr Trump this week signed an executive order that would ban transactions with Chinese payment applications including Alipay, WeChat Pay and Tencent's QQ Wallet, inflaming tension with Beijing.

"There are a lot of political appointees who believe it is their job to push as much anti-China action out before they leave the building, in part to box in the next administration," Mr Flicker said. "As a practical matter, that won't necessarily happen."

New guidance from Treasury department officials charged with enforcing economic and trade sanctions may add to the chaos that brokers, exchanges and index providers are confronting as they work to adhere to Mr Trump's mandate, Mr Flicker added.

Exchanges will be left to themselves to decide which subsidiaries have names that are "close" enough to the companies named on the executive order.

Mr Trump's initial executive order was hastily written and contained ambiguous language, leaving exchanges and indices to largely interpret the order themselves, lawyers and executives at index providers have said. It was unclear from that initial order if subsidiaries of the named Chinese groups were among the prohibited businesses that US investors were barred from owning.



*

FINANCIAL TIMES

The day in the markets

What you need to know

 US small-cap stocks heading for biggest daily rise in seven months Oil prices at February 2020 highs after Saudi Arabia vows to cut output • Copper climbs to strongest level since 2013 on hopes of green stimulus

Small-cap stocks climbed while tech shares underperformed after a Democratic party win in a key Senate race raised the prospect of a bigger fiscal stimulus that could feed through to economic growth and higher inflation.

The S&P 500 was up 1.1 per cent at lunchtime in New York while the Nasdaq 100, which tracks the largest stocks on the tech-focused index, slid 0.1 per cent. Banks, materials and energy shares led

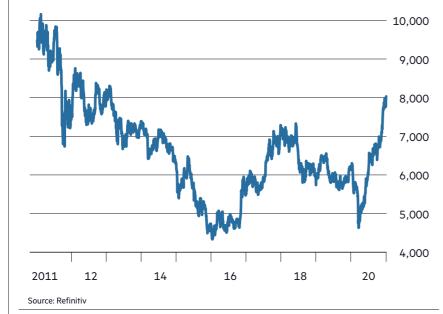
gains on the S&P 500 as investors switched into-unloved "value" sectors.

US government debt sold off sharply, with the yield on the 10-year Treasury climbing 9 basis points to 1.05 per cent, its highest level since March.

The small-cap Russell 2000 index. which has a high weighting of stocks in economically sensitive industries such as manufacturing, rose 4.3 per cent, its biggest daily rise in seven months.

"The market consensus is that Democrat control of both houses means stimulus and infrastructure spending, so in the near term that means more economic growth," said Ben Laidler of Tower Hudson Research. "The stocks that are most driven by this are companies in cyclical industries and small-caps, where earnings have been more depressed."

In a crucial Senate race in Georgia, the Associated Press declared a win for Democratic challenger Raphael Warnock. Copper nears 8-year high on green stimulus hopes \$ per tonne



His fellow Democratic candidate Jon Ossoff clung to a narrow lead, with the New York Times forecasting a more than 95 per cent chance of victory.

The Nasdaq 100 gained almost 48 per cent in 2020, as the pandemic boosted the prospects of tech groups. But tech investors have been wary of a so-called blue sweep because president-elect Joe Biden has campaigned for tougher antitrust rules and taxation for the sector.

"The market is taking a view that we will see more stimulus and this will have to be paid for," said Stefan Keller, asset allocation specialist at investment house Candriam. "The fear is of higher taxes on the most successful companies of 2020, which are the tech giants."

Oil prices rose, with global benchmark Brent crude up 1.6 per cent to \$54.50 a barrel, its highest since February 2020. Prices were boosted after Saudi Arabia pledged to cut output in a deal with fellow producers in the Opec+ group. Copper climbed to its highest level

since 2013, above \$8,000 a tonne. boosted by hopes that Mr Biden's plans for a green stimulus would increase its use in electric vehicles and wind turbines. Naomi Rovnick and Henry Sanderson

Georgia results boost the blue wave trade



uddenly the reflation trade in global markets has been given a big kicker. With the US Senate run-off elections in Georgia close to delivering control of the chamber to Democrats, investors are betting the result will deliver increased spending under President-elect Joe Biden to boost the ailing US and global economies and raise inflation.

That had been the consensus expectation before November's election but uncertainty over the Senate outcome led investors to rein in stimulus hopes even as economic clouds grew darker with the new Covid-19 variant. Now the blue wave bets are back on.

"A sweep for the Democrats will probably lead to additional stimulus measures that would likely boost shortterm economic growth," Steve Chiavarone, portfolio manager at Federated Hermes, said in a note.

The US economy had already been expected to rebound in 2021 with the World Bank forecasting a 3.5 per cent expansion after 3.6 per cent contraction last year.

The Georgia results further bolster the case for owning companies in sectors that can benefit from such growth such as banking, energy and industrials. Higher demand also is expected to boost commodities and emerging

markets. The latter would additionally benefit from a weaker dollar if higher inflation erodes the value of the global reserve currency. And higher inflation might also drive down investor demand for US Treasuries.

"Higher growth could also push longer term interest rates higher something that is good for financials but bad for bonds as well as interest ratesensitive sectors," said Mr Chiavarone. The potentially inflationary consequences of greater government spending have not been ignored by the bond and currency markets in recent months. Expectations of US inflation over the

next decade implied by bond trading had risen beyond 2 per cent this week, a level last visited in 2018.

In turn, the dollar weakness of late has gained momentum. The dollar index was approaching its lowest level in nearly three years yesterday.

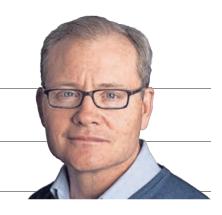
But the big market development is that, for the first time since March, the 10-year Treasury yield, a crucial bench-

'A sweep for the Democrats will probably lead to additional stimulus measures'

mark for financial assets, has risen above 1 per cent. The bond market now expects more sales of debt to fund a hefty fiscal Biden spending package in the coming months that goes well beyond the \$900bn package of support measures passed in December.

Economists at Goldman Sachs say a Democratic Senate majority will seek "additional fiscal stimulus in the near term" in the region of \$600bn or 2.7 per cent of gross domestic product, to be followed by a limited amount of tax increases and spending increases later in the year.

This sets a challenge for the US Federal Reserve. Central bank officials welcome the prospect of higher inflation and have said they are prepared to tolerate a period of core prices running



above their 2 per cent target for a yet to be determined period.

But the Fed is also attuned to the problems created by a long period of slumbering inflation and rock bottom interest rates. Institutional investors have been compelled to pay a premium for faster growing companies - and aggressive retail investors have further fuelled the rally in recent months.

Allowing 10-year yields to rise sharply would run the risk of triggering a big retreat from bonds and tech shares and sparking broader market turmoil.

The likelihood of stronger corporate earnings from improving underlying economic growth will support the prices of equities in general. But that must be weighed against the negative impact of higher rates on expensive tech and growth stocks - the valuation of such stocks can suffer when their future cash flows are discounted by higher rates.

To some extent, this was playing out during early trading in New York yesterday with the Russell 2000 index of small-caps up 4.4 per cent while the tech-heavy Nasdaq was flat.

Ian Lyngen, head of US rates strategy at BMO Capital Markets, said signals from the Fed on how comfortable it is with higher Treasury yields would be critical to the market outlook.

"It's the implied willingness to allow rates to drift higher that will be in question," he said.

For now, both the Fed and investors have some time on their side. But later this year, a stronger economy buoyed by Covid-19 vaccines and hefty government spending will require higher interest rates and indications of far less monetary support from the Fed.

SPECIAL ANNUERS ARY OFFER

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Markets update

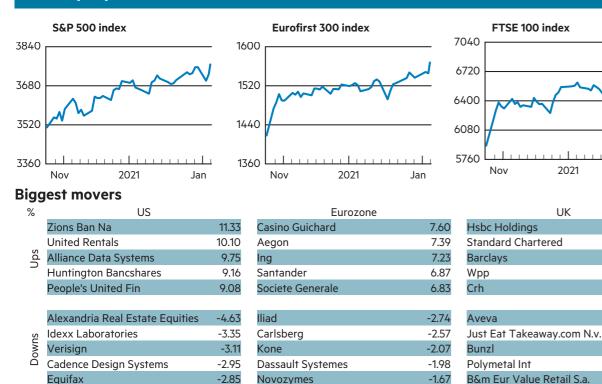
					*)	
	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	3767.43	1567.83	27055.94	6841.86	3550.88	120265.17
% change on day	1.09	1.44	-0.38	3.47	0.63	0.74
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	89.315	1.228	103.390	1.355	6.462	5.336
% change on day	-0.135	0.000	0.584	-0.368	-0.029	0.443
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	1.044	-0.555	0.015	0.243	3.183	6.723
Basis point change on day	8.820	2.300	0.490	3.300	-2.200	9.900
World index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEX)
Level	430.26	54.50	50.70	1940.35	27.51	3528.60
% change on day	0.92	1.79	1.60	-0.15	0.88	1.38

apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullet

Main equity markets



The Banker



Prices taken at 17:00 GMT

Based on the constituents of the FTSE Eurofirst 300 Eurozon

All data provided by Morningstar unless otherwise noted

Wall Street

News of an impending watchdog inquiry sent Nvidia lower. The UK's Competition and Markets Authority yesterday invited companies and organisations to share their views on the Californian group's \$40bn acquisition of UK chip designer Arm from SoftBank.

"We will work closely with other competition authorities around the world to carefully consider the impact of the deal and ensure that it doesn't ultimately result in consumers facing more expensive or lower quality products," said Andrea Coscelli, chief executive of the watchdog.

The CMA plans to begin its formal investigation later this year.

Moderna, the biotech group, rallied after the European Medicines Agency granted approval for its Covid-19 vaccine, paving the way for its rollout across the continent. The EU has ordered 80m doses of the vaccine, with an option to double that amount.

Drug wholesaler AmerisourceBergen climbed after striking a deal to buy the majority of Walgreens Boots Alliance's Alliance Healthcare businesses for about \$6.5bn, comprising \$6.275bn in cash and 2m AmerisourceBergen shares. They also agreed to extend their US distribution agreement by three years until 2029. Walgreens Boots Alliance also rose. Ray Douglas

Eurozone

French bioprosthetic group Carmat rallied after outlining commercial and development plans for its artificial heart.

The device, which will be marketed under the Aeson brand name, represented "a very significant market opportunity with a minimum of 2,000 patients currently on waiting lists for a heart transplant in five major European countries", said the company.

Carmat plans to initially focus on German and French sectors, which account for 55 per cent of the mechanical circulatory support market in the EU. A raised target price from RBC Capital

Markets helped to send Siemens higher. It argued that the German

multinational remained "an attractive transformation story . . . meaning the shares can begin to close their 15 per cent discount to the sector".

Another price upgrade helped to lift Munich Re after Deutsche Bank raised its target for the German reinsurance group while maintaining its "hold" rating.

Bayer climbed after its impact investment arm, Leaps, announced a \$105m Series B financing round to support Senti Biosciences.

Proceeds will be used to fund experimental cell and gene therapies to treat difficult-to-cure cancers, including acute myeloid leukaemia and hepatocellular carcinoma Ray Douglas

London

Greggs rallied after announcing plans to open more stores this year despite reporting a pre-tax loss of up to £15m.

Jan

9.92

9.38

8.27

7.98

7.88

-3.68

-1.76

-0.83

-0.79

-0.67

Nevertheless, the bakery chain said it had "a strong pipeline of new shop opportunities" and expected to open about 100 new stores in 2021.

The Newcastle-based group ended the 2020 financial year with a net cash position of £37m, "having repaid monies due to the Bank of England under our Covid Corporate Financing Facility".

UBS, which reiterated its "buy" rating, said Greggs' cash position suggested the group remained "well positioned for a recovery, whilst trends in delivery and the store rollout are supportive of the future growth opportunity".

Marks and Spencer climbed following reports it was close to buying Jaeger, the upmarket clothing brand that went into administration last November.

Clipper Logistics, the returns management business, rose after reporting "unprecedented levels of activity in its logistics operations in both the UK and continental Europe over the Black Friday and Christmas periods".

During November and December, revenues in Clipper's logistics business were 50 per cent higher than in the same period last year, with strong growth in ecommerce-related activities. Ray Douglas

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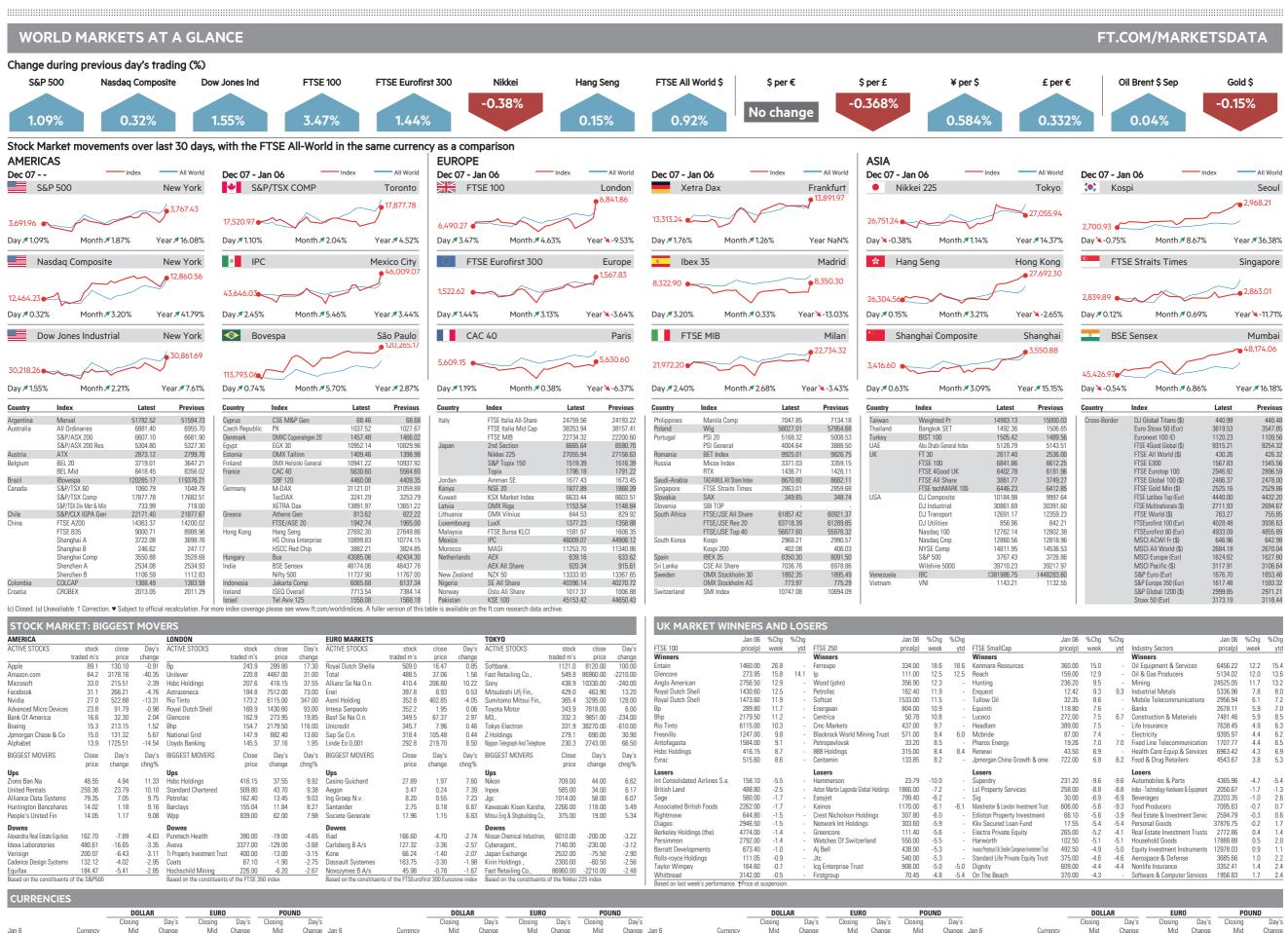
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MARKET DATA



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Jan 6	Currency	Mid	Change	Mid				Currency	Mid	Change	Mid	Change	Mid	Change Jan 6	Currency	Mid	Change	Mid	Change	Mid	Change Jan 6	Currency	Mid	Change	Mid	Change	Mid	Change
Argentina	Argentine Peso	84.9057	0.1117	104.2722	0.1742	115.0562	-0.2221 Indonesia	Indonesian Rupiah	13895.0000	-20.0000	17064.3805	-18.4816	18829.2003	-88.3739 Poland	Polish Zloty	3.6805	-0.0116	4.5200	-0.0126	4.9875	-0.0319Three Month		0.7380	0.0024	0.9061	0.0033	-	-
Australia	Australian Dollar	1.2868	-0.0071	1.5802	-0.0081	1.7437	-0.0153 Israel	Israeli Shekel	3.1871	-0.0169	3.9141	-0.0193	4.3189	-0.0369 Romania	Romanian Leu	3.9663	-0.0010	4.8710	0.0005	5.3748	-0.0188One Year		0.7383	0.0024	0.9057	0.0033	-	-
Bahrain	Bahrainin Dinar	0.3770	-	0.4630	0.0002	0.5109	-0.0017 Japan	Japanese Yen	103.3900	0.6000	126.9726	0.7818	140.1043	0.3605 Russia	Russian Ruble	73.9075	-0.2225	90.7653	-0.2408	100.1525	-0.6279 United States	United States Dollar	-	-	1.2281	0.0004	1.3551	-0.0044
Bolivia	Bolivian Boliviano	6.9100	-	8.4861	0.0030	9.3638	-0.0304 One Month		103.3900	0.5999	126.9727	0.7819	140.1043	0.3604 Saudi Arabia	Saudi Riyal	3.7513	-0.0002	4.6069	0.0014	5.0834	-0.0168One Month		-	-	1.2280	-0.1314	1.3551	-0.0044
Brazil	Brazilian Real	5.3357	0.0235	6.5527	0.0312	7.2304	0.0085Three Month		103.3899	0.5998	126.9728	0.7820	140.1043	0.3603 Singapore	Singapore Dollar	1.3203	0.0020	1.6215	0.0030	1.7891	-0.0032Three Month		-	-	1.2279	-0.1314	1.3552	-0.0044
Canada	Canadian Dollar	1.2699	-0.0037	1.5596	-0.0040	1.7208	-0.0106One Year		103.3895	0.5990	126.9731	0.7827	140.1043	0.3601 South Africa	South African Rand	15.0950	0.0925	18.5381	0.1202	20.4553	0.0593One Year		-	-	1.2270	-0.1314	1.3554	-0.0044
Chile	Chilean Peso	698.3050	-1.3450	857.5841	-1.3459	946.2769	-4.9032 Kenya	Kenyan Shilling	109.5000	0.1000	134.4763	0.1706	148.3840	-0.3462 South Korea	South Korean Won	1085.7000	-1.9500	1333.3417	-1.9192	1471.2380	-7.4314 Venezuela	Venezuelan Bolivar Fuerte	-	-	-	-	-	-
China	Chinese Yuan	6.4615	-0.0019	7.9353	0.0005	8.7560	-0.0310 Kuwait	Kuwaiti Dinar	0.3034	-0.0002	0.3726	-0.0001	0.4111	-0.0016 Sweden	Swedish Krona	8.2060	-0.0017	10.0777	0.0014	11.1200	-0.0385 Vietnam	Vietnamese Dong	23092.0000	-5.5000	28359.2206	3.3774 312	292.1466	-109.1685
Colombia	Colombian Peso	3436.6900	4.0500	4220.5793	6.4759	4657.0784	-9.6256 Malaysia	Malaysian Ringgit	4.0105	-0.0065	4.9253	-0.0062	5.4347	-0.0265 Switzerland	Swiss Franc	0.8814	0.0021	1.0825	0.0030	1.1945	-0.0010 European Union	Euro	0.8143	-0.0003	-	-	1.1034	-0.0040
Costa Rica	Costa Rican Colon	612.6500	-0.1050	752.3917	0.1390	830.2053	-2.8403 Mexico	Mexican Peso	19.7585	-0.1590	24.2653	-0.1866	26.7748	-0.3032 Taiwan	New Taiwan Dollar	27.9765	-0.0015	34.3578	0.0104	37.9111	-0.1252 One Month		0.8142	-0.0003	-	-	1.1034	-0.0040
Czech Republic	Czech Koruna	21.3143	0.0130	26.1759	0.0252	28.8831	-0.0762 New Zealand	New Zealand Dollar	1.3765	-0.0084	1.6904	-0.0097	1.8652	-0.0175 Thailand	Thai Baht	29.8825	-0.0575	36.6985	-0.0575	40.4939	-0.2097Three Month		0.8140	-0.0003	-	-	1.1033	-0.0040
Denmark	Danish Krone	6.0577	-0.0019	7.4395	0.0003	8.2089	-0.0293 Nigeria	Nigerian Naira	395.5000	0.7500	485.7111	1.0937	535.9442	-0.7218 Tunisia	Tunisian Dinar	2.6824	-0.0012	3.2942	-0.0003	3.6349	-0.0134One Year		0.8132	-0.0003	-	-	1.1029	-0.0040
Egypt	Egyptian Pound	15.7013	0.0307	19.2827	0.0446	21.2769	-0.0274 Norway	Norwegian Krone	8.4419	-0.0730	10.3674	-0.0859	11.4397	-0.1363 Turkey	Turkish Lira	7.2904	-0.1011	8.9533	-0.1209	9.8793	-0.1695							
Hans Kana	Hana Kasa Dallas	7 7504	0.0004	0 5040	0.0005	40 5007	0.0040 0.11	0.11.1.10	400.0500		100.0000	0.0704	047 4550	0.7050 11 1 14 15 1		0.0700		4 5440	0.0040	4 0775	0.0400							

-0.3882 358.8533 -0.3488 395.9665 -0.0662 89.7875 -0.0494 99.0734 Hungarian Forint 292.2035 -1.8143 Peru Peruvian Nuevo Sol 3.6276 0.0015 4.4550 0.0035 4.9158 -0.0139 United Kingdom Pound Sterling 0.7379 0.0024 0.9063 0.0033 Hungary Indian Rupee 73.1113 -0.4120 Philippine Philippine Peso 48.0350 -0.0450 58.9915 -0.0342 65.0925 -0.2727 .. One Month 0.7380 0.0024 0.9062 0.0033

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The	exchange rates printed in this table are also available at www.FT.com/marketsdata		
FTSE ACTUARIES SHARE INDICES UK SERIES WWW.ff.com/equities	FT 30 INDEX	FTSE SECTORS: LEADERS & LAGGARDS	FTSE 100 SUMMARY
	FT 30 INDEX Jan 06 Jan 05 Jan 06 Jan 05 Jan 06 Jan 05 Jan 06 Jan 05 Jan 06 Jan 06<	y Year to date percentage changes 0 Lissue Goods 70.45 General Retailers -1.10 Financials -12.9 1 Industrial Metals & 22.8 Household Goods & Ho -1.58 Healt St. Norae -1.37 Mining 15.76 Financial Screeces -4.44 FISE 100 Index -1.37 Basic Matrinia 14.22 Uilities -8.09 Peal Est Invest & Se -1.51 Basic Matrinia 10.46 Berenges -3.33 Telecommunications -1.91 Industrial Grapport Services 10.17 Tearka Ka Ka -1.51 Industrial Carlog Index -20.9 Deport Services 10.17 Technome Services -10.18 Attemporte Services -24.8 Possition Services 10.17 Fiss All(H-7)Nore Total YID Total YID General Services -20.9 Possitial Services 25 100 Fiss All(H-7)Nore Total YID General Services -24.8 -24.2 Possitial Services 25 196.08 34 34 36	FTSE 100 Closing Day's Price Change FTSE 100 Closing Day's Price Change 31 Group PLC 1022 2700 Land Securities Group PLC 278.01 15.50 Adminial Group PLC 1029 270.00 Legal & General Group PLC 278.01 15.50 Actinead Group PLC 15.94 78.00 London Stock Exchange Group PLC 273.16 13.9 Actinead Group PLC 205.01 75.57 27.00 Mont Stock Exchange Group PLC 187.49 48.00 Astracemeen PLC 75.12 72.00 Mont Stock Exchange Group PLC 187.49 48.00 Avast PLC 35.90 2.00 Mont Stock Exchange Group PLC 187.43 18.00 Avast PLC 35.00 0.360 Group PLC 27.85 16.50 55.50 Avast PLC 15.00 1.37.17 12.00 Nature Holdings LTC 77.82 27.40 Back Systems PLC 15.00 1.84.0 Percine Group PLC 27.85 16.00 Persine Marcinan Tobacco PLC 12.92.5 16.00 Persine Marcinan Tob
Non Financials (299) 4628.01 2.78 3989.38 4502.73 4462.82 5013.14 3.32 1.38 21.81 0.00 7828.24 Technology (17) 2076.76 -0.59 1790.19 2089.19 2056.43 2267.44 1.81 0.09 607.35 0.00 2898.12 Software & Computer Services (14) 2229.67 -0.67 1921.99 2244.72 2202.62 2496.58 1.88 -0.15 -361.76 0.00 3292.03	FTSE EDHEC-Risk Efficient All-World 3961 472.46 0.6 2.1 0.1 712.29 0.1 2.1 FTSE EDHEC-Risk Efficient Developed Europe 569 376.90 -0.1 4.2 0.9 628.95 0.9 2.1 Oil & Gas 128 267.37 3.2 1.3 3.6 500.41 3.7 4.9	1 Technology 310 520.07 0.9 -0.1 667.30 0.0 0.1 1 Software & Computer Services 166 834.37 0.5 0.5 -0.7 999.03 -0.7 0.1 9 Technology Hardware & Equipment 144 429.45 1.4 1.4 0.7 588.25 0.7 1.4	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 nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
FTSE 100 6666.87 6657.20 6699.06 6767.14 6772.56 6798.68 6827.21 6841.67 6847.36 6858.97 6641.48 FTSE 250 20819.91 20652.43 20746.91 20928.26 20905.32 20916.24 20966.87 20914.53 20924.72 2097.316 2064.452 FTSE SmallCap 6235.08 6235.44 6223.63 6245.28 6247.09 6254.72 6259.27 6264.77 6200.18 6287.85 6229.67 FTSE All-Share 3777.30 3767.71 3789.53 3826.03 3827.78 3840.04 3852.37 3895.54 3862.23 3763.92 Time of FTSE 100 Day's high:15:52:45 Day's Low08:44:45 FTSE 100 2010/11 High: 6841.86(06/01/2021) Low: 6571.88(04/01/2021) Time of FTSE All-Share Day's high:15:52:00 Day's Low08:45:00 FTSE 100 2010/11 High: 3749.27(05/01/2021) Low: 3724.50(04/01/2021) Time of FTSE All-Share Day's high:15:52:00 Day's Low08:45:00 FTSE 100 2010/11 High: 3749.27(05/01/2021) Low: 3724.50(04/01/2021) Further information is available on http://www.ftse.com © FTSE International Limited under licence. 1 Sector P/E ratios greater than 80 are not shown. For changes to FTSE Hedgling Index constituents please refer to www.ftse.com/indexchanges.	mid cap) - please see www. fise com/geis. The trade names Fundamental Index® and RAFI® are registered (US Patent Nos. 7,620,577; 7,77,502; 7,778,905; 7,792, 719; Patent Pending Publ. Nos. US-2006-0149645-A1 W0 2008/118372, EPN 173352, and HK1099110). "EDHEC™ is a trade mark of EDHEC business School A	FTSE Global Large Cap 1731 652.19 0.6 0.6 0.1 1035.48 0.1 1.1 FTSE Global All Cap Indices (large/mid/small cap) as well as the enhanced FTSE All-World index Series (large/ ed trademarks and the patented and patent-pending proprietary intellectual property of Research Affiliates, LIC AI, US-2007-0055598-A1, US-2008-0288416-A1, US-2010-0063942-A1, WO 2005/076812, WO 2007/07839-A2 As of January 2nd 2006, FTSE is basing its sector indices on the Industrial Classification Benchmark - please se © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange	Data provided by Morningstar www.morningstar.co.uk
Amount Latest Issue paid renun. closing price up date High Low Stock Price p +or- There are currently no rights offers by any companies listed on the LSE.	UK COMPANY RESULTS Company Turnover Pre-tax Egdon Resources Pre 0.964 2.197 4.748L 1.717L 1.530	30L 0.640L 0.00000 0.00000 - 0.000 0.000 date price(p) Sector 12/30 0.10 12/29 38.00 AIM 12/29 38.00 AIM 12/24 3.00 12/23 10.00 12/22 1.00 12/22 1.00 12/22 1.00 12/22 100.00	ISSUES Stock Mkt code Mkt Code Mkt WCAT Wildcat Petroleum PLC 0.68 0.28 0.75 0.20 Tézde WCAT Wildcat Petroleum PLC 0.68 0.28 0.75 0.20 Tézde WCAT Wildcat Petroleum PLC 3.95 0.25 0.15 3.35 318.4 One Heritage Group PLC 1.25 0.20 1.28.9 Group PLC 1.02 0.00 1.03 10.00 10.00 10.25 0.25 0.10 10.00 10.20 10.20 10.20 10.20 10.20 10.20 10.20 10.20 10.20 10.20

	Amount	Latest				
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price	up	date	High	Low	Stock	Price p

Figures in £m. Earnings shown basic. Figures in light text are for correspond nding period year earlie AIM AIM AIM ABDX IIG HE1 SBO

38.00 3.00 10.00 1.00 100.00 96.00 20.00 2.84 100.00

Abingdon Health PLC Intuitive Investments Group PLC Helium One Global Ltd Schroder British Opportunities Trust PLC 95.00 23.70 8.10 101.30

0.25 0.00 0.00 2.50 1.20 0.58 -0.30

109.93 23.70 8.90 103.00

38.50 3.35 11.43 1.00 100.00 91.00 21.70 3.75 97.50

1620.0 1661.1 318.4 367.5 126.9 7762.5 9091.4 957.9

4024.8 7597.5

12/29 12/24 12/23 12/22 12/22 12/15 12/15 12/14 12/04 12/01

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MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

FT500: THE WORLD'S LARGE	ST CO	MPANIES						
52 Week Stock Price Day Chg High Low Yld P/E MCap m	Stock	Price Day Chg High Low Yld P/E MCap m	Stock	52 Week Price Day Chg High Low YId P/E MCap m	52 Week Stock Price Day Chg High Low Yld P/E MCap m	Stock Price Day Chg	52 Week High Low Yld P/E MCap m	52 Week Stock Price Day Chg High Low Yld P/E MCap m
Image: state state Image: state state state Image: state	Finland (E) Nokia SampoA France (C) Airbus Grpe Airliquide AXA BNP Parib Christand Christand Engie SA EssilorLwattic Hermes Intl LOreal LVMH Orange PernodRic Renault Sant Gbn Schneider Schneider SFR Group SocGen Total UnibailR Vinci Vivenii Schneider SFR Group SASF Bayer BMW Continental Daimler Deut Bank Deut Tilkm Deut Bank Deut Tilkm Deut Bank MuenchRkv Siemens Volkswqn Grite Ltd Chidsmark BOC Hold Ch OSLndℑ Chold Ch OSLndℑ	3.21 0.04 4.35 2.08 - 24.09 22249.46 33.93 -0.30 42.46 21.34 4.44 15.57 23082.86 90.17 0.34 139.40 48.12 - -11.28 8683.451 135.30 0.30 144.45 94.82 70.82.28 78695.39 20.26 0.83 25.52 1.17 4.6514.26 7.18 87695.39 428.00 4.80.01 4.80.01 7.81 38219.59 55.06 0.42 13.80 5.70 - 7.81 38219.59 55.06 0.48 75.16 46.03 - -27.048 69278.72 268.00 0.30 271.40 196.00 1.25 5.327 12355.46 308.80 0.30 271.01 112.25 2.42 121.34 4254.42 10.09 0.17 13.55 2.25 17.10 12.65 3.35 12.55.46 30.80 0.30 271.27 - 1	Japan (¥) AsteliasPh Bridgestne Canon Crt.JpRwy Fanuc FastRetail Fuji Hvy Ind Hitachi HondaMtr JapanTob KDDI KDDI KDDI KDDI KDDI KDDI KDDI KDD	1592.5 16.00 1987 0.00 2.64 20.63 2867.6 81 3363 22.00 4082 2861.5 3.97 29.37 2231.6.87 114160 270.00 22570 0.00 1.02 100.87 2231.37 6550 22.00 6219 0.00 2.84 245.7 46107.62 6542 21.00 10040 0.00 2.84 245.7 46107.62 6650 22.00 6219 0.00 2.51 25.52 3822.36 6650 2945 1671.5 2.77 14.33 1542.22 4044 -1.00 4833 0.00 2.51 25.52 3822.30 25790-1190.00 5909 2.07 7.15 16.13 3840.22 483.9 3.33 322.274.38 1566.5 5.00 1538 2.14 15.82 2.40 15.83 3.33 32.53.05 2108 5.00 1538 2.14 18.86 60.40.92	Sweden (SK) AutosCoci6 373.30 -0.90 393.30 223.20 169 321.11 119052-95 H& M 170.00 -0.20 21.43 98.75 30396 Investor 600.20 -9.80 61.400 3701 298.64 3307.74 Nordea Bk 66.65 -0.35 67.73 48.00 -11.76 2387.11 Swedbank 143.54 -0.22 162.71 93.14 -10.018 19453.11 Swedbank 143.16 -0.12 182.17 93.14 -10.10.197.163.23 197.65.31 Vivov 200.00 3.00 207.99 95.00 -52.21 3873.51.6 Switzerland (Sr) Autor 121.8 0.64 13.81 157.92 23.03.22.81.63.1 Novartis 82.75 -0.03 95.38 65.00 24.17.33.23.23.81.65.7 93.03.87.65 Novartis 83.49 11.04 42.97 42.97.5 30.33.87.95.7 30.33.87.95.7 53.33 13.87.24154.03 33.93.97.5	AT&T 29.82 0.56 3.5 AutomData 168.54 0.05 14 Avago Tech 431.55 3.45 44 BakerHu 22.08 0.09 32 Barter 80.33 0.204 32 Barter 80.33 0.204 32 BertonDick 252.235 1.32 22 BertshHat 348017.01 6197.01 35 Boeing 213.15 2.43 34 Boeing 213.15 2.43 34 Boeing 213.15 2.43 34 Boeing 213.15 4.41 52 4 CargOne 106.50 6.36 10 Caranial 2.04 11 11 Charlos 2.90 -13.59 6 Charlos 2.90 13.51 1.52 <td>J 1</td> <td>Lowes 163.85 2.93 180.67 60.00 1.44 22.02 120052.98 Lyondell 95.80 3.46 96.92 33.71 4.60 25.75 31989.45 40 32.07 4.83 28010.51 Marsh5M 113.26 0.54 120.97 74.34 1.69 27.15 57.444.4 MasterCard 14.305 0.55 67.25 1999 0.46 50.43 48010.79 McDonald's 210.81 -0.67 23191 124.23 2.49 30.71 157076.86 McKesson 181.71 6.11 187.67 112.00 0.95 13.47 29176.16 McKrosot 181.71 6.11 187.67 112.00 0.95 13.47 29176.16 McKrosot 210.51 -2.39 22.26 122.52 0.99 33.16152305.71 90.45 220970.03 Metilife 49.48 2.83 52.82 22.85 3.81 7.69 44529.45 Mcrosot 216.51 -2.39 22.26 122.52 0.99 33.16152305.71 90.45 22477.00 master 216.51 -2.39 22.26 122.52 0.99 33.16152305.71 Morsanto</td>	J 1	Lowes 163.85 2.93 180.67 60.00 1.44 22.02 120052.98 Lyondell 95.80 3.46 96.92 33.71 4.60 25.75 31989.45 40 32.07 4.83 28010.51 Marsh5M 113.26 0.54 120.97 74.34 1.69 27.15 57.444.4 MasterCard 14.305 0.55 67.25 1999 0.46 50.43 48010.79 McDonald's 210.81 -0.67 23191 124.23 2.49 30.71 157076.86 McKesson 181.71 6.11 187.67 112.00 0.95 13.47 29176.16 McKrosot 181.71 6.11 187.67 112.00 0.95 13.47 29176.16 McKrosot 210.51 -2.39 22.26 122.52 0.99 33.16152305.71 90.45 220970.03 Metilife 49.48 2.83 52.82 22.85 3.81 7.69 44529.45 Mcrosot 216.51 -2.39 22.26 122.52 0.99 33.16152305.71 90.45 22477.00 master 216.51 -2.39 22.26 122.52 0.99 33.16152305.71 Morsanto
Close Prev Day	W	eek Month Cla	ose Prev	Day Week Month		Day's Mth's Spread		Day's Mth's Spread

FT 500: TOP 20	FT 500: BOTTOM 20	BONDS: HIGH YIELD & EMERGING MARKET	BONDS: GLOBAL INVESTMENT GRADE
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ARTS

Boxing history yields heavyweight drama



he 1964 title fight in which Cassius Clay defeated Sonny Liston was the kind boxing lives for -a hotshot young pretender, the odds spun upside down, a new era in six rounds. Yet in One Night in Miami, this is just the prelude. A different heavyweight drama awaits. The date is February 25; the new champ will soon change his name to Muhammad Ali. Tonight, however, as played by Eli Goree, he arrives alone at his victory party, thrown in a motel room by spiritual adviser Malcolm X (Kingsley Ben-Adir). The celebration will also include soul grandee Sam Cooke (Leslie Odom Jr) and American football star Jim Brown (Aldis Hodge). "You mean no one else is coming?" Brown asks, nonplussed. He assumed there might be women guests. Such is the risk when your real host is a screenwriter, laying claim to your evening half a century later.

Between then and now, in 1985, filmmaker Nicolas Roeg adapted the stage play Insignificance, bringing together Marilyn Monroe, Joe DiMaggio, Albert Einstein and Joseph McCarthy in a New York hotel suite. It was a cinematic parlour game, a whimsical "what if". Now, director Regina King riffs again on imagined conversations between historical giants, directing a script reworked by playwright Kemp Powers from his own source material. But this counterfactual is not so contrary to the facts. The principals were actual friends; Clay really did join Malcolm at Miami's Hampton House Motel to celebrate his triumph. The record even extends to the champion's taste in post-fight indulgence, referenced here when Malcolm insists his faith won't stop him showing his guests a good time. He duly produces two tubs of ice cream. (Both vanilla.)



One Night in Miami Regina King **★★★★☆**

Pieces of a Woman Kornel Mundruczo *****

Robin's Wish Tylor Norwood *****

Ham on Rye Tyler Taormina *****

Here in 2021, the film speaks to progress in the film industry at least. Even in the recent past, it is easy to imagine King being invited by producers (if they hired a black woman director at all) to discreetly take aim at an audience unfamiliar with the landmarks of the civil rights era.

Now, when these black American icons talk among themselves, they do not have to spend their night explaining to each other that segregation is an evil. Instead, the film gets to the nub of what it feels like to succeed in a system rigged against you. The four-sided back-andforths simmer with admissions of inner conflict. Outer conflict too. King draws out the friction between Cooke and Malcolm, the seemingly apolitical Mr Soul



and the minister from the streets. The action bristles. The cast are on point.

The script doesn't always make life easy for King. The focus on Cooke and Malcolm is understandable. (Each would be dead inside a year.) Yet by comparison Brown and – more glar-

Above: Kingsley Ben-Adir (with camera) as Malcolm X; at the bar, from right, Aldis Hodge (Sam Cooke), Eli Goree (Cassius Clay) and Leslie Odom Jr (Jim Brown). Left: Vanessa Kirby in 'Pieces of a

Woman' - Patti Perret

received a diagnosis while alive - so his decline seemed to him an unknowable curse. The symptoms were many and bleak, but for a man whose trademark had been synaptic firework displays of free association, the blank spaces he met even memorising lines were especially horrifying. Director Tylor Norwood's film is modestly scaled, a loving correction of the record rather than attempted biography.

Yet it tells us more about Williams than the anguished fact of his illness. Clear too is that for all the decline of his career, he had been content before his body betrayed him, idyllically married, doing improv nights in his everyday hometown. The message is gently repeated. Look beyond the headline. On digital platforms now

We have seen it all before in the skewed teen movie **Ham on Rye**. That much is the point, director Tyler Taormina's witty debut a wilful scramble of nostalgia trips. A million high school misadventures are grist for a stylised romp that plays like an installation or immersive theatre, American suburbia beyond familiar, pared back to the symbolic. A bunch of nerdish fellows tramp the sidewalks, earnestly discussing the merits of "porking". The girls they pine for pass through nearby woodland in floaty white dresses like tribute acts to The Virgin Suicides. Hard rock dudes cruise by in a battered station wagon. For now the nature of the rites of passage they are all en route to remains obscure. Prom? Graduation? Child sacrifice? Whatever it is, it means the world to their parents. Don't mess it up, a previously affable father screams at his son. The weirdness only heightens when they get there, in a film that resembles the American Pie franchise as reimagined by conceptual artist Matthew Barney. Later, the dreamlike sunshine will darken. Enter another set of archetypes - older kids now, skulking outside allnight pharmacies. Better to be coming of age than to get there, Taormina suggests, here in a town where the tropes took over. On Mubi in the UK from January 11

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ingly - Clay/Ali are left as sketches. Still, King deftly navigates another pitfall, a set-up of four men in a single room that might have been designed to read as filmed theatre. A virtue is made of the confined space, the result a masterclass of group dynamics, mirroring a time when even the most famous black American might move freely in here but not over there. The result is a celebration with jagged edges, history alive with contemporary echoes. "A Change Is Gonna Come", Cooke sings. This bright, insightful film lets us decide for ourselves how much is unarrived. On Amazon Prime from January 15

Vanessa Kirby and Shia LaBeouf star in the hectic melodrama Pieces of a Woman, a film so filled with their performances as to reduce all else to second billing. Prepare for mixed feelings. As a study of the black hole of loss - specifically, the loss of a baby - the movie has moments that are almost overwhelming. The trouble is, there are other moments. Many other moments.

Kirby is Martha, one half of a blissedout young Boston couple. We meet her as she departs her job (generic highflyer) on maternity leave. Her bump is huge; a plastic baby adorns the cake. Her partner is Sean, a garrulous construction worker played by LaBeouf. "Martha's fine," he tells a co-worker. "She's always fine." The pair head home in their pristine new people carrier. Sean unwraps the picture frame bought for baby photographs. Never introduce a gun in your first act, Chekhov said, unless it is to be fired later. For now you can barely hear over director Kornel Mundruczo loading bullets. Yet the leads are good enough to distract you, LaBeouf and Kirby each abuzz with optimism. (Although the presence of LaBeouf onscreen brings its own complications, the actor now formally accused of abusive behaviour towards an ex-partner, singer FKA Twigs.)

Kirby is better yet in the raw, extraordinary centrepiece of the film, a near verité home birth played out over 24 traumatic minutes. You may soon recall the medical truism that new mothers are hard-wired to forget the experience of labour, or else they would never do it again. By the end, everyone on set must have been left emotionally tattered, the actress most of all. The scene climbs to the highest diving board. It demands the rest of the film is equal to it.

It is not. Martha is soon a portrait of disconnection, frozen in place - but the movie careers down one soapy tangent after another. There is family intrigue, adultery, dementia, memories of the just a pretext for the overboiled spaghetti of a plot. Finally, even the acting feels hokey by association. Bad news for a film involving this much of it. Should we be moved? Or merely *impressed*? On Netflix now

Holocaust. Most confused of all is a legal

case against the couple's midwife,

wheeled in and out of the story like a

hostess trolley. The effect is maddening.

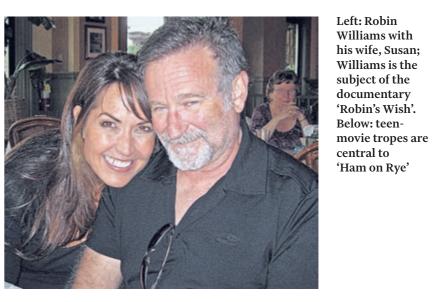
The film ends up the wrong way round

– as if the mournful energy created by

Mundruczo and writer Kata Weber were

The more irresistible the cliché, the less we should trust it. Such turns out to be the lesson left by Robin Williams, so singularly gifted, such a tireless presence in the movies of the 1980s, '90s and beyond. After he had committed suicide at his northern California home in 2014, coverage of his death wrote itself. Here had stood a unique comic actor, once world-conquering but lately not so much, prone to depression and addiction with - the media dutifully reported - money problems too. Tragic but selfexplanatory. The snag, as set out in the sad, compassionate documentary Robin's Wish, is that this barely explained his death at all.

Instead, Williams was felled by the cruelly degenerative Lewy body dementia. Crueller yet was that he never





13

FT BIG READ. UK SOCIETY

Anger among black Britons over discriminatory tactics and the use of excessive force has risen in the past year. Some police forces are aware of the need to change tactics to regain the trust of communities. By Robert Wright

eomi Bennett is one of black Britain's success stories. For almost three decades a nurse in the UK's NHS, Ms Bennett is also an entrepre-

neur, having established a successful company to market a surgical stocking she invented. In 2018, she was awarded the British Empire Medal - reserved for those who make a substantial contribution to civil or military service.

Yet for Ms Bennett an incident in April 2019 near her south London home has, she says, overshadowed her success. When a police officer, without warning, tried to pull open the door of her parked car to search it, Ms Bennett says she panicked, thinking she was being robbed, and refused to move. She was dragged from the car, handcuffed and held overnight before being charged and convicted of obstructing a police officer. The search had been instigated, Ms Bennett was told, because the tint on her car windows was too dark. The conviction was overturned in May last year when the prosecution declined to offer any evidence at her appeal.

The incident is one of a number allegedly involving excessive force that has renewed attention on police tactics towards the country's black population - the almost 2m people who for the last census in 2011 described themselves as being of African or African-Caribbean heritage.

Neomi Bennett, stopped in her car in 2019, says she had 'no idea of the extent of the racism within the police'

The police watchdog for England and Wales - the Independent Office for Police Conduct – in July began looking more closely at the disproportionate use of force and stop-and-search towards minority communities. The organisation has published a number of reports critical of the handling of individual stop and searches by officers, mainly involving London's Metropolitan Police.

The rise in reported incidents has been linked to the first national coronavirus lockdown between March and July last year. The Metropolitan Police conducted 43,000 stop and search operations in London in May alone, double the number just 12 months earlier. Black people were disproportionately targeted. According to the force's own published data, black people were 3.7 times more likely than their white counterparts to be stopped and searched in the year to the end of November 2020. For May, the figure rose to 4.25 times. "I had no idea of the extent of the racism within the police service until that happened to me," says Ms Bennett, who had previously supported the police. Ms Bennett, who says she plans to seek either compensation or a formal apology from the police but has not yet lodged a formal claim, says she is particularly worried about her two adult sons. "If they get stopped by the wrong police officer, it's potentially not going to go down very well," she adds. The issues are longstanding and well known. It is 21 years since an official report found the Metropolitan Police "institutionally racist". For senior police officers in the UK faced with a growing lack of trust, the question is whether they can do anything now to restore it. Dave Thompson, chief constable of West Midlands Police, England's thirdlargest force, says his officers had a "rude awakening" last summer when confronted by large Black Lives Matter protests sparked by the police killing of George Floyd, a black man, in the US city of Minneapolis. There were BLM demonstrations across the UK, and among the grievances raised was heavy-handed policing along with the Windrush scandal which had stripped some Commonwealth citizens of their right to remain in the UK. "I think we have to keep working with communities as to what is the right solution," Mr Thompson says of the use of stop-and-search and other discretionary powers. "We have to be careful how we use our discretions."



The need to reset race relations



'Every time

stopped, I've

underlying

disdain . . .

It's that bias

facing every

that we're

day in all

walks of

society'

Mentivity

Sayce Holmes-

Lewis, founder,

I've been

felt that

Holmes-Lewis's version of events. Of African-Caribbean heritage and a lifelong resident of south-east London, the 38-year-old says he has been stopped by police more than 30 times.

"Every time I've been stopped, I've felt that underlying disdain," Mr Holmes-Lewis says of officers' attitudes.

and legal academic specialising in police abuse cases, the roots of the current distrust are linked to the "pushback" from police forces, triggered by the 1999 MacPherson Report which found that the Metropolitan Police was "institutionally racist".

The report followed a critical inquiry

'[It's the] same questions, [the] same issues. That leads me to

institutions

Leslie Thomas

'We were out

policing on

and there's a

community

would like to

James Weston,

commander in

Met Police

Croydon

we don't

whole

this year that his officers understood relatively little about the communities they were meant to be policing. Around 24 per cent of the borough's population is black. "We were out policing on the streets and there's a whole community there that we don't understand as well as we would like to," he says.

Growing confidence gap

In London – home to more than half the UK's black population - the number of black people saying the police were doing a good job fell 9 percentage points in the year to September to 49 per cent, according to the Public Attitudes Survey by the Mayor's Office for Policing and Crime. For Londoners as a whole, the figure fell 1 percentage point to 57 per cent in the same period.

Lee Jasper, who from 2004 to 2008 offered policing advice to then London mayor Ken Livingstone calls the drop in black communities' confidence in the police "catastrophic" and says the effects are likely to become more obvious.

"There's a lag issue between the experience and beliefs of the AfricanCaribbean community and the extent to which wider society becomes aware that there's an issue," Mr Jasper says.

Simon Rotherham, a superintendent in the Metropolitan Police specialising in stop and search policy, says he does not know what is driving the falls in public confidence. But he acknowledges there is "obviously anger out there from the black community".

"There's a real feeling that the police aren't listening," he says.

Supt Rotherham nevertheless insists the right to carry out searches remains a "vital power". The police frequently cite the importance of stop-and-search in detecting weapons used in street killings, of which black men are disproportionately victims. Black people accounted for 45 per cent of the 93 victims of murder and manslaughter in London in 2020. The link is dismissed by campaigners, however, who say such levels have fallen despite recent years' reduction in the levels of stop-andsearch activity.

"We absolutely believe it does protect Londoners," Supt Rotherham says. "It takes weapons off the street and protects London from violent crime and acquisitive crime."

Stop and search in lockdown

Sayce Holmes-Lewis was just 14 when an officer assaulted him as he went home from school with his friends, an incident that led his family first to seek action against the police and then prompted an effort by the police to charge him. That charge was thrown out after CCTV evidence supported Mr

Yet Mr Holmes-Lewis, who in 2016 cofounded Mentivity, an organisation that provides mentoring to young people, says the peculiar dynamics of the lockdown increased tensions. He attributes the disproportionate stopping of black people in the period to the fact they tend to be over-represented in areas such as healthcare or transport - jobs that required them to leave their homes.

"We were more present on the street," he says. "[It] made it easier for them to target us.'

Supt Rotherham justifies the Met's practices, insisting that the "positive outcome rate" - the proportion of stop and searches that result in an arrest or other enforcement action - is broadly similar for different ethnic groups. That, he says, suggests officers are targeting searches according to evidence of crime, rather than ethnicity.

Yet, the positive outcome rate for searches of black people is consistently slightly lower than for white counterparts - it was 22.1 per cent in November, against 23.7 per cent for white people. Excluding the effects of searches for drugs and psychoactive substances, just 14.6 per cent of searches of black people led to a positive outcome in May, against 19.3 per cent for white people.

Mr Holmes-Lewis, who argues that many police attitudes towards black people are consciously, rather than just unconsciously, biased, was stopped in his car on May 5 as he distributed meals to people during lockdown. The stop led to no further action.

"I told the officers, 'You understand I do a lot of work in the community?" Mr Holmes-Lewis says. "But that was disregarded. I heard them speaking to each other: 'Look at his car - what does he expect? Look at what he's wearing.' It's that bias that we're facing every day in all walks of society."

For Leslie Thomas, a black barrister

White British

70

80

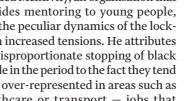
FT graphic

Public perceptions of the police in

50

60

the UK capital



into the Metropolitan Police's bungled investigation into the racially motivated murder of Stephen Lawrence, a black teenager, in south-east London in 1993.

"It was seen as political correctness and so it got to the stage where suggesting something was 'institutionally racist' was just political correctness talk," Prof Thomas says.

He expresses particular indignation that, when asked by MPs in July, if her force was still institutionally racist, Cressida Dick, commissioner of the Metropolitan Police, said it was not a "massive systemic issue".

"To have the head of an organisation take a position like that given the statistics and given the difference in the treat-



ment of people of colour and in particular young black people, I think is shocking and shameful," says Prof Thomas.

the streets The challenge, according to many police officers and campaigners, is for forces to find ways to restore the trust of black communities. A "community policing" approach - as opposed to an inflexible, centralised approach – was there that first recommended as a way to relieve tensions between black communities and the police in the 1981 Scarman understand report into riots - in cities such as London, Birmingham and Liverpool as well as we sparked by harsh police tactics over the previous two years.

Mr Thompson, in the West Midlands force, blames the erosion of trust partly on the sharp declines in police staffing and funding during the last decade of "austerity" spending cuts. He contrasts the conditions he faces today with his 20 years with Greater Manchester Police to 2010, when he was able to spare officers to explain police tactics and listen to community concerns in return.

"I couldn't find the time to take that many officers offline," he says. "We've had to go back to some stuff that I think got squeezed out."

James Weston, the Metropolitan Police commander for the violence suppression unit for the south London borough of Croydon, says he realised earlier

The most severe consequence of that believe that incomprehension is the tendency to use excessive force when restraining black the problem people, especially men. has to be Prof Thomas says that over 30 years one of

he has appeared in multiple court cases and inquests involving black men who were restrained by police in ways that stopped them breathing. Most recently he represented the family of Kevin Clarke, 35, who died in 2018. An inquest in October concluded that the Metropolitan Police's use of inappropriate force in restraining Mr Clarke, who had schizophrenia and was suffering a psychotic episode, contributed to his death.

"[It's the] same questions, [the] same issues," Prof Thomas says of the similarities between the multiple cases where he has been involved. "That leads me to believe that the problem has to be one of institutions."

Mr Thompson says use of force questions are a "bigger issue" than stop-andsearch in his region. He believes mutual misunderstanding and mistrust lead the police and black communities to react in unhelpful ways. "I think there's a case to ask, 'Do the community expect trouble and respond in a way that's tricky and do the police go in expecting trouble in that space?" he asks.

'They're learning'

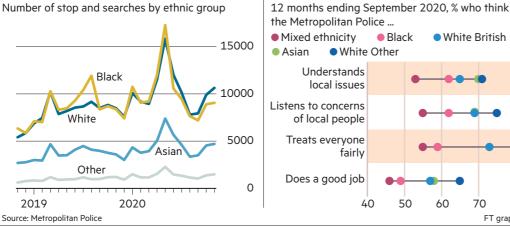
Insp Weston in May this year held an informal meeting with leaders of Croydon's black community. It has now become a weekly event, attended by up to 50, mainly black people from a range of organisations. Mr Holmes-Lewis who has started offering training for police officers based on his experience - regularly attends.

Standing outside the community group offices that host the meeting, Insp Weston says his officers have learnt to start conversations with groups of youths rather than immediately start assuming they need to search them for knives. "We're not immediately putting a tension in there," he adds.

Anthony King, a comedian and speaker who regularly attends the meetings, guardedly endorses the idea that the borough shows the potential for a new effort to end mutual suspicion. But substantial distrust remains. He reports that one black man, seeing him walking with two police officers, asked him bitterly, "So, you're one of them now?"

Yet he believes that the borough's experience shows the potential for a wider reset of relations between police forces and the UK's black communities. "I think they're learning," Mr King says. "I think there's a lot of work to be done but everybody is doing their part."

Black Londoners are still disproportionately targeted by officers Number of stop and searches by ethnic group





FINANCIAL TIMES 'Without fear and without favour'

THURSDAY 7 JANUARY 2021

Georgia's harsh lesson for the Republican party

The US Senate run-offs have shown the electoral cost of Trumpism

The US Democrats are likely to control both Capitol Hill and the White House for the first time in a decade. It is a measure of the importance of Tuesday's Senate elections in Georgia that this is only the second most historic fact about them. A former Jim Crow state, a founding member of the Confederacy, has returned its first black senator and, if the remaining votes match expectations, its first Jewish one too. The hoary trope about a New South has never rung truer. After a year of racial strife, the results are no less momentous for the wider US.

14

Raphael Warnock and — pending confirmation — Jon Ossoff only bring the Democrats level with the Republicans in the Senate. It is with the clinching vote of Kamala Harris, the vicepresident-elect, that Joe Biden can now expect to steer at least some of his planned reforms through Congress. He will have to prioritise measures against the pandemic and its economic effects when he is sworn in as president this month. Unified government, for the Democrats at any rate, has tended to be fleeting since the 1960s.

How to husband a slim advantage is at least a pleasant problem to have. For Republicans, these election results are unambiguously dismal. Georgia has been "their" state for a generation. Both of their Senate candidates were incumbents. Since Mr Biden's win, they have had two months to warn against a Democratic trifecta in Washington.

To lose in these conditions says much about the other side's vaunted turnout machine. It says even more about the recent comportment of the Republican party itself. President Donald Trump's anti-democratic chicanery will not overturn his defeat to Mr Biden. But it Mr Trump's "actions since November 3". These have encompassed sham litigation in several states, an improper phone call to a Georgian official, and the pro-Trump march that took place in Washington yesterday. As hard as it is to assign cause and effect, this quest to stop a non-existent "steal" failed to mobilise enough Republicans in at least one race on Tuesday.

Ideally, the GOP would renounce the president's behaviour in principle. With honourable exceptions, though, this is a party whose moral epiphany never seems to come. Kelly Loeffler, who lost to Mr Warnock, was among the senators who planned to challenge the certification yesterday of Mr Biden's win. Such reckless gameplaying will be no great loss to an august legislature.

And so, failing the moral entreaties, it is left to appeal to Republican selfinterest. As well as a contest between individual politicians, the Georgia runoffs were the first tangible public reaction to Mr Trump's post-defeat behaviour. The findings hardly suggest an appetite for more. The president appears to be leaving his party with less institutional power than it wielded before him. Throw in Mr Biden's win in Arizona, and there are cracks in the sunbelt that is, or was, a conservative dominion. Georgia is confirming what the presidential election and the previous midterms implied: as much as the outgoing president rouses his base, it is not a plurality of the electorate.

Assuming that Mr Ossoff wins, Mr Biden can now command the federal government. He can certainly expect to get most of his nominations to the executive approved. The president-elect's horizons will have expanded over-

Letters

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Crisis in US democracy is a long-term malaise

Your leader ("A moment of danger for US democracy", FT View, January 5) was wrongly titled.

The danger is not momentary. It is long-term. And the crucial question is whether a system of government created by the best minds of the 18th century can withstand the rigours and demands of the 21st.

Checks and balances, the constitutional foundation for this republic, only work when at least one of three conditions exist. First, one

Biden needs to reset EU ties to avoid 'Thucydides trap'

The arguments made by Gideon Rachman in his article "Europe has handed China a strategic win", (Opinion, January 5) are logical but incomplete. Every great economic power "demonstrates its willingness to use its economic power as a strategic weapon", and a dominant power does so absolutely.

Under Donald Trump, the US has been falling into the Thucydides trap by trying to counteract the economic emergence of China through inconsistent trade unilateralism, without consultation with its European allies. While Brexit has weakened it economically, Britian's departure has already provided a fillip for deeper EU integration.

If Joe Biden wants to reverse his predecessor's unfriendly approach to the EU, the US must reset its policy with a new spirit, where unilateral economic and political initiatives are co-ordinated with the EU, and the other way round, because it takes two to tango. **Corrado Pirzio-Biroli**

Brussels, Belgium

How to save the

monetary system

Mark Dowding in his article "We need to think about debt cancellation" (Opinion, January 5) adopts the same logic that the French Treasury did when issuing *achats* or currency backed by church estates in a "one-off emergency response" that was a failed precursor to the gold standard. The logic then was broadly "because they could, and it sounded like a good idea at the time". After three attempts at this there ensued the French Revolution. The populace sensed desperation, and public confidence in the monetary system was lost. party has veto-proof majorities on both ends of Pennsylvania Avenue — in the White House and Congress.

Second, a crisis such as Pearl Harbor rallies the nation and closes seemingly intractable political divides, in that case between war and peace.

And third, sufficient civility and compromise are present to resolve deeply held differences. None of these conditions exist. And if

a pandemic is not a sufficiently powerful enough crisis to bring a

BANX

nation together, it is not only public health that is at grave risk.

Donald Trump was not the cause of the current state of failed government. But the president and his followers were surely accelerants.

The challenge for President-elect Joe Biden is to lead a nation never so far apart as since 1860. And that is not a momentary matter.

Harlan Ullman

Senior Adviser, The Atlantic Council Washington, DC, US

Hong Kong's pandemic response defies stereotype

In Frank Boll's letter ("Taiwan has shown the way in the fight against Covid-19", January 5) he is right to praise Taiwan's experience but he mischaracterises the common strand of these "Asian capitalistic and free market democracies" as being their collectivist spirit that "stands for group loyalty and obedience to superiors".

Hong Kong is not a democracy and Hongkongers certainly have not distinguished themselves by their "obedience to superiors" in 2019-2020. Yet, they have displayed an ability to take collective action that should be the envy of the world. It was Hong Kong's society that acted early and decisively to combat the virus, at times in defiance of public authorities.

Already in January 2020, for example, Hongkongers were masking up in all public places, while the wearing of face coverings in public was still banned by law.

The mask ban had been decreed by the government in response to the 2019 protest movement — it is actually still in place, now alongside a regulation that makes mask wearing compulsory. A strike by healthcare workers in February 2020 also helped to put pressure on the government to restrict travel from mainland China, which was then the centre of the outbreak.

Stefan Auer and Nicole Scicluna *University of Hong Kong, Hong Kong*

Taiwan calling Planet Earth

Greetings earthlings! Planet Taiwan calling (Letters, January 5).

Your current attempts to control the virus will not work, while your hopes for the vaccine are too great. When so many people are being excluded from the vaccination effort, when there are several different varieties being offered in parallel, and the guidelines for their administration are not always being properly followed, when no one knows what protection they provide, or whether or not those vaccinated will still be able to carry and transmit the virus, and many will refuse it, the

Be wary of banks bearing 'green' gifts

I read with interest Nicholas Megaw's piece on the banking industry's attempts to introduce "green" products ("Lenders to launch wave of green products", Report, January 4).

While there are a number of financial service providers, such as credit unions and some building societies, whose models are tied to supporting community enterprises, attempts by the banking industry as a whole to go green should be welcomed, but treated with a huge pinch of scepticism.

The UK government's "Investing in a Better World" report highlighted that almost 70 per cent of people want to save and invest in products that help the environment and support the UN's Sustainable Development Goals.

However, there is a very limited pipeline of green mortgages or savings bonds.

The enterprises that are helping our communities to decarbonise with solar technology or electric vehicle charging points require patient capital to scale and grow. That's not a short-term loan, it's community shares and longer term bonds that can often take 10 to 20 years to repay — but critically enable these pioneering organisations to grow in a much more sustainable way.

Is there genuine expertise or a willingness to support these businesses? Are they willing to change their model to provide stakeholder value over shareholder value.

Banks offering green retail products should be treated with caution and checked to see if the claims are purely superficial.

I, like many others, genuinely hope there is willingness from the industry to succeed. Such willingness could transform bank lending, local economies and the saving culture.

Yet, it comes with tough choices and "building back better" should indeed focus on the better. Lisa Ashford

Chief Executive, Ethex Oxford, Oxfordshire, UK

Another argument for a wealth tax

I ran Björn Brown's thought experiment about the divergent lifestyles of the two investment banker brothers ("A thought experiment for the wealth tax enthusiasts", Letters, January 4) and the result seemed to me not as clear cut as he might believe.

Brother One "spends profligately" thereby supporting the economy – eg,



has stabilised the global fiscal and

Furthermore, Mr Dowding can

remain employed as a debt investor.

Bezos, Apple and Beijing

Thank you for ending the year with an

editorial that is aspirational ("A better

Perhaps the main handicap in our

Corporations are weakened as sources

employment. As a result, our citizens

disinvestment, liquidation of needed

assets and financialisation. It leaves

downturn. By contrast, Jeff Bezos at

marketing shell, vulnerable to the next

behind debt and little more than a

for real growth, productivity and

know what's necessary

form of capitalism is possible", FT

and beyond.

Stephen Butcher

Hambleton, Rutland, UK

View, December 31).

economy is short-termism.

could be left in a precariat.

The short-termism leads to

monetary system for their generation

seems to be sinister enough on its own terms to put off swing voters. Gabriel Sterling, a senior Georgia Republican, pinned the results in his state on night, and his opponents will have themselves to blame. Georgia is administering a lesson to Republicans, if they would only heed it.

The worrying case of China and Jack Ma

Beijing must continue to let private enterprise and innovation thrive

Big technology companies have been among the few winners from the coronavirus pandemic. A collective reliance on their services has helped entrench their dominance, and competition regulators around the world are beginning to increase their scrutiny. Financial watchdogs too are taking note, fearful that Big Tech could surreptitiously enter their domain and pose a new type of threat to financial stability. Recent actions by Beijing to bring the operations of Ant Group, the country's technology services giant, more closely under its control appear to spring from similar concerns.

Chinese authorities have long been alert to the increasing role in the country's state-led financial system of Ant and its counterparts, such as Tencent's WeChat. It is easy to see why. From its beginnings as a mobile payments service, Ant has evolved rapidly into a digital supermarket powerhouse, enabling millions of users to invest, purchase insurance and secure loans. Ant's lending business has been a key driver of recent growth, with some 500m customers taking out loans through Alipay, its payments app, in the 12 months to August last year. Regulators are right to be concerned about the risks to the wider economy of rising household debt.

But Beijing's crackdown on Ant, not least the recent disappearance from public view of Jack Ma, its limelightseeking founder, is also a stark reminder that in China, no one individual or company is more important than the Communist party. Mr Ma has not been seen in public since he criticised China's regulators and its state-owned banks in a speech in October, triggering the suspension of Ant's \$37bn initial public offering. Though he may yet reemerge, the episode evokes memories of Vladimir Putin's assault on Russia's oligarchs in the 2000s, notably the dismemberment of Mikhail Khodorkovsky's Yukos oil company. That assault destroyed not just a political opponent in Mr Khodorkovsky but also enabled the state to seize control of his business, then Russia's largest oil company, as part of a wider move to bring private businesses to heel. Similarly, Mr Ma and his empire posed a threat to Beijing's desire for centralised control in a critical sector.

Beijing's approach is not without risk. By being too heavy-handed towards Ant, regulators risk being seen to be targeting the private sector as a whole, as well as the sanctity of private property rights – both of which have played a central role in the transformation of China's economy. The abrupt pulling of Ant's IPO last year has already hurt the reputation of its capital markets. These latest moves including a demand that Ant focus on its core payments business and improve the compliance of its securities activities, issued as part of a rare public rebuke by China's central bank - could undermine business confidence more generally. Many wealthy Chinese are already concerned about the increasing encroachment of the state on the private sector. More than any other recent successful Chinese businessman, Jack Ma personified private enterprise.

Authorities should also bear in mind that Ant, and its sister company Alibaba, as well as Tencent, are big investors not just in China but in the wider region. There is potentially more at stake than their domestic operations. There are good reasons for regulators in China and elsewhere to beware of the growing fintech sector and the need for tighter regulation. But it would be a setback for China's economic development in the longer-term if the private sector were to fall victim to a political drive to entrench the state. Fast forward to a globalised copycat world and there is far too much at stake to risk losing such confidence. Edward Luce's QE-F = P or quantitative easing minus fiscal action equals populism is a clue to the solution ("A dangerous reliance on the Fed", Opinion, January 4).

The solution is, as Mr Dowding points out, not austerity in the form of an annual wealth tax, but forcing future generations to repay the debt. The repayment solution is by a oneoff inheritance tax. QE's financial asset inflation side effects have disproportionately skewed the distribution of wealth. This can be rectified on "exit", addressing inequality and debt burdens.

Those who miss out on these disproportionate windfalls can find solace in the knowledge their sacrifice Amazon, Apple management or the Chinese know that what we need is real long-term investment. Stakeholder capitalism has been proposed. The problem is that, like making taxes voluntary, it could lead to chaos.

A corporation can have large impacts, but our nation's founders knew that a territory can have only one sovereign power. They established corporate law as a way to create corporations. Production follows from many inputs: investors, employees, suppliers and infrastructure from the community. What we need is producer capitalism. Corporate boards should include a block representing investors, an equal block elected by employees, someone from the community, and a forensic accountant who specialises in corporate management. Harry Thorn Philadelphia, PA, US

programme looks badly conceived. At best, it will only provide a partial and temporary respite from the halflife you currently live.

So what to do? Unfortunately you need to lock down properly, not in the halfhearted way you're doing it now. We know that you Earthlings love your personal freedoms more than collective wellbeing. But what sort of freedom do you have now? Be bold, and we can meet again! **Graeme Maxton** *Taipei, Taiwan*

voting public seems to feel the UK

Mori poll, 41 per cent of Remain

should continue to be a major global

player too. In a September 2020 Ipsos

voters agreed that the UK "should try

"One of the legacies of the imperial

to punch above its weight in world

affairs", with just 29 per cent of

Remainers saying they disagreed.

past is the assumption that Britain

should punch above its weight in the

and an influencer and a leader," says

author of Yes to Europe! "But that idea

And punching above one's weight,

Remain-supporting shadow foreign

secretary Lisa Nandy recently tweeted

that Britain must be a "force for good

in the world" - a view shared by 45

image of a benevolent Britain which

should steer the rest of the world in

as steeped in "imperial nostalgia" -

perhaps even amnesia – as any

military glory.

Brexiter fantasy of gunboats and

the right direction, an idea that is just

None of this is to say that a longing

for neo-imperial splendour is absent

Sunder Katwala, director of the think-

tank British Future, being part of the

among Brexiters. But according to

per cent of Remainers in the Ipsos

Mori poll. This brings to mind an

European thought as it has been in

after all, is not just about political,

economic, or military prowess; it's

about cultural, ethical and even

Robert Saunders, a historian and

has been just as present in pro-

anti-European thought."

spiritual leadership too.

world, that it should be a global player

the craft of building luxury cars, and presumably adding to the vibrancy of urban life.

The more retiring Brother Two also supports the economy through providing equity capital. So far so good. And he does give (tax relieved) sums to charity — at his discretion.

However, he benefits from unearned property appreciation and has arguably contributed to social division by using private schooling and by leaving an (un)healthy inheritance to his lucky grandchildren. Both brothers pay income tax and get state pensions but perhaps Brother Two, the thrifty one who retires as a multimillionaire, should pay some further tax to compensate for those negative externalities? **Mark Simmons**

Cognac, France

"elite" is probably a greater indicator of feeling this way than how you voted in 2016.

"You will still see from elites on both sides different ways to make the argument that Britain is big enough to matter, but there's then disagreement about whether the EU is a vehicle or an obstacle to that," he says.

About 17.4m people voted to leave the EU, which, Dr Saunders points out, constitutes the "largest electoral alliance ever constructed in Britain". To try to explain their motives – or even those of the politicians who led them – as the product of "imperial nostalgia" seems just as reductive and unhelpful as claiming they only voted for Brexit because they were "sold a lie". (It's never the gullible Leave voters who complain about being lied to, but those on the opposite team.)

It also feels disingenuous for Remainers to dismiss Brexiters' motives thus, when many of them seem anxious for the UK to retain or increase its global clout. Then again, dismissing those we disagree with as irrational, stuck in the past, or "deplorable", is often easier than really listening to and engaging with what the other side is saying. This is a risky path to go down. As Dr Saunders says, "the incapacity of the warring tribes of British politics to talk to one another is actually more dangerous, in the long term, than the trade problems or the economic problems that Brexit might bring with it."

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Jibes about Brexiter 'imperial nostalgia' are disingenuous

Notebook by Jemima Kelly



has been repeated so many times since 2016 as to become a cliché. But it is interesting to note that the same people making this argument often seem to be bemoaning the extent to which the UK's global influence is set to decline after Brevit

The notion that the UK's Brexit vote

and delusional "imperial nostalgia"

was driven by some kind of dangerous

influence is set to decline after Brexit. They are upset not because they fear Brexit will achieve some kind of landgrab that will return the nation to an abhorrent imperial past, but rather because they fear Britain will lose its "seat at the table".

Former British prime ministers Tony Blair and John Major, both ardent Remainers, have issued warnings about the UK's reduced influence on the world stage after Brexit, as have other prominent Remain-supporters. "We are no longer 'Great' Britain," tweeted former Conservative MP Anna Soubry on Christmas Eve after the trade deal was announced. Leaving the EU, she added, "diminishes our country, will make us all a little poorer & narrow our horizons".

If it really is the Brexiters who are so hung up on restoring the country to its former imperial glory, why do so many Remainers express concern that the UK should hold on to its influence abroad – an outsize influence that most of them would surely agree was largely achieved by virtue of its erstwhile imperial ambitions?

It's not just pro-EU politicians and commentators. The wider Remain-

Tony Blair and ardent Remain warnings abou influence on th Brexit, as have

Opinion

Biden must take a global lead on climate risk disclosure

Laura Tyson

s US president-elect Joe Biden prepares to take office, many see the challenges he faces as similar to those confronted by Franklin Roosevelt in 1933. Just as Roosevelt's ambitious proposals were essential to pulling America out of the Depression, an equally ambitious agenda from Mr Biden is essential to rescue the country from the Covid-19 pandemic and combat climate change.

Ideally, Mr Biden would be able to win bipartisan support for his policies. But, even with a sharply divided US Congress, the Biden administration can make significant progress on issues such as climate risk by using executive orders and existing regulatory powers.

A few months ago, a report from the Commodity Futures Trading Commis-

sion highlighted the powers available. It noted that financial regulators have "broad authority" to require disclosure of material information to investors, customers, and counterparties including that on climate risks.

It is, of course, easy to dismiss disclosure as a negligible rather than a transformational solution. But that is to ignore history. With the 1933 Securities Act and the 1934 Securities Exchange Act, Roosevelt helped create the market infrastructure that is still used today to price risks and opportunities efficiently - guiding capital towards the highest risk-adjusted returns.

The same principle of transparency as an engine of change can now be applied to climate and other environmental, social and governance issues.

As Larry Fink, head of the fund manager BlackRock, told chief executives last year: "climate risk is investment risk". Standardised disclosure of climate risk would mean investors can allocate capital to the best performers, and companies can benchmark their climate performance against peers. The result is a "virtuous cycle" in which capital markets become a powerful vehicle driving improved climate outcomes.

However, a report from the US Government Accountability Office reveals that climate risk disclosures still lack consistency, comparability and reliability - impeding the ability of markets to allocate resources effectively. To address these shortcomings, the

As incoming president, he can use existing regulatory powers to unlock sustainable growth

Securities and Exchange Commission should follow the lead of the UK's Financial Reporting Council. In November, the latter urged companies to report climate information in line with the recommendations of the Task Force on Climate-related Financial Disclosures, and the independent non-profit Sustainability Accounting Standards Board.

As a first step, the SEC should urge US companies to adopt these measures. To be clear, this SEC response would be motivated not by a political agenda but by genuine investor demand for transparency on financial performance.

Already, 55 leading asset owners and asset managers - representing \$41tn of assets under management – have asked companies to use SASB standards because they "improve understanding of company performance on ESG issues most relevant to long-term value creation". At the same time, financial institutions responsible for \$150tn of assets have expressed support for the climate task force recommendations.

Public organisations - including the European Commission, the International Financial Reporting Standards Foundation and the International Organization of Securities Commissions - have now joined the conversation.

The IFRS Foundation has offered to bring together and build upon the initiatives of the climate task force and the sustainability standards board, and other organisations. The SASB has also joined four other providers of sustainability disclosure standards to publish a vision for a comprehensive reporting system, as the starting point for a global agreement on disclosures.

The US – home to the world's largest, deepest, and most liquid capital market - can and should be an active participant in this effort.

As part of a "whole government approach" to addressing climate change, Mr Biden should use the existing regulatory powers to strengthen corporate disclosure of climate and other ESG risks. He should also rally US participation in multinational efforts to establish global standards.

Consistent, comparable and reliable information on how companies manage these risks will not only improve capital market efficiency, and unlock sustainable, inclusive economic growth. It can help avert a climate catastrophe.

The writer is a distinguished professor at the University of California Berkeley. Coauthor Robert Herz, formerly chaired the Financial Accounting Standards Board.

Germany is struggling to see its future without Merkel

EUROPE Constanze Stelzenmüller

s Germany ready for life after chancellor Angela Merkel, who has ruled out a fifth term after national elections this year?

Until recently, Germany was Europe's rock of stability, and Germans looked towards 2021 with confidence. Ms Merkel was enjoying sky-high approval ratings for her steady management of the pandemic. Her leadership of the six-month EU council presidency – which included throwing German economic power behind a debt-financed EU rescue package and preventing a no-deal Brexit - got (mostly) good marks.

National polls have for months shown a majority for Merkel's centre-right Christian Democratic Union (CDU) and the Green party coalition. Based on current numbers, this potential pairing is the only two-party alternative to the now exhausted grand coalition of the CDU and centre-left Social Democrats (SPD). Tested at state level but not yet in Berlin, it enjoys some national popularity. And its prospect is seen with even greater optimism in western capitals, notably among the US's incoming Biden administration which hopes for a firmer, more forward-leaning German security policy.

But with the pandemic now skyrocketing, Ms Merkel has had to extend Germany's lockdown. Her coalition is fighting over slow vaccination rates and inadequate supplies. The national mood has shifted from self-congratulatory to

The political landscape ahead of September's election looks fragmented and volatile

Rightwing sceptics made the crisis deeper



Robert Shrimsley



ogy. You cannot persuade a

depended on disastrously over-optimistic assessments of contact tracing and then mass testing capacity. The mistake was failing to act swiftly when it became clear this strategy was not working. Yet, there has been one other signifiiruses do not respect ideol-

cant factor. Mr Johnson's decisions have been overly deferential to and fearful of libertarian conservatives and their

is ruinous for someone. Mr Johnson was

not wrong to try to contain the virus

while keeping schools open, though this



way. And yet when judgment into the UK's coronavirus response is finally passed it will be hard to escape the conclusion that excessive attention to Tory dogma has cost both lives and livelihoods.

The story of Britain's crisis has been one of delaying the inevitable until it is unavoidable, a vicious cycle of slow response followed by sharp correction which lasts longer for starting later.

This pattern reached a peak on Monday in a juddering reverse which saw a full lockdown. Schools were told to close on the day they reopened, hours after Prime Minister Boris Johnson suggested such a response was not necessary. Allies point to new data, but much of the information was already in plain sight.

The UK has been unlucky in the arrival of a more transmissible variant but, in the words of one member of the government's scientific group for emergencies, "you make your own bad luck". Scientific advisers are clear that letting an RNA virus expand into the community at the end of 2020 increased the chance being hit by a virulent mutation. There are no easy choices; each policy

pandemic to seek a middle media outriders.

> A vocal core of MPs and pundits driven by ideology or contrarianism have argued for fewer restrictions, disputed data and denounced a sinister health establishment. They disdained face masks and argued, with varying degrees of honesty, that higher deaths among the old and infirm are a price worth paying to keep society open. Even after figures showed 1 in 50 have the virus, the Lockdown Sceptics website yesterday had a section headed "Where's the pandemic?" which declared "cases are just positive tests".

That the sceptics knew Mr Johnson's own instincts were against severe restrictions made no difference. While some Tory MPs were questioning certain measures or government failures, others rubbished the scientific advice, made him sweat over every vote and talked up leadership challenges. They were fortified by increasingly hysterical pundits in the Tory press. These hardline ideologists have inhibited an already indecisive premier.

Finally there are signs of a reckoning with reality. Tory sceptics, meeting as

the Covid Recovery Group, are now focused on the speed of the vaccination campaign and a more justified assault on the failings of education secretary Gavin Williamson. But the damage has been done. The UK's death rate and economic prospects are among the worst in Europe.

For most of this crisis these backbench MPs and pundits have had a champion to cheer at the top of cabinet. Rishi Sunak, the chancellor, played a key role in fighting for fewer restrictions and challenging scientific advice at decisive moments.

Mr Sunak should not be lumped in with the other agitators. He has never denied the seriousness of the pandemic. It was important that someone speaks for public finances and the economy. But his words have been seized on by

Contrarian Conservatives preved on Johnson's insecurities and slowed the UK's response

rightwing MPs who used his status to increase pressure on Mr Johnson. It is also hard to not to conclude that he has been at the wrong end of some big calls, not because he spoke for the economy but because he reached the wrong verdict on how best to serve it.

At the height of Tory dissatisfaction with Mr Johnson, when MPs were talking up Mr Sunak as an imminent successor, the chancellor talked the prime minister out of a mid-September circuit breaker. One adviser, who pushed for urgent action then, observes "too much airtime" was given to contrarians whose arguments were not supported by data.

Between early September and early October, the number of reported daily cases rose from 1,200 to 12,000, necessitating the stricter and more long lasting restrictions that have proved more costly to business.

In fairness to the chancellor, his stance might have been more justified had the contact tracing worked better, or mass testing been widely available. But he was aware of the problems. An honest desire to save the hospitality sector has probably made things worse. An excessive focus on the price of furlough and other support led to decisions which probably increased the ultimate cost.

Fighting restrictions has extended the misery. Around the world the economies which are coping best are those which best controlled the epidemic.

There is no reason to question Mr Sunak's motives but his status as an "oven ready" successor spooked the prime minister and made him nervous of facing down sceptics in his party, even though voters support his stance. His insecurity and the ferocious assaults by erstwhile allies led him to pay too much heed to his right flank over his health secretary or advisers.

None of this absolves Mr Johnson. It is his job to make the tough calls. But when this crisis is past, the UK would do well to take a hard look at those rightwing pundits and MPs who spent 2020 pressuring him out of decisive action, and to ask if these are people whose views we should still heed in the future.

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glum, and the political landscape ahead of September's election looks more fragmented and volatile.

Start with Ms Merkel's CDU, which elects a new party leader (and presumptive candidate for chancellor) this month. Competition among the three official candidates - businessman Friedrich Merz, state leader Armin Laschet and the federal legislature's foreign policy chair Norbert Röttgen – has become a circular firing squad. Unreassuringly, "none of the above" regularly gets second place in surveys seeking to ascertain a winner among the three.

Bavaria's leader Markus Söder keeps being touted as an alternative, mostly on the basis of his vigorous non-denials and his limitless self-confidence in his own pandemic management. But he has little support in the party outside of his state; and Bavaria now has one of the country's highest covid case rates.

Then there is the SPD. It has an uncanny knack for making the CDU look good, despite having real talents. Finance minister Olaf Scholz, the SPD's chancellor candidate, is a popular pragmatist. The party's foreign policy speaker Nils Schmid has made a mark with forceful views on China.

Alas, the SPD leadership has other political ideas: a Eurosceptic and anti-Nato coalition with the Greens and postcommunist Die Linke. Most recently, it blocked a defence ministry plan to acquire weaponised drones to protect German troops deployed abroad. This did nothing for the party's ratings, putting a hard left three-way coalition out of reach. The party's three most senior defence experts have also left.

All of this goes some way to explain why the Greens are Germany's second most popular party. Founded as an antiestablishment movement, they have become experienced in governance. Their youngish leaders Robert Habeck and Annalena Baerbock are centrist and polished. But the Green base remains in a state of yeasty ferment - a source of unpredictability in any coalition.

As for the far-right Alternative for Germany, it has failed in its strategy of co-opting parts of the CDU, and is plateauing in the polls. But it looks set to stay as a political receptacle for protest votes and it continues to probe for weaknesses in the armour of democracy. As such, its existence contributes to making stable two-party coalitions even less likely in the future – precisely at a time when Europe and the US most need a strong, reliable German partner.

The writer is Fritz Stern Chair at the **Brookings Institution**

Governments need to intervene to ramp up vaccine production

Gustav Oertzen

he coronavirus vaccines are coming too slowly, and the cost of waiting is enormous. Current production and procurement plans mean it will take up to two years before the world gets close to having enough doses for everyone. This may be optimal for manufacturers, but it is not for society. There needs to be a plan B.

The world needs 10bn doses of the BioNTech/Pfizer or the Moderna jabs, which are over 94 per cent effective, to give two shots to 5bn people, enough to curb the disease globally. But their targeted annual production in 2021 is about 2bn units, combined. The Chinese, Russian and Indian vaccines are hard to judge, given doubts about their efficacy and safety.

Most countries' hopes therefore rest on the Oxford/AstraZeneca jab, which is

also relatively cheap and easy to distribute. This joint venture plans to ramp up production to 3bn jabs through 2021. But so far they have only produced about 4m. Moreover, the vaccine's two shots have an average efficacy of 70 per cent while problems with the trial design could delay US and EU approval. Even if AstraZeneca's production comes fully on stream, and other vaccines from companies such as Johnson & Johnson or Novavax are approved and produced, the world will lack sufficient doses for a long time. Yet every month in lockdown costs economies billions of dollars. It also increases the risk that more virulent strains emerge, as with the UK and South Africa variants. This

danger will only subside when people everywhere are vaccinated. Given the huge costs, the best eco-

nomic policy would be to mobilise and co-ordinate global resources to ramp up vaccine production as fast as possible. Capacity needs to be expanded, subcontracting to more companies if needed or even setting up new factories. If we were really "at war" with the virus, governments would focus all their resources on this one task. Instead, there is a gulf between the rhetoric and reality of vaccine production.

There are good reasons to rely on commercial producers, so long as the incentives are right. But they are not. Vaccine manufacturers have little interest in expanding production massively. In fact, they would be financially worse

Manufacturers have little interest in expanding capacity. They would be worse off if they did

off if they did. If they ramped up production capacity so that the whole world was supplied within six months, the newly built facilities would stand empty immediately afterwards. Profits would then be much lower compared with current scenarios, where existing plants produce at capacity for years to come.

In short, the current plan is suboptimal for society. This must change, because there is an overriding health and economic interest in rapid production expansion. Quicker vaccination would provide a public good that, in the jargon, is a valuable "externality" that private companies do not internalise.

There are two models to increase capacity more quickly. The first is for governments to give additional subsidies for production, or premiums for faster deliveries. That would enable producers to pay suppliers for the costs of speeding up their production, too. After all, they also have to work overtime to create new capacity. Clearly, this approach would be expensive. Yet it would be far cheaper than the ongoing cost of lockdowns.

Even so, there is no guarantee that companies would expand production to the social optimum. In the second model, governments would switch to a "Covid war economy" and order mass production. Compensation payments to companies whose patents have been used could be sorted out later, when the virus has been defeated.

Here, too, there are risks. For one, it is unclear how efficiently governments would manage such complex production tasks. Also, what about the next pandemic when it eventually comes? There is no doubt researchers would race to develop new vaccines. Whether financiers would fund them is another matter. It would depend on the final settlement reached between governments and companies this time.

A mix of carrots and sticks may be needed. Financial incentives to expand production could come first. These could be followed by direct interventions, such as government patent use or forced licensing of production, if the financial incentives by themselves are not enough.

Either way, the cost of suboptimal vaccine production cannot be justified from either a public health or an economic point of view. Sooner or later, the political cost will also become unacceptable. There is an urgent need for a plan B to produce sufficient vaccines quickly so as to protect us all.

The writer is a lecturer at Leuphana University. Moritz Schularick contributed to this article

Informa sales and profit margins

Sales (£bn) Ebit (£bn)

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3.5 —

3.0

2.5

2.0 -

1.5 -

1.0

0.5

2019



US bonds/blue wave: the king is dead

When an investment banker wants you to do a deal, he or she wants you to do it right away — their annual bonus may depend on it. The timing reflexively promoted by Wall Street junk bond underwriters last year happened to be perfect, though. High-yield bond sales hit record levels with global issuance topping \$500bn. Yields and spreads plumbed lows thanks to implicit and explicit support from the Federal Reserve.

Yesterday, however, the 10-year US Treasury jumped back above 1 per cent, a threshold last reached in March. With Democrats poised to control Washington, expansive fiscal policy has reignited inflation concerns. The second half of 2020 may enter the record books as the peak of a decades-long bull market for bonds.

At the end of 2020, the spread on the ICE BofA corporate bond index had fallen to just 1 per cent. This when unemployment remained historically elevated and the pandemic continued unabated. Even low-rated unsecured junk bonds were selling on yields of just 5 per cent.

For companies, particularly those in the troubled travel and hospitality sectors that loaded up on cheap cash, 2020 and 2021 may have provided the best possible scenario for a terrible pandemic. As the economic and health crisis eases later this year, profits will pick up, enabling them to avoid distress. And with inflation finally apparent, they will repay obligations in dollars that have become less valuable.

Rock-bottom interest rates powered by a central bank backstop drove up valuations of all risk assets in 2020. What next? Will higher interest rates coupled with a strong economy keep equities afloat? Or will inflation hedges such as gold and bitcoin be the main beneficiaries? Either way, brave investors have a hedge in leveraged loans which pay floating interest rates.

Of course, a 10-year Treasury at 1 per cent, 1.5 per cent or even 2 per cent is still historically low. This underscores the conditions in the debt markets in 2020 that may never recur. Some believe propping up zombie companies – those whose operating profits cannot service debts – is a perversely inefficient allocation of capital. The counter argument is that companies got low-cost lifelines, avoiding expensive bankruptcies. Jobs were saved. Those bankers earned their bonuses even if buyside investors are nursing modest paper losses today.

Artificial hearts/Carmat: beating the odds

The Tin Man's replacement heart was made of velvet and sawdust. Many early devices offered to real-life patients were almost as impractical. But a handful of companies have persevered with the dream of developing an artificial heart. Carmat, based near Paris, is one of them. Yesterday its stock jumped by a tenth, on news it expected to make its first sales in Europe in the second quarter.

Growing numbers of people succumb to heart disease each year, far outstripping the supply of donor hearts available for transplantation. Artificial hearts are an obvious, but technically challenging, solution.

Carmat's device uses electronic sensors to regulate heart rate and blood flow. EU regulators have approved it as a "bridge" for patients waiting for a donor heart, of which there are at least 2,000 in five big European countries. If the heart can win approval for long-term use, its potential market could be much bigger.

A hefty price tag — probably about €160,000 per device — will limit uptake. Carmat will also need to persuade surgeons it is better than alternatives. SynCardia of the US now owned by private equity group Versa Capital Management — secured approval for its own totally artificial heart as long ago as 2004. Mechanically assisted pumps, known as ventricular assist devices, also help heart failure patients in a market worth about \$2bn globally.

Carmat only has funds to get through to the third quarter. But the business should secure fresh financing. A riskadjusted net present value calculation would justify a share price two-thirds higher than now, says Edison, a research firm that works for Carmat.

Thoratec, a market leader in ventricular devices, was acquired by St. Jude Medical, now a subsidiary of Abbott Labs, for a 40 per cent premium in 2015. If Carmat's device



| 2021

2022

2023

2020

That is a problem for Informa. Two-thirds of its revenues once came from gatherings such as the Fort Lauderdale International Boat Show. Bringing together thousands of people is tough in a pandemic. Even where physical events are permitted, people are reluctant to attend.

There has been a surge in online events, fuelled by unspent corporate marketing budgets. Informa has joined in the scramble. But the

succeeds commercially, it would bring new hope to heart patients and a similar deal would be possible.

Del Vecchio/Mediobanca: his glass menagerie

Italian finance has always had its fixers, from Cosimo de Medici to Enrico Cuccia. The latest contender is eyewear tycoon Leonardo Del Vecchio. The octogenarian is raising his stake in Mediobanca, a powerful homegrown investment bank, to almost 12 per cent. Having made billions from Luxottica, the business he founded, Mr Del Vecchio can be expected to tilt institutions he touches towards wealth

management. There is plenty of lucre

hustle, bustle and, more importantly, the deals of a physical trade show are hard to replicate digitally. An expected two-fifths decline in Informa's revenues last year testifies to that.

2024

Cost cuts of £600m should leave the company well placed when a recovery eventually comes. The savings target has raised hopes that margin growth can outpace revenues in coming years. Informa expects adjusted operating profits in 2020 to be £270m — less than half the previous year.

Shares trading at 2016 levels are priced for disappointment. Investors are sceptical on the outlook for business events. Conference participants are willing to pay high fees only if they foresee a decent return on the investment. The main input into

to steward within Italy's robust family business sector. Delfin, Mr Del Vecchio's investment vehicle, has almost tripled its money on eyewear over 10 years. The Italian bourse has returned just half.

Mr Del Vecchio has approval to increase his Mediobanca stake to just under 20 per cent, the bid threshold. Through Mediobanca, his reach may extend to insurer Generali, in which the bank owns a stake, as does Delfin separately. Mr Del Vecchio has also long owned just under 2 per cent of UniCredit, which is under government pressure to take over weaker lender, Monte dei Paschi di Siena.

A combination of UniCredit with Mediobanca would have fewer messy overlaps. But Mr del Vecchio would prefer Mediobanca to expand in wealth

that calculation is a boost to shortterm sales from taking part.

1.0

2020

Source: Refinitiv

● Informa Markets ● Informa Tech ● Taylor & Francis

Informa Connect Informa Intelligence

0.5

Earnings per share estimates

2019

Divisonal revenues

Digital events sometimes work as well as the physical kind. But video conferencing is, for now, an awkward compromise. Technology is cranky – witness the speakers who vanish mid-sentence because of dodgy WiFi – chance interactions with clients are sparse and trust harder to establish. Analysts do not expect group revenues to return to 2019 levels until 2025, according to Refinitiv. Operating profits are expected to surpass last year's as early as 2022.

The latter forecast depends on physical events returning in full force this year, which is unlikely. If only there was a trade show Informa could attend in search of a solution.

management, which last year produced about 10 per cent of its operating income. He believes Italian families have more than €4tn in savings and are weary of low-yielding bonds.

He probably wants Mediobanca to make an acquisition. Banca Generali, Generali's majority-held wealth manager, is often mooted. A share swap between Mediobanca and Generali might do the trick. Asset gatherer Fineco has a strong online presence and may be another target. Otherwise, Mr Del Vecchio could wait for a bank such as BPER to merge with a peer and divest its wealth arm Arca, which has about €30bn of client assets.

Mr Del Vecchio can afford to watch and wait. He may not be a prince like Cosimo, but he has potential as a kingmaker.

<mark>Lux</mark>embourgforFinance

US/China app bans: purple haze

2024

2021

2020

2021

1.5

Interference and unreliable signals were once restricted to mobile phone black spots. They are now features of Chinese tech too. Donald Trump's parting gifts to the sectors include a move to ban Chinese finance apps. Among them is Alipay, a payment service app from Ant Group, whose parent Alibaba is already under political assault.

Mr Trump's last-minute executive orders lack traction as the red of a Republican presidency bleeds into Democrat blue. Joe Biden could revoke the decrees or implement them differently. The uncertainty is reflected in dithering by the New York Stock Exchange over whether to delist phone giants China Mobile, China Telecom and China Unicom.

It is evident in share price swings too, though the main listings of China's three largest telecom operators are in Hong Kong. Shares of China Telecom are down a fifth since Mr Trump first drafted a blacklist banning US investment in companies with links to China's military. The state-run telecom operator has negligible business in the US. Similarly, the ban on Chinese apps is targeted at services such as Alipay and Tencent's QQ Wallet that are little used by Americans.

Ant and Alibaba would suffer little immediate top-line damage. US businesses face disruption to crossborder payments if they can no longer connect with payment systems ubiquitous in China. The Chinese businesses would, however, miss out on possible US growth.

Mr Biden is unlikely to seek a full rapprochement with China. What he can do is clarify whether he will roll back executive orders targeted at Chinese business, and if not, how he will implement them.

This would reassure bewildered investors, who are best served by clear, principles-based regulation. It would show the US is no longer ruled with a whim of iron by a would-be strongman. The contrast with China, as it cracks down on Alibaba, would be obvious.

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Informa/business events: yesterday's schmooze

The pandemic has punished the world's largest events group, which relies on trade shows. Without revenues in physical events resuming, earnings are likely to remain subdued for years. Cost cuts will support profits but growth in operating margins will be elusive.

+ Ebit margin (%)

—35

____30

—25

—20

-15

10

Pence

80

£bn

2019

2021

2020

0

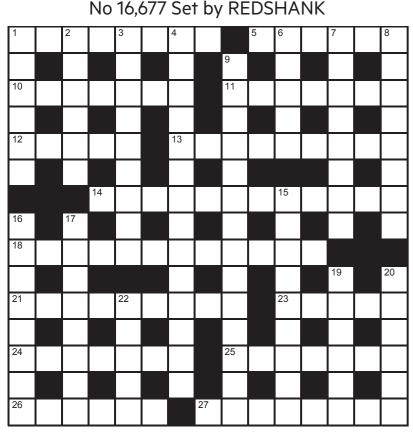
estimate

estimate

Source: Numis

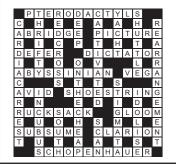
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ACROSS

- 1 Opening lines in court (8)
- 5 A team's more popular numbers (6)
 10 Stomach's wind spasm overcomes resistance (7)
- **11** Like a new fiddle that's free? (7)
- 12 Wants current reversed between poles (5)
- 13 Two blokes reportedly wasted cast (5,4)14 Deborah and Tracy misused source of energy (12)
- **18** Pricey French article to engrave for obstacle race (12)
- 21 Sudden low pressure stopping top-class missile (3.6)
- 23 Bypass English Channel on return trip (5)
- 24 Theatre worker and caviar supplier short of time (7)
- 25 Head office put on *The Prisoner* for money (7)
- **26** Record husband visiting latest relative (6)
- 27 Member of CID's in nick with Yankee regularly (8)
- DOWN
- Persuasive businessman (6)
 Arab accepts all the main headings in
- reply (6) 3 Pack instrument for trickster (4,5)
- 4 Film burglary by leader of gang raising
- the bar (6-8)
- **6** Forecaster is over beside lake (5)
- 7 Transfer county charge (8)8 Got down old Scandi books by new
- editor (8)
- **9** Stop fighting, polish up still, hiding where the drink goes (4,3,7)
- 15 Spent days downing cola for wind problem (9)
- 16 Two idiots batting hit man (8)
- Rent reduction causing little sign of emotion (8)
- **19** Writer's regrettably given up Italian food (6)
- 20 Plant needs IT installed for speed (6)
- **22** One gets this often by eating something enticing initially (5)

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