FINANCIAL TIMES

MONDAY 1 FEBRUARY 2021 | WORLD BUSINESS NEWSPAPER | USA $2.50 Canada C$3.00

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Africa's cable boom
The pandemic has turbo-charged continent's data usage — PAGE 15

No jab, no job
Should Covid vaccines be mandatory at work? — WORK & CAREERS, PAGE 12

Russian dissent
Protesters take to streets again

Police in St Petersburg detain a woman, one of thousands of people arrested yesterday, as anti-government protesters took to the streets for the second weekend running.

The demonstrations followed the arrest of Alexei Navalny, a political activist and vocal critic of President Vladimir Putin. The Kremlin had attempted to curtail the planned protests by closing off large parts of central Moscow, but tens of thousands of people still came out in cities across Russia to show their support for Mr Navalny.

Antony Blinken, the US secretary of state, condemned Russia's "harsh tactics" and called for the release of Mr Navalny.

Moscow cracks down page 2

Anatoly Maltsev/EPA-EFE/Shutterstock

Brussels rushes to calm global anger over vaccine export curbs

● Japan and Canada weigh in ● Von der Leyen hails progress ● Seoul warns on supply grab

SAM FLEMING AND MICHAEL PEEL
BRUSSELS

Brussels has tried to reassure its allies after a hurried move to curb vaccine exports drew international criticism and caused uproar for threatening the Irish border arrangements between the UK and the EU.

Canada and Japan have both raised concerns over new export rules requiring manufacturers to obtain permission before shipping Covid-19 jabs outside the bloc, while South Korea warned governments against a grab for more vaccines than they need.

The complaints came after the British government sought assurances from European Commission president Ursula von der Leyen that shipments of BioNTech/Pfizer vaccines, made in Belgium but destined for the UK, would not be cut off as a result of the new powers.

"We fully understand that some of our allies may have concerns and will work closely with them to ensure a speedy supply of vaccines," one EU official said. "We will work hard to avoid any knock-on effects on our partners and we remain committed to open markets to avoid any disruption of supply chains."

The measures, announced on Friday, give member states and the commission the ability to block vaccine shipments from companies that also have contracts to supply the EU. They were introduced in response to AstraZeneca's failure to meet its vaccine delivery schedule to the EU — a commitment that the company insists is not binding.

Last night Ms von der Leyen hailed a "step forward on vaccines", with AstraZeneca increasing delivery to 40m doses in the first quarter — still far short of the 100m originally promised.

The export curbs followed a week of growing unrest in European capitals and at the top levels of the commission over the EU's faltering vaccine rollout, but prompted international concern.

Mary Ng, Canada's trade minister, spoke at the weekend to EU trade commissioner Valdis Dombrovskis to stress the importance of supply chains staying "open and resilient". Ms Ng said she had sought and received reassurances that the export transparency mechanism would not affect shipments to Canada. Ottawa is counting on doses of the BioNTech/Pfizer vaccine made in the EU.

Taro Kono, the minister in charge of Japan's pandemic response, said on Friday that he was concerned that the EU might seek to block vaccine exports until it had satisfied demand.

The curbs on vaccine exports followed a week of growing concern over the EU's rollout

Brussels was forced into an embarrassing U-turn on Friday over a provision in the original measures to trigger an emergency clause in the Brexit withdrawal treaty that would have created a hard border between the Republic of Ireland and Northern Ireland.

The dispute has caused frictions within the EU.

Micheál Martin, prime minister of Ireland, said yesterday that he had become aware of the decision taken by the commission only once a public announcement had been made.

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Briefing

▸ **Melvin falls 53% in Reddit trader assault**
Melvin, the hedge fund that was wrongfooted by retail traders who drove up shares in GameStop and other companies it had bet against, lost 53 per cent of its value in January.— PAGE 6; PINCER ACTION, PAGE 8

▸ **Republicans seek $600bn relief deal**
A group of Republican senators has asked to meet President Joe Biden to discuss a $600bn Covid-19 relief package, a less ambitious injection that they claim could gain bipartisan support.— PAGE 4

▸ **China's oil market mounts US challenge**
Activity in China's oil futures market has hit record levels as Beijing develops the renminbi's role in a trade dominated by the dollar. Volumes rose more than a fifth in the past year.— PAGE 8

▸ **UK weighs joining Pacific trading bloc**
As hopes of a US trade deal dim, Britain is to mark the first anniversary of leaving the EU, the world's largest trading group, by applying to join a Pacific trade bloc that it hopes Washington will join.— PAGE 2

▸ **Kirkland & Ellis nears record revenues**
The highest-grossing law firm in the world, based in Chicago, is heading towards record annual revenues of $5bn, up from $4.2bn, owing to soaring demand during the Covid-19 pandemic.— PAGE 6

▸ **Saudis draw businesses into Gulf 'hub'**
US engineer Bechtel and Indian hotelier Oyo are among 24 multinationals that have been wooed to set up regional headquarters in Riyadh amid a Saudi campaign to rival Dubai's dominance.— PAGE 8

▸ **Frontrunner backs Bolsonaro reforms**
A candidate favoured to clinch the presidency of Brazil's lower house of Congress has vowed to step up President Jair Bolsonaro's push for economic reform and maintain a cap on public spending.— PAGE 4

Datawatch

Behind bars
US jail and prison populations, 1980 to late 2020

2.0 million, 1.5, 1.0, 0.5, 0
1980, 90, 2000, 10, 20
Total incarcerated, Prison, Jail

US incarcerations fell in 2020, driven by fewer bookings at jails — used for people awaiting trial or for serving shorter terms — during the virus pandemic. Levels rose later in the year, sparking fears of Covid-19 being spread behind bars.

Source: Vera Institute of Justice

Shipping bottlenecks leave Europe retailers all at sea

Retailers across Europe are struggling to secure supplies after the cost of shipping goods from Asia soared. A shortage of containers in China has resulted in a sharp jump in shipping costs and a squeeze on freight space. Smaller retailers in particular are facing a shortfall of finished goods and components — from bike parts and children's toys to dried fruit and sports shoes. In some cases container costs are 10 times higher than last year.

Asian costs soar ▸ PAGE 3

Businesses look at cutting Hong Kong from contracts over fears for rule of law

TABBY KINDER — HONG KONG
LEO LEWIS — TOKYO

Large international companies doing deals in Asia are examining whether to exclude Hong Kong from legal contracts over concerns that China's tightening grip may undermine the rule of law in the territory, according to interviews with corporate advisers across the region.

Senior lawyers at 10 large law firms in Hong Kong, Tokyo and Singapore said they had seen a surge in queries from clients, mostly headquartered in the US and Japan, on whether to write Hong Kong out of governing law and arbitration clauses when conducting business in the financial hub or entering into joint ventures with Chinese and other Asian counterparties.

"It's a live issue," said the head of an American law firm in Hong Kong, citing calls with large technology, pharmaceuticals and consumer products clients. "All sectors are asking the question."

A "governing law" clause allows companies entering into a contract to agree on which country's laws will manage how they will conduct business. An arbitration agreement requires the parties to resolve any future disputes at an arbitral centre in a particular jurisdiction.

The managing partner of another US law firm in Hong Kong who has worked in the territory for nearly a decade said: "We have large private equity clients who never used to care about arbitration clauses coming to us with the simple question of, 'is it safe to leave Hong Kong as the seat [of arbitration]?'"

Yoshimasa Furuta, a senior partner at Anderson, Mori & Tomotsune, one of Japan's big four law firms, said that clients drawing up contracts "especially on a 10-20 year horizon" are increasingly thinking about alternative jurisdictions such as Singapore for their arbitration.

Hong Kong's legal system and judiciary have been under pressure since Beijing tightened control over the territory by imposing a national security law last year. Arrests of pro-democracy activists, opposition politicians and journalists have led to questions over whether the legal system may be compromised.

But several lawyers said they had advised clients against "writing out" Hong Kong from contracts. They cited benefits including an enforcement agreement between Hong Kong and mainland China that means awards made by their respective arbitral centres will be upheld.

Additional reporting by Stefania Palma and Mercedes Ruehl in Singapore

World Markets

STOCK MARKETS

	Jan 29	Jan 22	%Week
S&P 500	3714.24	3841.47	-3.31
Nasdaq Composite	13070.70	13543.06	-3.49
Dow Jones Ind	29982.62	30996.98	-3.27
FTSEurofirst 300	1524.10	1576.03	-3.29
Euro Stoxx 50	3481.44	3602.41	-3.36
FTSE 100	6407.46	6695.07	-4.30
FTSE All-Share	3641.93	3786.06	-3.81
CAC 40	5399.21	5559.57	-2.88
Xetra Dax	13432.87	13873.97	-3.18
Nikkei	27663.39	28756.86	-3.80
Hang Seng	28283.71	29927.76	-5.49
MSCI World $	2710.60	-	
MSCI EM $	1350.59	-	
MSCI ACWI $	654.50	-	

CURRENCIES

	Jan 29	Jan 22		Jan 29	Jan 22
$ per €	1.215	1.217	£ per $	0.728	0.732
$ per £	1.373	1.367	€ per £	1.130	1.123
£ per €	0.885	0.890	¥ per €	127.194	126.351
¥ per $	104.695	103.800	£ index	79.769	79.267
¥ per £	143.766	141.910	SFr per £	1.222	1.210
SFr per €	1.081	1.078			
€ per $	0.823	0.822			

COMMODITIES

	Jan 29	Jan 22	%Week
Oil WTI $	52.21	52.05	0.31
Oil Brent $	55.04	55.17	-0.24
Gold $	1853.70	1862.10	-0.45

INTEREST RATES

	price	yield	chg
US Gov 10 yr	104.51	1.08	0.03
UK Gov 10 yr		0.33	0.04
Ger Gov 10 yr		-0.52	0.02
Jpn Gov 10 yr	118.18	0.05	0.02
US Gov 30 yr	116.77	1.84	0.02
Ger Gov 2 yr	105.27	-0.74	0.00

	price	prev	chg
Fed Funds Eff	0.09	0.09	0.00
US 3m Bills	0.07	0.08	-0.01
Euro Libor 3m	-0.54	-0.54	0.00
UK 3m	0.04	0.04	0.00

Prices are latest for edition. Data provided by Morningstar

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No: 40,620★

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

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Russia

Thousands held after anti-Putin protests

Kremlin toughens response as country sees second week of rallies

HENRY FOY AND MAX SEDDON
MOSCOW

Tens of thousands of people in dozens of cities across Russia defied a heavy police presence to protest yesterday in support of jailed opposition activist Alexei Navalny for the second straight week.

The Kremlin made huge efforts to stop the protesters repeating their triumph of last Saturday — the biggest rallies against President Vladimir Putin in years — when protesters threw snowballs at riot police and shut down traffic.

At least 4,710 people were detained yesterday in dozens of cities, including 1,496 in Moscow and 1,059 in St Petersburg, according to independent monitor OVD-Info.

Videos on social media appeared to show police using tear gas and stun guns against protesters in Moscow, while OVD-Info said some detainees in Vladivostok reported facing torture at a police station.

The Kremlin is scrambling to respond to the wave of popular anger Mr Navalny tapped with a recent viral video alleging oligarchs spent billions on a lavish palace for Mr Putin on the Black Sea coast. After the film racked up more than 100m views on YouTube, Mr Putin denied he owned the property and likened Mr Navalny to a "terrorist" for organising the rallies.

In the Russian capital yesterday, Mr Navalny's supporters moved the location of the protest minutes before it was set to begin outside the headquarters of the FSB, the security agency Mr Navalny claims poisoned him with a nerve agent last summer.

Within 30 minutes, riot police with no clear identification badges had encircled the small park where protesters had reassembled.

The Kremlin's action against Mr Navalny — who was jailed on returning to Russia two weeks ago after several months spent recovering in Germany from the alleged poisoning — has struck a chord with Russians across the country upset at a stagnant economy, police brutality, corruption and official impunity.

Protesters rallied in cities and small towns thousands of miles from Moscow and with no history of activism or significant interest in Mr Navalny's anti-corruption agenda, in some cases reporting higher turnout than a week ago. The largest protests outside Moscow and St Petersburg were in Ekaterinburg in the Urals, where local media estimated 7,000 rallied, and Novosibirsk in Siberia, where Mr Navalny's staff said 10,000 people attended.

The huge police operation appeared to have been a success in Moscow, however, where protests were scattered. At a main junction by three of the city's main train stations, a few thousand people gathered, blocking pavements and chanting "Putin is a thief" amid a cacophony of supportive car horns.

But protesters began running down side streets and through parks when police began making arrests. The Financial Times saw dozens of passers-by detained and marched to police vans, while other protesters ran, shouting warnings to each other that arrests were being made.

Police also attempted to stop the media covering the protests, with 82 journalists detained. On Saturday, Moscow police arrested Sergei Smirnov, editor of independent news site MediaZona. He was released amid public outcry, ahead of a court hearing.

European Union. Immunisation rollout

Von der Leyen feels the heat on vaccines blunder

Fiasco over Northern Ireland protocol provokes anger and calls leadership into question

SAM FLEMING, MEHREEN KHAN AND MICHAEL PEEL — BRUSSELS

Ursula von der Leyen, a medical doctor with a master's in public health, has staked much on orchestrating a successful vaccines rollout
John Thys/AFP/Getty

The bombshell in the EU's new vaccine export controls that forced Ursula von der Leyen's European Commission into a humiliating climbdown arrived almost without warning late on Friday.

The text, drafted by a tightly knit group comprising the president's team and other senior officials, was circulated to commissioners via email only 30 minutes before they were due to approve it, people with knowledge of the matter said.

"It's doubtful that any commissioners read it in full or at all," said one official. Michel Barnier, the EU's Brexit negotiator, was not informed. Micheál Martin, the Irish prime minister, later said people had been "blindsided".

Almost immediately after publication of the new rules to combat the squeeze on vaccine supplies in the European bloc, a fatal flaw became apparent. The commission had opted to trigger a carve-out from the Brexit treaty in order to restrict exports to Northern Ireland — provoking uproar and disbelief in Dublin, London and Belfast.

The commission pulled the regulation's text from its website late on Friday evening after Ms von der Leyen held emergency calls with Mr Martin and Boris Johnson, the UK prime minister. Just before midnight, Brussels said the Northern Ireland measures would not, after all, be triggered.

The fiasco capped a tumultuous week for Ms von der Leyen. The former German defence minister is facing her most challenging time as commission president a little over a year into her term, as she struggles to boost a sluggish Covid-19 immunisation drive and faces pressure from member states to sort out shortages of vaccines with drugmakers.

One diplomat warned that Brussels risked "ruining" its credibility over the export controls. Officials blamed Ms von der Leyen's "silo" management, which excluded many commissioners from decision-making and consultation.

It has also left diplomats raising questions over her inexperience at running Brussels machinery. "Decisions are made too fast and in a narrow circle," said one official.

One high-level EU official stressed that it would have been better not to have included the Northern Ireland provisions, the commission was forced by the crisis into acting quickly on the export controls. Ms von der Leyen had responded promptly to drop the problematic proposals, the official added.

Brussels has been on the defensive since AstraZeneca revealed late last month that it would substantially undershoot vaccine output pledges to the EU — even while it continues to deliver on its contract with the UK.

The commission has staged a high-profile battle with the company, arguing it should make up for shortfalls by tapping its UK factories. The vaccine received its authorisation from EU regulators on Friday.

Amid huge concern from member states facing jab shortages, the commission last week rushed through a "transparency" mechanism aiming to force companies to disclose when they export vaccines from the bloc.

Valdis Dombrovskis, EU trade commissioner, initially gave assurances that the commission did not want to impose curbs on shipments. But the final rules will require companies to obtain permission before shipping doses abroad — giving authorities the possibility of blocking them.

The original measures also created the border restrictions between Ireland and Northern Ireland as part of the clampdown. That involved invoking article 16 of the Brexit deal's Northern Ireland protocol to "avert serious societal difficulties" — the move that provoked outrage and briefly united political foes in Dublin, London and Belfast.

The episode is damaging for Mrs von der Leyen, a medical doctor with a master's in public health, who has staked much of her presidency on orchestrating a successful vaccines rollout.

In a sign of internal tensions over the affair, Mairead McGuinness, Ireland's commissioner, told broadcaster RTE yesterday her attention had not been drawn in advance to the relevant text. The episode had "not been good for the European Commission", she acknowledged, but said there was no need for Ms von der Leyen to consider her position.

> 'Clearly we didn't cover ourselves in glory on Friday, and there is a risk of overselling our role'

There were signs yesterday that member states would rally in support of Ms von der Leyen. She was making "a great effort" to address vaccine shortages, Augusto Santos Silva, Portugal's foreign minister, told the BBC's *Broadcasting House* programme yesterday. "It's very important that we remain united and I think we will."

Ms von der Leyen enjoys backing from powerful countries, including Germany and France, and she can rely on a support in the European Parliament.

One commission insider said some member state politicians at times "conveniently forget" their collective responsibility and are tempted to blame Brussels. But the insider also admitted the commission had left itself open to criticism. "Clearly we didn't cover ourselves in glory on Friday, and there is a risk of overselling our role," the official said. "We're all in this together."

Additional reporting by Peter Wise in Lisbon and Olaf Storbeck in Frankfurt

CPTPP

UK formally applies to join trans-Pacific trade bloc

GEORGE PARKER — LONDON
AIME WILLIAMS — WASHINGTON

Britain is to mark the anniversary of leaving the EU — the largest trading bloc — by formally applying to join a trade group in the Pacific.

Boris Johnson, UK prime minister, hopes Joe Biden, US president, will join the group too, opening a backdoor to closer UK/US trade ties as hopes of an early trade deal between London and Washington fade.

Critics claim that a trade deal with 11 countries on the other side of the world would bring limited economic benefit to the UK and see no prospect of Mr Biden being in any rush to join the group.

Mr Johnson said membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership would prove that "one year after our departure from the EU we are forging new partnerships".

"Applying to be the first new country to join the CPTPP demonstrates our ambition to do business on the best terms with our friends and partners all over the world and be an enthusiastic champion of global free trade."

The CPTPP includes fast-growing economies including Mexico, Malaysia and Vietnam along with established regional economies such as Japan, Australia, New Zealand and Canada.

Liz Truss, UK trade secretary, will speak to ministers in Japan and New Zealand today to request to join the CPTPP, with formal negotiations set to start this year.

Ms Truss believes membership would boost trade, which is already worth £111bn and has been growing 8 per cent a year since the UK voted to leave the EU in 2016. She believes it will liberalise digital trade, eliminate tariffs quicker on products such as whisky and cars, and facilitate simpler visa procedures for business people.

British officials also hope a bigger prize could be to use the CPTPP as a way of building trade ties with the US, if the Biden administration chose to join the group. "We're hopeful the US shares our ambition to join CPTPP, which would mean closer trading ties via plurilateral means," said one British official.

But the new US president has vowed to improve his own country's economy before signing new trade deals and neither a UK/US trade deal nor membership of the CPTPP are seen as high priorities. "President Biden has repeatedly said that the CPTPP would need to be renegotiated," said one US administration official. "The administration is currently focused on domestic investment and economic growth that supports the American middle class."

Britain's application to join a trade group in the Pacific while ending free trade with the EU is one of the apparent paradoxes of UK trade policy.

Distance remains a main factor in trade. Even a recent trade deal with Japan was deemed by a UK government study as likely to increase British GDP "in the long run by about 0.07 per cent".

Another UK government study in 2018 suggested trade deals with non-EU countries and blocs would only raise British GDP by 0.1-0.4 per cent over the long term. The economic consequences of the EU deal were assessed by the UK Treasury as likely to cut almost 5 per cent from GDP over the longer term.

EU aid package

Political infighting threatens Italy's Covid recovery plan

SILVIA SCIORILLI BORRELLI — MILAN

When Italy commissioned its Covid-19 recovery plan from a group of experts led by former Vodafone chief Vittorio Colao last spring, businesses were confident they would play a leading role in shaping an investment strategy that would help restore prosperity.

Their hopes were soon shattered in the face of the country's notorious political instability.

Italy is set to be the main beneficiary of the EU's Covid-19 recovery fund, receiving 28 per cent of a total €750bn in grants and loans over the next six years.

Mr Colao's detailed 53-page plan for spending it, outlining 100 investment proposals divided according to complexity, timing and funding needs, was delivered in June. But it was immediately sidelined by political infighting.

The fractious coalition government, led by Giuseppe Conte, spent months arguing about priorities and resource allocation.

In December, it published a 13-page rough draft that largely ignored Mr Colao's recommendations, instead envisaging aid to businesses and families and with few funds for new investment projects or health.

But Matteo Renzi's small Italia Viva party, a junior coalition partner, opposed the plan and attacked Mr Conte's decision-making, triggering a political crisis that led to Italia Viva's withdrawal from government and Mr Conte's resignation last week.

"[Mr] Colao's plan was a good one, which is why I knew it would end up in a dusty drawer," said Valerio Andreoli Bonazzi, chief executive of renewable energy company Hydrowatt.

According to the government draft, Italy will receive €81bn in grants and €127bn in loans from the EU's Covid-19 recovery fund, plus an additional €20bn in cohesion funds.

It identified digitalisation, energy transition, health, infrastructure, education and social equality as priorities. Investment would be targeted at offshore wind energy, floating solar, high-speed rail expansion across the country, internet upgrades, and the renovation of school and hospital infrastructure.

But many business leaders, voicing concern through Confindustria, Italy's industry lobby group, said the draft plan lacked crucial reforms or detail on governance and procedure. Unions complained they were excluded from the discussions.

"The plan's draft is completely disconnected from the reality [for small and medium-sized enterprises], and, as entrepreneurs, we are dismayed by what is going on because we were never involved," said Mr Andreoli.

> 'We struggle with every single €1m project. Imagine what will happen with billions at play?'

"Many of the futuristic energy infrastructure projects will never be green-lighted because of the various environmental restrictions and other authorisation requirements. We see our authorisation requests rejected on a daily basis. We struggle with every single €1m project. Imagine what will happen with billions at play?"

Angelica Donati, chief executive of construction group Donati, said that while the draft was an improvement on an initial version, bureaucracy was likely to hinder investment. "It takes on average 15 years to complete a large infrastructure [project] in Italy, and none of the [recent] emergency legislation to simplify tender rules and administrative procedures improved the situation."

Ms Donati said many of the projects indicated in the draft plan, including several high-speed rail links, had been approved and funded but went unrealised because of red tape.

Italy has always struggled to spend EU funds. In 2019 it only absorbed 30 per cent of the structural funds it received.

Roberto Gualtieri, finance minister, said last week that the government would streamline tender procedures and bypass bureaucracy through special commissioners.

According to the first Covid recovery plan draft, Mr Conte had intended to hand the plan's management to a task force of chief executives and business managers. But the idea was rejected by other members of the coalition and pulled from the latest draft, which offers no detail on who will be in charge of implementation.

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Published by
F.T. Publications Inc.
330 Hudson St, New York,
NY 10013, USA;
Tel: +1 917-551-5000;
Editor: Roula Khalaf

Printed by
Blue Island Newspaper Printing, Harvey, IL
Evergreen Printing Company, Bellmawr, NJ
Bay Area Production Services, Fremont, CA

Published daily except Sundays, New Year's Day, Good Friday, Independence Day, Thanksgiving, the day after Thanksgiving, Christmas Day and the day after Christmas Day.

US subscription rates, 1 year $406. Periodicals postage paid at New York, NY and at additional mailing offices; Post-Master. Send address changes to F.T. Publications Inc., PO Box 469, Newburgh, NY 12551; USPS number, 190640; ISSN# 09159460.

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INTERNATIONAL

Europe retailers left reeling as cost of shipping from Asia soars

Importers say outlay for a container is up to 10 times higher than a year ago

A container ship docks in Le Havre, France. Freight forwarders are fighting for space on vessels
Sameer Al-Doumy/AFP

GEORGE STEER, JONATHAN ELEY AND VALENTINA ROMEI — LONDON

The spiralling cost of shipping goods from Asia is causing an intensifying shortage of consumer goods in Europe for importers of everything from home furnishings, bicycles and sports kit to children's toys and dried fruits.

A dearth of empty containers in China has quadrupled prices on sea trade routes to Europe in the space of eight weeks, with costs hitting records as shippers and freight forwarders compete to secure space on vessels.

As a result, retailers and manufacturers said they were beginning to experience shortages of both finished goods and components.

Youri Mercier, deputy secretary-general at the Federation of the European Sporting Goods Industry, whose members include Nike, Puma and Adidas, said that delays of several weeks were having a "huge impact" on businesses.

"If winter collections arrive months late, there is a big problem," he said. "It's Covid, Brexit and now this."

Frucom, which represents European traders of dried fruit and nuts, said in a separate letter to the commission last month that one of its members had been quoted $16,500 to ship a 40ft container, up from $2,150 in November.

"Several members have advised that their customers intend to cancel [goods] contracts this year as this destroys the [profit] margin they may have been able to earn," it said. "Some deliveries scheduled for December are only now reaching our companies."

Halfords, one of Europe's largest cycle retailers, has reported gaps in its stock caused by shipping problems and mentioned freight costs and disruption in its latest trading update, though it said it had better access to manufacturing and transport capacity than smaller rivals.

Steve Garidis, executive director of trade body Bicycle Association, said: "There's been disruption, and the cost of securing containers is up to 10 times higher than a year ago."

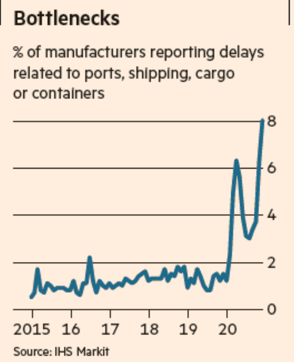
Gary Grant, founder and executive chairman of UK toy retailer The Entertainer, said "ridiculous" freight rates were "having a massive impact" on prices.

He usually brings in around 50 containers a week from Asia, but "we are about 200 containers behind where we should be at the moment because we cannot justify paying for the shipping".

Lorenzo Granata, owner of Nano Bleu, the largest toy retailer in Milan's historic centre, said: "There is less product availability, which explains soaring costs . . . Platforms and shops that are able to secure products that are widely unavailable can pretty much put the price tag they please on those items."

Peter Sand, analyst at international shipping association Bimco, said higher prices were predominantly "affecting the small importers and retailers rather than the Tescos, Walmarts and Ikeas" that ship more cargo and tend to be prioritised by carriers.

In a survey of 900 small and medium-sized companies conducted by marketplace Freightos, 77 per cent reported experiencing supply chain difficulties in the past six months.



Helen White, co-founder of UK-based home furnishing group Houseof, said the company would not make any profit on goods shipped since December as a result of increased freight rates.

"It's a nightmare. Not only are prices going up, but it's hard to get a container even if you are willing to pay $10,000," she said.

The supply constraints are having an impact on production across the eurozone, according to a rising proportion of manufacturers in a survey by IHS Markit published last week.

Supplier delivery times lengthened in January by the largest amount since survey data were first available in 1997 — with the exception of April last year, when supply lines were hit by the pandemic.

The European Association for Forwarding, Transport, Logistics and Customs Services and the European Shippers' Council warned in a joint letter to the European Commission last week that "increased freight rates" and "late delivery" meant many of their members were struggling to keep "supply chains operational".

> 'If winter collections arrive months late, there is a big problem. It's Covid, Brexit and now this'

A spokesperson for the European Commission said Brussels was aware of "large price increases in container shipping markets recently, both on routes to and from the EU and in other parts of the world".

But the spokesperson said it was unclear at this stage whether it was the result of anti-competitive behaviour and whether any intervention from regulators might be warranted.

"In the current situation, many factors could be at the origin of the price hikes, such as fluctuating high demand, port congestion, and shortage of containers, in markets which are intertwined at worldwide level," the spokesperson said. "We are discussing with market participants to fully understand the current circumstances, and consider ways forward."

Additional reporting by Jim Brunsden and Silvia Sciorilli Borrelli

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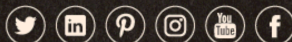

EUROPEAN TOUR | Destination

INTERNATIONAL

US Covid relief

Republicans float $600bn stimulus package

Senators say deal costing a third of Biden plan could win bipartisan support

KATRINA MANSON — WASHINGTON

A group of Republican senators has asked to meet US President Joe Biden to discuss an alternative $600bn Covid-19 relief package — a less ambitious economic injection that they claim could gain bipartisan support.

The proposal from the 10-strong group, which includes moderates Susan Collins and Mitt Romney, falls far short of Mr Biden's own $1.9tn economic relief package. Democrats are considering trying to pass that plan through a congressional procedure that would allow them to bypass Republicans, who consider it too costly.

"Our proposal reflects many of your stated priorities, and with your support, we believe that this plan could be approved quickly by Congress with bipartisan support," the lawmakers wrote in a letter to Mr Biden, adding that they would unveil details today.

The Republican group claimed parts of its proposal matched Mr Biden's plan, including $160bn to help distribute vaccines and boost public health capabilities to address the pandemic.

But Bill Cassidy, another of the senators behind the proposal, said the lower price tag was "very targeted", reducing what he called "extraneous" measures, including some that would have helped schools reopen. The offer included a round of $1,000 payments to a smaller segment of families in need, instead of broader $1,400 payouts under the Biden plan, he said.

The Republican proposal also included some additional unemployment benefit extensions, plus support for childcare and small businesses. But it falls well short of the outlay the Democratic party said was needed to support families struggling with the economic fallout from the year-long pandemic.

Mr Biden has promised to make reaching across the aisle a theme of his presidency. But he has indicated he could pass his package even without bipartisan support in order to address his top legislative priority.

"I support passing Covid relief with support from Republicans, if we can get it, but the Covid relief has to pass. There's no ifs, ands or buts," the president said on Friday.

To do so, all 50 senators who caucus with the Democratic party would need to vote the same way, with vice-president Kamala Harris casting the tie-breaker through a special congressional mechanism called reconciliation that many Republicans complain is divisive.

Rob Portman, one of the 10 Republicans who signed the new letter, said that any effort by Mr Biden to "jam through" his own package would risk poisoning the well of bipartisanship in Congress.

But Bernie Sanders, a leading senator from the progressive wing who votes with the Democratic party, has warned against sacrificing a deal in pursuit of bipartisanship.

"I don't care what anybody says, we have got to deal with this pandemic," he said, adding that the question was not bipartisanship but addressing the unprecedented crisis the country was facing.

"We cannot have children in America going hungry, people being evicted, schools not open. We need to open our schools in a safe way."

Foreign policy. China test

Washington hints at hawkish tone for Beijing

US administration looks set to take tougher line than expected by Republicans

DEMETRI SEVASTOPULO — WASHINGTON

After months of Republican concern that Joe Biden would be soft on Beijing, the US president received unexpected praise from a leading China hawk after less than two weeks in the White House.

"President Biden [and his team] are off to a great start on China," Robert O'Brien, the final national security adviser to Donald Trump, said at a US Institute of Peace event with his successor, Jake Sullivan.

Following four years of turbulent policymaking, Democrats and Republicans expect a more structured approach under Mr Biden. But experts are watching closely for signs of how hawkish he will be towards the most important US bilateral relationship.

Eric Sayers, an Asia security expert at the American Enterprise Institute, said: "The anxiety on what course Biden's China policy will take is running really hot. This is true in Washington, where there are strong concerns about a return to the Obama approach of the mid-2010s." Some in Japan and Taiwan were also nervous.

The White House said Mr Biden would have "patience" as he engineered his China policy. But he has provided some hints about the future direction from the administration's response to events in Asia and answers from some of his cabinet nominees in their Senate confirmation hearings.

One clear example has been on Taiwan. Before setting foot in the White House, Mr Biden invited Hsiao Bi-khim to be the first Taiwan representative to the US to attend a presidential inauguration.

Three days later, the state department warned China to stop trying to intimidate Taiwan after Chinese fighter jets and bombers entered Taiwan's air defence zone and simulated attacks on a nearby US aircraft carrier.

In his confirmation hearing, Antony Blinken, secretary of state, said Mr Trump had been right to be tougher on China. He later agreed that China's repression of Muslim Uighurs in Xinjiang was "genocide".

At the US Institute of Peace, Mr Sullivan said Mr Biden would work with allies on China. But he said he was prepared to "impose costs for what China is doing in Xinjiang, what it is doing in Hong Kong, for the bellicosity and threats that it is projecting towards Taiwan". His words were a sign that Mr Biden would be tougher than when he was vice-president in the Obama administration and officials talked about encouraging Beijing to become a "responsible stakeholder".

Joe Biden is engineering a supposedly more structured policy on the most important US bilateral relationship, while his secretary of state has agreed that repression of Uighurs in Xinjiang, left, is 'genocide' Mark Schiefelbein/AP; Thomas Peter/Reuters

"This hypothesis that greater economic engagement with China would turn it into a responsible stakeholder on the world stage proved false. That era of US policymaking is over," said Lindsay Gorman, a China expert at the German Marshall Fund of the US. "Expectations of a Biden policy that is 'soft on China' don't track with reality given the threats democracies face from authoritarian actors worldwide."

While Mr Biden has taken actions that have been welcomed by some hawks, his team has also sparked concern.

In her confirmation hearing, Gina Raimondo, the nominee to head the commerce department, refused to commit to keeping Huawei, the Chinese telecoms equipment maker, on the "entity list" that makes it very hard for US companies to export technology to companies on the list.

Michael McCaul, the top Republican on the House foreign affairs committee, said it was "remarkable and frankly disturbing" that she would not make a commitment. In the Senate, Marco Rubio and several other Republican China hawks, including Tom Cotton, have raised flags, signalling a possible speed bump to her confirmation.

One former top official said that Mr Biden would face vocal opposition from career bureaucrats if he took a softer approach towards China on issues such as Huawei, saying there would be "violent disagreement".

Some critics also sounded the alarm when Mr Biden extended the deadline for a ban — created by the Trump administration — on Americans investing in companies with alleged ties to the Chinese military. But some experts privately said his team wanted time to clarify a policy that created confusion in financial markets and said he was unlikely to reverse course because of pressure from Congress.

Paul Haenle, China director on the National Security Council under George W Bush and Barack Obama, said Mr Biden had so far "done it right" on China. "The Trump administration was right to make a shift, but the way they did it was self-defeating, very incoherent and scattershot."

The administration would also have to contend with Congress advocating a tougher approach to China. "The shift on Capitol Hill is bipartisan. There are Democrats who don't want a softer approach. The key is to have a smart approach that aligns with US interests."

Some Democrats worry that John Kerry, the international climate tsar and friend of Mr Biden, could push the president to compromise with China to secure a climate deal, prompting the former secretary of state to defend himself. "I know some people have been concerned. Nothing is going to be siphoned off into one area from another," he said.

That concern has also been somewhat eased by the naming of Kurt Campbell, a China hawk, to co-ordinate Asia policy in the NSC, and the appointment of a cadre of next-generation China experts who are viewed as more hawkish, including Laura Rosenberger at the NSC and Kelly Magsamen and Ely Ratner at the Pentagon. A generation of Asia hands had emerged in the Democratic party "that adopt a much more competitive-minded approach to Beijing", said Mr Sayers. "It's this group we now see moving into mid-level jobs across the administration and what leaves me encouraged."

Brazil

Bolsonaro candidate vows to push his economic reform plans

BRYAN HARRIS — SÃO PAULO

A Jair Bolsonaro-backed candidate favoured to clinch the presidency of Brazil's lower house of Congress has vowed to step up the president's push for economic reform and maintain a cap on government spending if elected.

"Brazil needs to move forward with structural reforms," said Arthur Lira, a federal lawmaker with the centre-right Progressives party who is widely seen as the frontrunner for the Speaker role, which would put him in control of Brazil's legislative agenda.

"We have been waiting for the tax reform report for two years," he said. "Topics such as administrative reform and privatisations were not even taken to congressional leaders. Failing to discuss matters is bad for Brazil."

Beyond a pension reform two years ago, little progress has been made on the government's vaunted economic agenda, with tax and administrative reforms floundering in Congress, despite broad agreement they are necessary to restore Brazil's economy.

The election in Congress tomorrow comes amid a groundswell of anti-Bolsonaro sentiment over his handling of the coronavirus crisis. Whoever wins the contest will control any impeachment proceedings against the president that might arise.

Last week, rightwing demonstrators, once sympathetic to Mr Bolsonaro's populist government, drove convoys through São Paulo and other cities, calling for his impeachment. New opinion polls show the president's weekly approval rating at its lowest since the beginning of his government in 2019.

Mr Lira has attempted to walk a fine line on how he would handle impeachment requests if elected, saying he would follow the wishes of the majority in Congress.

"I don't have an owner, I don't have a boss, I don't have a tutor and I don't have a sponsor," said Mr Lira, who has attempted to portray himself as an independent arbiter, despite his apparent close relations with Mr Bolsonaro.

His main competition in the race is Baleia Rossi, a centrist lawmaker who is supported by Rodrigo Maia, the current president of the lower house and one of Mr Bolsonaro's main rivals for the past two years. The winner will serve a two-year term.

"Lira is the favourite. As of now he has the votes [to win] but in an election in the house, everyone is a swing state. Everyone can change depending on what is offered. It is a transactional race," said Lucas de Aragão, a partner at consultancy Arko Advice.

Many analysts believe Mr Rossi would continue in Mr Maia's footsteps in acting as a bulwark against Mr Bolsonaro's more populist instincts, particularly on gun control and the environment.

But both Mr Rossi and Mr Lira have voiced support for ensuring government expenses remain below a constitutionally mandated spending cap. His economy ministry wants to maintain it but Mr Bolsonaro might want to spend more to boost his popularity.

Mr Lira is also being investigated as part of the "car wash" corruption probe. His former wife has also accused him of battery, a claim he denies.

Additional reporting by Carolina Pulice

Nissan

Trial of Ghosn lieutenant paints picture of a dictatorial leader and a toxic workplace

KANA INAGAKI AND LEO LEWIS — TOKYO

In January 2018, the head of a Nissan unit that handled travel bookings for top executives approached the in-house auditor with a problem involving first-class plane tickets and a stunning rebate demand.

Carlos Ghosn could not have known it, but the first domino had fallen. Ten months after the ticket issue came to light, the former Nissan chairman would be arrested at Haneda airport, imprisoned and stripped of his titles at the automotive alliance. Mr Ghosn would be charged with financial misconduct before staging an escape from Tokyo in a box and living under international arrest warrant in Beirut.

The greatest unanswered questions and conspiracy theories in the intervening two years have centred on the sequence of secret probes and whistle-blowing that triggered his downfall.

Some five months into the trial of Greg Kelly, Mr Ghosn's former deputy, answers have begun to emerge. Mr Kelly, a US lawyer who has maintained his innocence, is charged with involvement in an alleged scheme to conceal the scale of Mr Ghosn's pay. Looking increasingly exhausted, he has sat in court a few metres from colleagues with whom he worked for years. Two of Mr Kelly's peers delivered testimony on the point of tears.

But over the past two weeks, the most startling revelations have come from Hari Nada, the British-Malaysian former legal affairs chief at Nissan, whose co-operation with prosecutors in exchange for immunity was pivotal to the arrest and prosecution of Mr Kelly and his former boss.

He has given a glimpse into the inner sanctum of Nissan and the paranoid, factionalised halo that surrounded Mr Ghosn. "No matter what harm or what consequences the company would face by reporting it, I thought the priority was to stop these things from happening," Mr Nada told the court, adding that Japanese society would hold the group morally responsible for the wrongdoing of its former leader.

According to Mr Nada, Mr Ghosn had found that the tickets he booked for his family through the travel unit could be bought more cheaply online. He demanded the unit reimburse him — Japan's most highly paid executive at the time — the cash difference.

The alert, which was being secretly probed by Hidetoshi Imazu, Nissan's auditor at the time, suggested that concerns over Mr Ghosn existed in a group where he was all-powerful and that they might finally come to light.

"I thought Mr Imazu was courageous for being prepared to take Mr Ghosn on," Mr Nada said. What he did not know was that Mr Imazu would later take the findings to Tokyo prosecutors before presenting them to Mr Ghosn and the board.

Mr Nada testified that he had already become concerned that Mr Ghosn, 63 at the time, was on the verge of retirement and had constructed elaborate mechanisms that would convert that change of status into a huge undisclosed windfall. These were the culmination of years of meticulous planning and rising tensions among Mr Ghosn's lieutenants and Nissan executives. They were driven by fears that revelations of his full pay under new disclosure rules in 2010 would force his dismissal from Nissan's biggest shareholder Renault.

A courtroom sketch of ex-Nissan executive Greg Kelly — Masato Yamashita/Jiji Press/AFP

Mr Ghosn, portrayed in court as a "dictator", ordered underlings to find ways to ensure he would be paid nearly $90m in deferred compensation when he retired as chairman of Nissan. Possible solutions ranged from payments via subsidiaries in the Netherlands and Dubai, to consulting fees and a non-compete agreement, before settling on a form of stock option that satisfied Mr Ghosn's strict non-disclosure conditions, according to court testimonies.

Those involved in constructing the schemes portrayed a toxic environment where employees were torn between concerns about the handling of Mr Ghosn's compensation and the desire to please a boss who had saved the group. One witness spoke about wanting to quit after questioning Mr Ghosn's remuneration scheme. Another felt he "was being trusted" when Mr Ghosn shared confidential information with him.

The final hurdle to implementing the scheme was to steer clear of closer scrutiny that would come from Mr Ghosn's plan to fully merge Nissan with Renault.

"I was convinced that Mr Ghosn was going to retire" in June 2019, Mr Nada said. "As a consequence of his retirement, in order for him to maintain control over the companies, he would merge the companies. And I felt the train was about to leave the station and it had to be stopped."

Mr Kelly's trial, which is set to last until at least July, has highlighted Mr Ghosn's absence from Japan and its justice system. After his flight to Beirut, Mr Ghosn has continued to deny the allegations, accusing Nissan executives and prosecutors of "plotting" his ousting.

The absence will probably become more glaring after a judge in Boston rejected the efforts of Michael and Peter Taylor — the father-and-son team who allegedly organised Mr Ghosn's escape — to avoid extradition and a Tokyo trial.

Mr Kelly's wife Dee said her husband was holding up well despite the trial's length. "We're 64 years old and we can't get our time back," she said as she spent Christmas Eve in the courthouse.

FTWeekend

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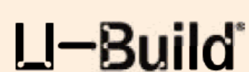

Borders and financing If Europe wants a tech sector to rival Silicon Valley, it must first resolve its non-digital issues ➔ OPINION

Companies & Markets

Melvin assets drop 53% in January after Reddit assault

- Fund fell victim to short squeeze
- Rivals scramble to avoid same fate

ORTENCA ALIAJ AND ERIC PLATT
NEW YORK

Melvin Capital, the hedge fund that was wrongfooted by retail traders who drove up shares in GameStop and other companies it had bet against, lost 53 per cent in January, according to people familiar with the firm's results.

The New York-based hedge fund sustained a $4.5bn fall in its assets from the end of last year to $8bn, even after a $2.78bn cash injection from Steve Cohen's Point72 Asset Management and Ken Griffin's Citadel.

Melvin became the target of retail traders who co-ordinated to drive up the share price of GameStop on online message boards such as Reddit, after the firm disclosed its bet against the company in regulatory filings.

The short squeeze on Melvin has been taken by some as a victory over a broken system they see as benefiting the country's elite, and the trading strategies used to pressure hedge funds have shot from the fringes of the internet to the heart of the zeitgeist.

On Wednesday, Melvin said it had exited its bet against GameStop and repositioned its portfolio. The firm moved to reduce risk in its investments following a turbulent start to January when it lost 30 per cent in the first three weeks. Melvin's leverage ratio is at the lowest it has been since the firm's founding in 2014, said a person familiar with the firm. The news of Melvin's January performance was first reported by the Wall Street Journal.

Gabe Plotkin, founder and chief investment officer of Melvin Capital

The GameStop saga marks a fall from grace for Melvin, which gained 52 per cent last year, ranking it among the best-performing hedge funds. Founder Gabe Plotkin was one of Mr Cohen's most prominent traders at SAC Capital, until it shut down amid an insider trading scandal. A Melvin spokesperson declined to comment on the firm's January performance.

The rally in GameStop shares has captivated Wall Street and forced many hedge funds to rethink risk management practices. On Monday and Tuesday last week, other long-short hedge funds cut their exposure by covering short bets and selling out of stocks.

"The market action has been a wake-up call and retail traders are likely to continue to be a force to be reckoned with, which will probably permanently affect the business models of institutional investors," said Maneesh Deshpande, a strategist at Barclays.

US securities regulators said last week they would review trading for signs of manipulation, as well as restrictions put in place by brokerages such as Robinhood and Charles Schwab to see if they disadvantaged investors.

Shares of GameStop have climbed more than 1,625 per cent this year, and last week both shares and options on the company whipsawed in value as retail investors piled in. While members of the Reddit community r/WallStreetBets had focused their attention on GameStop, they have broadened their gaze to other down-on-their-luck companies, with shares of apparel retailer Express and cinema owner AMC both more than tripling in value last week.

Prosecution unlikely page 8

Tide of junk Riskiest groups bask in low credit costs as investors hunt for higher returns

Despite the impact of the virus crisis, Viking Cruises succeeded in raising $350m through a bond issue — Alamy

Fall in borrowing costs for US businesses with low ratings
Yield on ICE index of triple C rated bonds (%)

Source: Ice Data Services

JOE RENNISON — LONDON

The riskiest companies are enjoying the benefits of the hunt for higher returns, sending the yield on dollar-denominated debt of some of the lowest-rated businesses close to historic lows.

The average yield across US triple C rated debt in the US dropped to a recent nadir of 7.6 per cent this month, closing in on its all-time low of 7.3 per cent set in 2014, according to data from Ice Data Services. The drop in yield signals a rally in price for the assets.

This year's increase in the price of bonds issued by the lowest-rated borrowers is a sign of how investors are willing to overlook the persistent spread of coronavirus and an uneven economic recovery.

They have instead focused on aggressive measures deployed by the US central bank last spring, including its move to begin buying corporate bonds, alongside dropping its main interest rate close to zero.

Analysts say that the Federal Reserve's actions underpinned financial markets and opened the floodgates for companies to borrow cash to outlast the pandemic.

Fund managers, unable to generate returns by buying safer government debt, have piled into corporate bonds. They initially opted for higher-rated debt but, as demand sent yields tumbling there as well, moved to dipping into lower-rated bonds.

"You basically have a Fed that is saying, 'we will not pull the rug out, no matter how wild it gets'," Max Gokhman, head of asset allocation at Pacific Life Fund Advisors, said.

It marks a dramatic reversal from the sell-off just less than a year ago, which saw yields on triple C rated debt rise to a high of over 19 per cent.

Even companies most affected by the Covid crisis managed to issue debt last month, such as a $475m bond for Life Time Fitness and a $350m bond for Viking Cruises.

"The risk-on tone continues in the new year," Citi analysts noted this month.

US law firm closes in on record $5bn in revenues

KATE BEIOLEY AND ARASH MASSOUDI
LONDON

Kirkland & Ellis, the world's highest-grossing law firm, is on track to generate record annual revenue of about $5bn following overwhelming demand during the pandemic.

Turnover at the powerful corporate adviser was approaching $5bn for the 12 months to the end of January, according to insiders, up from $4.2bn the year before. It follows a year in which three of the firm's strongest areas — private equity, restructuring and litigation — all generated strong growth.

"It has been eye-watering," one partner said of the firm's performance. "It has been a shock."

Kirkland declined to comment. It has grown quickly over the past decade, fuelled by a boom in private equity and an aggressive expansion strategy that involved poaching top talent from rivals in London and New York.

According to several equity partners — who took home more than $5m last year on average — the Chicago-founded firm is keen to play down its results because of concerns over how such outperformance might be received during a global pandemic.

Kirkland does not publicly disclose financial results but it appears in the American Lawyer annual ranking.

One partner said: "We've certainly had a really good year but we can't say that too loudly when so many people are suffering."

The firm's outperformance follows unexpectedly high volumes of work in private equity, the sector that catapulted Kirkland into the global elite, and litigation and restructuring, which tend to do well during economic crises.

Lawyers had expected a drop in M&A and private equity deals but, by the end of the year, the value of private equity deals was at its highest level since 2007.

Kirkland topped Mergermarket's league tables for global buyouts in terms of deal count and value in 2020, and for global exits. The firm advised on $111.5bn worth of buyouts and $82.5bn worth of exits. Profits are also expected to be buoyed by a reduction in business travel and expensive conferences.

Kirkland occupies the upper echelon of the US legal elite alongside Latham & Watkins, which generated close to $4bn in 2019 and was the largest global firm until 2018.

Legal Notices

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COMPANIES COURT (ChD)
IN THE MATTER OF
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AND
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Automobiles. Economic pressure

Ford exit casts long shadow over Brazil carmaking

Red tape and unwinding of subsidies take toll at a time when sector's focus is on Asia

BRYAN HARRIS AND
MICHAEL POOLER — SÃO PAULO
PETER CAMPBELL — LONDON

Rui Costa could not hide his exasperation when Ford announced it was shuttering its manufacturing in his native Bahia, where thousands of people rely on the US carmaker for work.

"Brazil is intent to become a big farm," said the governor of the vast state on the north-eastern seaboard. "What have we planned in the last five years to increase investment in technology and industrialisation? Nothing."

Mr Costa's comments reflect a deep-seated concern permeating Brazil's car industry, reeling from the shock exit of Ford in January after more than a century of manufacturing in the country.

Lacking proper investment and plagued by weak sales and bureaucratic costs, carmaking in Brazil looks increasingly untenable.

Auto executives try to paint a rosy picture, pointing to the vast potential of Brazil's market, the array of new products on offer, and even silver linings to the pandemic, which has pushed more people towards private transport.

But for many independent observers, structural factors mean that — barring a rapid economic turnaround in Latin America's largest economy — the writing is on the wall, particularly as the Jair Bolsonaro administration begins unwinding longstanding subsidies worth billions of dollars.

"There is a point where you pile up all the constraints, all the regulations, the headwinds, you end up with a situation that is not manageable any more. Either countries and regions want an automotive industry or they don't," said Carlos Tavares, chief executive of Stellantis.

The boss of the newly merged Fiat Chrysler and PSA said Ford's withdrawal was "a warning light" to the Brazilian government.

João Henrique Oliveira, an executive with Volvo in Brazil and president of an association for car importers, put it more starkly: "[The exit of Ford] really shows that the business environment in Brazil is very difficult, even hostile. We could see other brands taking the same decision."

With no homegrown manufacturers, Brazilian carmaking has for decades been dominated by western and Japanese companies. In recent years, Chinese manufacturers have made inroads and many suspect groups such as Chery might make a bid for Ford's facilities.

The sector, however, has not fully recovered from a swingeing recession in 2015 and 2016, hampered by high unemployment and a weak exchange rate that has made imported parts exorbitantly expensive.

"Brands in Brazil are under very strong financial pressure. Factories in Brazil are running at 50 per cent of their installed capacity, which is very poor," said Mr Oliveira.

Ford's exit follows other cutbacks. Mercedes said in December it would close a production facility, while Volkswagen last year laid off 1,300 employees in São Paulo.

The flagging performance of Latin America's largest market comes at a time of broader global restructuring. As carmakers focus on Asia and the shift towards electric and autonomous vehicles accelerates, some analysts believe Brazil will be left behind.

"The global restructuring plays a much larger factor [in threatening Brazil's car industry]," said André Roncaglia, an economics professor and auto expert at the Federal University of São Paulo. "With the move to electric and self-driving cars, all attention is on Asia, and this puts Brazil in a vulnerable position. We don't have ability to catch up to this movement."

But the country also has to contend with longstanding domestic problems, particularly the *custo Brasil* — the extra costs involved with doing business in a historically cloistered economy plagued by cumbersome bureaucracy, logistics and tax rules.

"The *custo Brasil* always makes business a delicate equation," said Mr Oliveira, pointing out that Volvo employs four times as many people to deal with the country's labyrinthine tax rules as it does in Europe. "It's a [tax] system that generates controversies and legal insecurity. However much you're aware that you're trying to do it in the most correct way, you are still subject to questioning and risks."

A worker hangs his shirt in protest at Ford's move to shut its Brazil plants

Since his election, Mr Bolsonaro has pledged to overhaul the tax system, but has little to show for it. The government has, however, moved to cut back car subsidies, which critics say propped up uncompetitive companies with no benefit in lower prices for consumers.

When Ford announced its exit, the populist leader accused the US company of only "wanting subsidies".

The outlook for carmaking in Brazil, however, is not completely bleak. Executives say they are "cautiously optimistic" about the year ahead. They see the market boosted by "compelling products" as well as Brazil's historically low interest rates, which companies say encourage consumers to buy cars rather than save.

"The recovery last year was faster than we expected, and in the last quarter the sales result were similar to 2019. We expect sales to keep recovering this year," said an executive with General Motors, whose Onix subcompact car has been Brazil's top seller for the past six years.

Mr Tavares said Fiat Chrysler had been "doing a stellar job in Latin America" with healthy profits. But he warned that Brazil remained fragile. "We cannot keep on adding constraints. There will come a time when it is not manageable any more."

Additional reporting by Carolina Pulice

COMPANIES & MARKETS

Kuaishou IPO boosts biggest rival to TikTok

Chinese video app tipped to hit $60bn valuation as revenues from advertising and virtual gifts grow at a steady clip

RYAN MCMORROW — BEIJING

Gu Jing spends two hours a day filming himself skinning pigs and salting their legs, or sautéing giant woks full of pork. He posts these short clips to an app called Kuaishou, the biggest rival in China to ByteDance, which owns TikTok and its Chinese sister app Douyin.

Mr Gu's charms have won him 74,000 fans, and many of these have started to buy his preserved pork cuts.

"At first I was just sharing . . . Soon people started to ask me if I can sell them the food I showed in the videos," explained the 26-year-old, who now earns roughly Rmb20,000 ($3,100) each month, twice what his fellow villagers in central China's Hubei province earn in a year.

Analysts believe Mr Gu's rising fortunes reflect Kuaishou's wider potential. More than 262m Chinese check the app an average of 10 times a day, and Kuaishou, which is set for a splashy initial public offering in Hong Kong this week, is increasingly persuading those users to buy products from its online stars.

The app, which is likely to hit a valuation of over $60bn at its IPO, got its start about a decade ago when investor Fisher Zhang discovered a paralysingly shy entrepreneur named Cheng Yixiao.

Mr Cheng was building programs by himself in his Beijing flat for people to make GIFs, small animated images, on their smartphones.

"He had no motivation to make money at that moment. He was doing it out of passion," said Mr Zhang. "We wrote him the first cheque."

GIF Kuaishou, as it was first called, soon pivoted to seven-second video clips as smartphones grew more powerful and network connections became faster. But the app was a chaotic jumble of amateurish clips, mostly selfies or home videos.

"Money was running out and user growth was stuck," said Mr Zhang.

The team solved the problem by recruiting Su Hua, a former Google engineer, who built an algorithm to analyse user behaviour and push personalised content to viewers. "Within one year, the company's user numbers went up a 100 times," said Mr Zhang.

Today Mr Cheng leads product, Mr Su is chief executive and Mr Zhang is a director. His VC firm 5Y Capital holds a 16.7 per cent pre-IPO stake in the company. To make money, Kuaishou embraced livestreaming, where hosts entertain viewers for hours in real time, and hope to earn money by people showering them with small gifts, such as a virtual beer sticker (Rmb1.5) or golden dragons (Rmb1,400).

These stickers flash across the screen of the app, showing a fan's appreciation, while hosts interact and respond to comments. Sales of these virtual gifts, from which Kuaishou takes roughly a 45 per cent cut, represented 95 per cent of the app's revenues in 2017.

But the share fell to 62 per cent in the nine months to the end of September, and only grew by 10 per cent year on year in the period. Analysts said viewers were feeling the pinch because of the pandemic. In response, Kuaishou has dialled up its adverts, with sales growing 213 per cent year-on-year in the period, powering a revenue increase of 49 per cent to Rmb41bn.

Mr Zhang said the group would continue to grow its ad business, noting that it was following in the footsteps of Tencent, which has increased the ad load in its social media platform WeChat. Ads on social platforms contributed Rmb18bn in the third quarter for Tencent, or 14 per cent of revenue. Tencent has a 22 per cent stake in Kuaishou.

An advert for Kuaishou in a Beijing underground station. More than 262m Chinese check the app an average of 10 times a day VCG/Getty

The duel

A $60bn market capitalisation would leave Kuaishou worth roughly one-third of its rival ByteDance, which created TikTok, the first genuinely successful global app to come out of China.

Even though Kuaishou pioneered the short video format, in many ways, Douyin, the Chinese version of TikTok, is far ahead. It generates more than three times the advertising revenue per user hour of Kuaishou, according to estimates from analysts at Bernstein.

Lillian Li, author of the Chinese Characteristics newsletter, says Kuaishou prioritises engagement between users and creators, which can create friction for viewers, whereas users of Douyin passively flip through an endless stream of viral videos.

But fostering closer ties between users and creators on the platform might pay off in other ways, Ms Li suggested.

"You can take them [the fans] further down the monetisation funnel, so not just ads but tipping or buying on your recommendations," she said.

Kuaishou is looking to capitalise on recommendations from streamers, and says it sold Rmb333bn of goods through its app in the 11 months to November 30. Analysts at Avic estimated that Douyin registered Rmb200bn in livestreaming orders last year, while market leader Alibaba took Rmb500bn.

> 'People on Kuaishou are more down to earth'
> Gu Jing

> 'You can take them [the fans] further down the monetisation funnel'
> Lillian Li

For Mr Gu, the online butcher, sales are about equal on Douyin and Kuaishou even though he has six times the fan count on Douyin. "People on Kuaishou are more down to earth," he said.

Making money from livestreaming ecommerce remains at an early stage for Kuaishou. The category in its account that holds this unit, and other growing businesses, made Rmb2bn in the nine months to September 30, roughly 5 per cent of total revenue.

The rivalry between the two short video groups is fierce. They have traded lawsuits alleging various malpractices, and this month, when Douyin announced it would give away Rmb2bn in gifts for the Chinese new year, Kuaishou jumped in a couple of days later with a pledge of Rmb2.1bn.

Ms Li notes that the two apps are converging to some degree as they replicate one another's best features.

A hiccup

Kuaishou's rivalry with ByteDance led it to create an ill-fated international competitor to TikTok last year. Zynn briefly topped Android and iPhone app download charts in the US last year after promising cash payments to users for signing up and watching videos. But it was undone by allegations from TikTok stars that their videos were being posted on to Zynn without their permission.

Google and Apple pulled the app, eventually reinstating it after changes were made. Kuaishou's 867-page prospectus doesn't mention Zynn but notes that "one of our international apps was temporarily removed from certain app stores".

It has also faced problems in India, where four of its apps were banned last year, along with more than 200 other Chinese apps.

The international push, along with the launch of Kuaishou Express, a new app that mimics Douyin more closely, helped send its sales and marketing fees up 256 per cent in the first nine months of last year, swinging the company to a Rmb9bn operating loss.

Mr Zhang said internationalisation remained in the company's long-term plans. "Chinese companies have competitive advantages. They can go beyond China," he said, noting that TikTok's success was a sign of what was possible.

Regulation

But there are challenges for Kuaishou at home as regulators take aim at both the content in livestreams and the safety of products being sold.

China's National Radio and Television Administration released live-streaming rules in November banning minors from gifting and limiting the amount any single user can tip, while possibly requiring platforms to hire more censors to moderate content.

China's regulator is taking aim at the sales of food over livestreams that is not up to safety standards, which could affect not only Mr Gu but hundreds of thousands of other farmers selling their homemade goods on the app.

Mr Gu said he was fully licensed and not worried about new regulation. "My product is safe," he said.

Nian Liu contributed from Beijing

By the numbers

	Kuaishou	Douyin (ByteDance)
Started short video	2012	2016
Avg monthly users	459m	602m
Avg daily user time spent	2.0 hours	1.7 hours
New avg monthly users added last year	87m	121m
Algorithm maximised for	Evenly distributed traffic	Viral content
Major revenue stream	Virtual gifting	Ads
Employees	19,941	60,000+ (ByteDance)

Kuaishou & Douyin flagship apps only, avg daily user time spent Jan 1-24
Sources: Analysys; China Securities

Retail & consumer

Turkish start-up targets London deliveries

MILES KRUPPA — SAN FRANCISCO
LAURA PITEL — ANKARA

Getir, a Turkish start-up backed by the venture capitalist Michael Moritz, has launched a rapid delivery service for grocery and corner shop items in London, in a challenge to the competitive UK food courier market.

The company, which raised $128m from investors last month to help fund the expansion, began delivering to all of London's (inner) Zone 1 and 80 per cent of the city's Zone 2 neighbourhoods on Wednesday.

Nazim Salur, Getir chief executive, said the company was initially operating five fulfilment centres in the city and planned to increase the number to more than 20 in the coming months, while expanding to Zones 3 and 4.

The Turkish group enters a feverish UK market for last-mile delivery services, competing with start-ups such as Deliveroo and food retailers including Ocado. Many companies have burnt through cash to fund loss-making operations.

Founded in 2015, Getir has drawn a following in Turkey by promising delivery in about 10 minutes, fulfilling more than 5m orders a month in the country of 83m people. China's Meituan has touted average delivery times of 17 minutes for retail items in a pilot programme, while the US start-up GoPuff advertises times of 30 minutes or less.

"I'm sure eventually it will consolidate," said Sir Michael, who has invested in Getir through his personal vehicle Crankstart. "But that's part of the fun of the chase."

Getir has entered a competitive UK market for last-mile deliveries

In London, Getir will operate its own network of distribution centres, stocking items from snacks and soft drinks to fruit and vegetables, rather than relying on the franchise model it employs in Turkey. Getir buys directly from wholesale suppliers and charges a roughly 10 per cent mark-up on supermarket prices. It takes a £1.99 delivery fee on orders, which must be a £10 minimum.

The company has hired full-time couriers who will receive salaries just above the London living wage of £10.85 an hour, amid concerns about the working conditions of gig economy delivery drivers.

Mr Salur said Getir planned to expand elsewhere in the UK this year and also to two other cities in Europe, which he declined to name.

"We like big cities with chaotic traffic where people spend a lot of time on the road and have less time to shop," Mr Salur said. "That's a good demographic for the business."

Investors valued Getir, which means "bring" in Turkish, at about $850m in its most recent financing, making it one of Turkey's most valuable start-ups.

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COMPANIES & MARKETS

Financials

China futures exchange challenges dollar

Shanghai oil market trade hits record high amid move to boost renminbi

THOMAS HALE — HONG KONG

Activity in China's oil futures market has risen to record levels as the country seeks to develop the role of its currency in a trade dominated by the US dollar.

Open interest in oil futures on the Shanghai International Energy Exchange, a measure of the total number of contracts outstanding, leapt to a daily average of 118,249 in 2020 — four times higher than in 2019. Trading volumes climbed more than 20 per cent year on year.

A rise in trading and positions in the contracts, which were launched in 2018, form part of a longer term push by Beijing to establish renminbi-denominated markets that ultimately seek to challenge the dollar's dominance.

The new market "has done well beyond a lot of people's expectations, including mine", said Jian Yang, research director at the JPMorgan Center for Commodities at University of Colorado Denver. He added that the market could provide "potentially huge opportunities for promoting global usage" of the renminbi.

China is the world's largest importer of crude oil — a role that has intensified thanks to the country's swift recovery from the coronavirus crisis. Last year, it imported a record 542m tonnes of crude oil, up 7 per cent from 2019.

But its oil futures market, which is vital for allowing investors to hedge against or speculate on price movements, is still dwarfed by dollar-denominated international benchmarks.

Renminbi oil futures traded on the Shanghai Stock Exchange launched in 2018, followed by contracts for copper in November last year that sought to rival London's dominance in metals trading.

The establishment of its own commodities contracts has been a slow-burn priority in China for the past decade, but has gathered pace alongside financial market liberalisation policies pursued last year as foreign capital rushed to the country in the middle of the pandemic.

Last year, overseas purchases of Chinese bonds and stocks through Hong Kong programmes amounted to about Rmb1tn ($160bn). In November, China increased foreign investor access to futures markets on the mainland, as part of reforms.

Michal Meidan and Adil Imsirovic at the Oxford Institute for Energy Studies noted in a recent paper that the INE contract was still "far from being a benchmark". But they added that a near collapse in global oil markets last year had boosted the Chinese market's appeal as increases in storage capacity encouraged established foreign traders to deliver more into China.

Tom Reed, vice-president at Argus Media, said that some international hedge funds were exploring participating in the Chinese oil futures market. He said this was likely to be driven primarily by speculation. "It's a financial market, but not in the sense that Brent is," he said. "It's somewhere for people to put their money and try to make profits from short-term [movements]".

Market Questions. Week ahead

Jobs figures to show scale of Biden's task

FT REPORTERS

Did US hiring resume after jobs recovery sputtered in December?

US jobs figures for January, out on Friday, are expected to show that the nation's economy has resumed hiring but that it will take longer to recover from the Covid-induced losses than many had expected.

The number of long-term unemployed, or those who have been jobless for 27 weeks or more, rose to almost 4m in December, up from 1.1m in February last year before the pandemic.

About 18.3m Americans are on unemployment aid, and the US has 9.8m fewer jobs than it had in February.

Economists surveyed by Bloomberg estimate that this week's non-farm payrolls will show that the US added just 55,000 jobs in January. It follows a loss of 140,000 in December — the first monthly decline since the early days of the pandemic last April — due to increased restrictions to curb the spread of the virus.

"There will be no material improvement in the jobs market until containment measures are eased, and that won't happen soon given the slow rate of vaccination," said Padhraic Garvey, regional head of research Americas at ING.

4m	$1.9tn
Total of long-term US unemployed in December, from 1.1m before Covid	Size of Joe Biden's stimulus, in a legislative deadlock

The jobs figures, alongside a rapidly slowing economic rebound, outline the vast scale of the task facing Joe Biden, the new US president, whose success will be measured by his handling of the pandemic and the economy.

Mr Biden has stressed the importance of pushing through his $1.9tn stimulus plan, which remains in a congressional deadlock but has shown signs of progress in recent days after the president signalled that he was willing to make concessions.

Mamta Badkar

Will the Bank of England signal further easing is coming?

The Bank of England's monetary policy committee faces a balancing act with Thursday's interest rate decision.

On the one hand, an economically damaging lockdown has been extended for longer than the central bank had anticipated, and there remains the risk of a double-dip recession. However, the prospect of an economic rebound has been brightened by the UK's rapid rollout of the vaccine, bolstering chances that restrictions can start to be lifted in the spring.

With the base interest rate at a record low of 0.1 per cent, the BoE has minimal room for manoeuvre before it enters the territory of negative interest rates.

Debate continues inside and outside the central bank as to whether it should follow its European counterpart down such a path.

MPC external member Silvana Tenreyro said in a speech on January 11 that negative rates "should, with high likelihood, boost UK growth and inflation". However, governor Andrew Bailey said the following day that there were "a lot of issues" with the policy.

For now, at least, the market expects the BoE to hold its fire. "If they were to vote to cut rates . . . it would be a huge surprise," said Anthony Carter, fixed income manager at Sarasin & Partners.

The market was pricing almost no chance of a cut this week but expected marginally negative rates early next year, he said.

Oxford Economics' Martin Beck concurred. "We think the MPC will look through the economic pain of the current lockdown to the promise offered by the rollout of vaccines."

Laurence Fletcher

The BoE has minimal room for manoeuvre before it enters the territory of negative interest rates

Will BlackRock's call for emission cuts have any effect?

BlackRock told companies last week that they needed to commit to cutting their carbon emissions to net zero by 2050 or risk being dropped from its active funds.

The call to action by the largest asset manager came directly from its boss, Larry Fink, in his annual letters to clients and chief executives.

Mr Fink, who has faced criticism for what some saw as his company's lack of action on climate change, has focused more closely on the topic over the past two years.

Last year he made waves after announcing that BlackRock would put climate risk at the centre of its investment decisions.

This year he doubled down, saying the market was seeing a "tectonic shift" towards sustainable investing that was moving faster than he had expected.

In addition to threatening to expel companies from its discretionary funds, Mr Fink said BlackRock would vote against management of companies in its index funds that did not articulate a credible plan to emit no more carbon than they pulled out of the atmosphere.

As BlackRock controls nearly $8.7tn, companies will surely take notice.

It is not the first asset manager to make such a request. Last year, a group of 30 of the biggest asset managers that collectively oversee $9tn called on companies to slash emissions to net zero, also by 2050.

While Mr Fink's letters were full of lofty rhetoric, they were light on detail. He did not explain what a satisfactory net zero plan should look like, nor did he specify what would cause BlackRock to take action against a company.

Billy Nauman

Economists estimate that this week's non-farm payrolls will show the country added just 55,000 posts in January Tony Dejak/AP

Investment

Bechtel and Oyo bolster Riyadh's Gulf hub ambitions

SIMEON KERR — DUBAI

Saudi Arabia has lured a coterie of 24 multinationals to set up regional headquarters in Riyadh as the Gulf kingdom seeks to turn its capital into a business hub to rival Dubai's dominance.

US engineering group Bechtel and Indian hotelier Oyo are among the companies that will establish regional headquarters, according to Fahd al-Rasheed, president of the Royal Commission for Riyadh City.

The announcement from the multinationals, which came during a Future Investment Initiative conference held in Riyadh last week, marks another step towards a rehabilitation of Crown Prince Mohammed bin Salman's ambitious economic reforms, which were thrown into turmoil by the murder of journalist Jamal Khashoggi in 2018.

Multinationals now appear more comfortable with the reputational risk attached to the kingdom, which is also mired in a war in Yemen, as they eye potential profits from Prince Mohammed's plan to cut the country's dependence on oil and overhaul the economy.

As revealed by the Financial Times, the ministry of investment and the royal commission have in recent weeks been pitching to multinationals, asking them to pledge to open regional headquarters in Riyadh. Multinationals tend to base

'Whichever trajectory you think Saudi's economy will take, [it] will still have the largest Arab economy'

their regional operations in the commercial hub of Dubai, with some opting for oil-rich Abu Dhabi or Bahrain, which has historically acted as an offshore bridge into Saudi Arabia.

But they are increasingly factoring in the outsized nature of the Saudi economy in the region. In recent months, companies such as Google, Alibaba and Amazon have all boosted their presence in the kingdom.

"Imagine the Middle Eastern digital economy 10 years in the future: whichever trajectory you think Saudi's economy will take, the country will still have the largest Arab economy; it will still have more oil than God and a population nearly the size of Canada's," said Sam Blatteis, a former Gulf head of government relations for Google, who now advises tech firms on market entry.

Executives and consultants have in recent years spent an increasing amount of time in the kingdom, flying in and out to advise on the opening of the economy. However, few are keen to relocate there, citing Riyadh's lower standard of living than the UAE.

In the announcement last week, the 24 multinationals cited economic potential as the reason for setting up regional headquarters.

Bechtel, for example, recently won the mandate to project manage building "The Line", a futuristic 170km city strip planned in Neom, the crown prince's most adventurous domestic development.

At the conference, Prince Mohammed said he planned to turn Riyadh into one of the top 10 largest city economies in the world, up from its current position of 40. He envisions increasing the 7.5m population to about 20m by 2030.

Financials. **Short squeeze**

Reddit traders unlikely to face prosecution over pincer action on funds

Lawyers say it will be hard to prove a case of manipulation by small retail investors

KIRAN STACEY — WASHINGTON

Last week's stock market turmoil sparked a probe by US financial regulators into whether market manipulation was involved but lawyers doubt it will lead to prosecutions.

The Securities and Exchange Commission announced on Friday that it was looking into what happened when users of Reddit chat rooms drove shares in a handful of companies — including the games retailer GameStop — dramatically higher.

But while retail investors succeeded in squeezing large institutional investors, experts do not believe their actions are likely to amount to market manipulation. "If someone has been posting on a subreddit [messageboard] that they are very enthusiastic and are acquiring shares in a company, and all the while they are selling, then you have a potential violation," said Joseph Grundfest, a Stanford professor and former commissioner at the SEC. "But if in all of the tweets and postings there is no misrepresentation, then you could well find that there are no violations in law."

Last week's market frenzy has presented regulators with an unusual challenge. While speculation has driven rushes on stocks before, it is rare for retail investors to buy in such numbers that they squeeze out large institutions that have bet against those companies.

The buying spree targeted companies against which institutional investors had taken out short positions, betting on their decline. Retail investors discussed how, if they bought in enough numbers, they could force short-sellers to buy shares to stem their losses, thereby adding fuel to the rally.

Traders egged each other on over Reddit messageboards, repeating a mantra borrowed from Disney's *The Mandalorian*: "This is the way."

Regulators are worried this coordinated activity has created a bubble that is likely to burst, potentially causing ruinous losses for some retail investors. Allison Herren Lee, the acting chair of the SEC, said in a joint statement with three other commissioners on Friday: "Extreme stock price volatility has the potential to expose investors to rapid and severe losses and undermine market confidence."

But if the SEC wants to take enforcement action against any of the market participants, legal experts say they will have a difficult case to prove. The Securities Exchange Act of 1934 makes it illegal to use "any manipulative device or contrivance" in buying or selling regulated shares.

But manipulation, say legal scholars, is a term of art. "Manipulation is like what [Supreme Court justice] Potter Stewart said about obscenity," explained Todd Henderson, a law professor at the University of Chicago. "You know it when you see it."

The GameStop share surge hit hedge funds hard — Tiffany Hagler-Geard/Bloomberg

Most commonly, regulators have interpreted manipulative trades to involve deception: whether lying about a company's performance or the true owner of a share or a trader's true opinion about a company. While Reddit users seem to have co-ordinated to help drive up shares in companies whose underlying performance might not have merited it, it is not clear whether they deceived anyone in doing so.

"If you are telling people to buy a company in bad faith, that is manipulation," said John Coffee, a professor at Columbia Law School and a former legal adviser to the New York Stock Exchange. "But these people are true believers; there is nothing illegal about making wildly optimistic statements."

The SEC rarely brings manipulation cases at all — they accounted for just 5 per cent of enforcement actions in 2019-20 — and almost never in cases where they are not alleging deception.

Even if regulators do decide that manipulation might have occurred last week, many experts believe that they are unlikely to act against day traders who do not have significant individual market power.

The SEC is not only looking into the traders who bought stock last week, however — it is also probing the brokerages that enabled the trades, before placing temporary curbs on them, triggering sudden share price drops.

The trading restrictions put in place by online brokerages such as Robinhood attracted the ire of politicians from across the political spectrum, from the progressive congresswoman Alexandria Ocasio-Cortez to the conservative senator Ted Cruz. Some online commentators even accused the brokerages of being part of a Wall Street plot to protect certain hedge funds.

Robinhood said it was required to act because of the volatility in the markets, referring to SEC rules that force brokerages to hold a certain amount of capital as a ratio of outstanding trades.

Given the unprecedented volume of trading occurring at the time, legal experts believe it might have breached these requirements had it not acted to stem the flow of trades and raise capital.

How to Lead. Matt Maddox, chief executive of Wynn Resorts

A swift but painful overhaul after founder's exit

Casino boss stabilised the group as activists circled and regulators questioned his judgment, writes Andrew Edgecliffe-Johnson

Maddox focused on supporting employees to change the corporate culture Isaac Brekken/AP

There have been, by Matt Maddox's reckoning, "three or four months of bliss" since he became chief executive of Wynn Resorts. Aside from that respite in late 2019, it has been nonstop crisis.

Steve Wynn's signature still shines out over the Las Vegas skyline, three years after the billionaire who transformed the Nevada gambling hub resigned from his casino company over sexual misconduct allegations he denied.

Gaming regulators in Nevada and Massachusetts opened investigations, a pension fund claimed the board had "knowingly turned a blind eye" to decades of alleged misconduct and analysts questioned what would happen to the business without its founder. As one bluntly put it: "Steve Wynn is the company."

But in February 2018, Mr Wynn's company became Mr Maddox's problem. He had been with the group for 16 years, so his first challenge was to explain how he and the rest of Wynn's leadership had missed Mr Wynn's alleged conduct and why they then dismissed the allegations when they came to light.

In hindsight, he says now, "people were in shock, including me". The company ended up admitting to regulators that its leaders had been "in denial", but Mr Maddox, 45, could not stay on the defensive for long.

"Employees were terrified, activists were coming after us, people were making bids. It was unclear if we were going to keep our licences," he recalls.

Regulators in Nevada and Massachusetts ended up imposing $55m in fines but letting Wynn keep its gaming licences. The Massachusetts Gaming Commission also fined Mr Maddox $500,000 after concluding that his "clear failure" to investigate an employee's complaint about Mr Wynn raised questions about his judgment.

That left Mr Maddox urgently needing to prove that he was a suitable leader. The authorities were ultimately persuaded by moves he took in his first months as chief executive to turn "a company that was about one man" into one that was thinking about all of its 25,000 people.

He began by resolving to co-operate transparently with the investigations and to put out as many other fires as he could. "I realised we had too many wars going on," the former banker says.

Within 60 days, he had put out three which involved litigation with large shareholders. He placed Steve Wynn's stock in the hands of institutional investors, resolved legal disputes with Mr Wynn's ex-wife Elaine and settled "six years of horribly intense litigation" with Universal Entertainment, a Japanese gaming group, for $2.4bn.

The clean-up was not painless, but it was fast, and accompanied by a sweeping overhaul of Wynn's board and management team. Within months Mr Maddox recruited a new general counsel, a new head of human resources and new leaders for its properties in Las Vegas and Boston. He had inherited a board packed with white men aged over 70 but a rapid overhaul left white men in the minority and brought the average age down to 61.

According to Betsy Atkins, one of three female directors he brought in, Mr Maddox is "the reason I joined". He has, she says, "no ego" and an ability to solve several complex problems simultaneously while staying focused on fixing the hardest of them first.

"Ultimately, a crisis is about well-informed but speedy decision-making, the courage to solve the biggest problems first, and the commitment to put the effort and time in to get through it," says Ms Atkins, who has served on more than two dozen boards. "He has great clarity on that and that's foundational in a leader."

As Mr Maddox tells it: "The only way for us to survive was to take fast action."

He was also faced with the challenge of preserving the best of what Mr Wynn had created, protecting a brand known for its extravagant premium service, while overhauling its corporate culture to guard against future scandals.

He sent all employees to be trained in preventing sexual harassment, circulated a statement of the company's values, established a committee to review any complaints independently and pushed staff to volunteer in their communities to demonstrate that Wynn could be a good corporate citizen.

> 'Everyone is going to remember 2020 and [they are] going to remember how they were treated'

Within 18 months, Mr Maddox had put the crises he had inherited behind him and opened a new resort in Boston, renovated Wynn Macau and developed a new convention centre in Las Vegas. In December 2019, as the board extended his contract, he declared that Wynn's future "has never been so bright".

Then Covid-19 hit.

By early February 2020 local authorities had closed Wynn's casinos in Macau. In mid-March, after engaging a Georgetown University health expert, Mr Maddox decided to shut its US resorts too.

Closing pre-emptively was controversial, he says, but he resolved to keep paying employees' wages and compensate them for lost tips. The gesture cost $250m, he says, but he saw it as an investment in a culture he has been trying to build since 2018.

"Everyone that's alive today is going to remember 2020 and everyone is going to remember how they were treated," he says: "So this is our moment to make sure people know that we're there for them. I knew that investment would pay off for our shareholders in the long term."

But shareholders also had shorter-term worries, and by mid-April Mr Maddox was issuing a reopening plan whose safety measures were widely admired and copied. The comprehensive planning allowed Wynn to reopen in Las Vegas in June and in Massachusetts in July, albeit at much reduced occupancy.

He used the time when Wynn's casinos were quiet to upgrade them, displaying the demanding attention to detail for which Mr Wynn was known. If an attraction is not perfect when it opens, he says, he will shut it down and fix it: "If it's a B, you don't keep it, because if something's a B, that B will quickly become a C in a couple of years."

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

Now, he says, his challenge is to get back to Wynn's core business of bringing crowds of strangers together for escapist entertainment. That will mean turning Las Vegas from a place to have fun into "the safest place to come and have fun".

To that end, Mr Maddox has recently opened a PCR, or genetic, Covid-19 testing lab for customers in Wynn Las Vegas that can process 6,000 tests a day. His hope is that this will let the company create "safe zones" — nightclubs, concert venues or convention centres open only to guests who have recently tested negative for Covid-19.

Three years of almost uninterrupted crises have not dented his optimism about the post-pandemic future.

"We need to be around other people," he says. "It will be like the Roaring Twenties coming out of this."

Scaling your business and the pressures on 'Power Moms'

Recommended business reads from FT journalists

'Scale for Success: Expert Insights into Growing Your Business', by Jan Cavelle

Entrepreneur Jan Cavelle has written a book of anecdotes and tips from fellow founders that chart the complex process of building high-growth businesses. *Scale for Success* is part-biography, part-guide for others eager to do it for themselves. Each of the 30 start-up stories offers insights into a different element of turning an idea into a commercial venture, from preparing the business strategy and raising the necessary funds, to developing corporate culture and protecting your digital reputation. It both inspires and exposes the challenge of making it big.

Cavelle also speaks from her own experience, and with frankly refreshing honesty, admitting that as a serial entrepreneur she had one huge success, which she nurtured into a multi-million-pound operation but was then unable to sustain that growth.

The personal accounts from other entrepreneurs come from people Cavelle has befriended through networking clubs. The interviews are helpful perhaps because Cavelle has been there herself and therefore shows an ability to draw out practical tips for specific issues that those newer to start-ups are likely to face.

Perhaps one of the most valuable pieces of advice comes at the end of this 278-page book: "Scaling a business is not for everyone . . . and never, ever do so without good reason and unless you are scale-ready."

'The Conversation: How Talking Honestly About Racism Can Transform Individuals and Organizations', by Robert Livingston

This comprehensive book is a one-stop resource for anyone wanting to understand the causes and manifestations of racism, to examine their own biases — and know what works to advance racial equity at work. It is also a fluent, jargon-free and at times (rightly) challenging read, and has scores of footnotes.

There is nothing wishy-washy here: all assertions are backed up with research and explanations, and there are many examples from Robert Livingston's life and career. A social psychologist on the board of Harvard's Kennedy School of Government, he has served as a diversity consultant at many Fortune 500 companies and non-profits.

There is a lot to digest and work on, plus examples of companies getting it right over the long term — JPMorgan Chase among them. These are organisations where "diversity is not the icing on the cake — it's the flour in the batter".

The title of the book is just right for this moment, when many more companies are starting uncomfortable conversations around race. The chapters where Livingston gives his advice on how to go about this are invaluable in themselves ("Rule #1: Gather the Facts . . . *and* Make Space For The Feelings").

You can, as a starting point, diagnose your own workplace culture on diversity by looking at everyday workplace life. "How people are treated under normal circumstances will not tell you much about the level of racial bias . . . But how quickly or severely a woman or person of colour is written off or punished for making a mistake will tell you a lot."

Livingston then gives clear step-by-step advice to make change in any organisation — and in our lives.

'Power Moms: How Executive Mothers Navigate Work and Life', by Joann Lublin

Joann Lublin's third book came out of her own experiences as a high-powered mother. When her children were still very young she was made second-in-command of the London bureau of the Wall Street Journal.

As her upward career trajectory continued she encountered a "persistent tug of war" between her job and family commitments and in this book she explores how in the US the female high-flyers of Generation X (those born between around 1964 and 1985) did things differently to the baby boomers (born between 1946 and 1964).

Lublin defines "power moms" as "experienced female business executives with successful careers and children" and over the course of a year — speaking to 86 women — she discovered a cultural shift between the two. Today's executive women, Lublin writes, are more aggressive in pursuit of their career goals and manage work/life conflicts "with far more aplomb and dexterity than I had expected".

The book's approach is to really draw out the human and — at times — emotional stories, including fertility issues and miscarriages: experiences that baby boomer high flyers in particular would not reveal to their mostly male colleagues. Lublin adds further context by weaving into the book research, stats and other relevant commentary.

The chapters offer insights on challenges such as dual-career clashes, unequal domestic duties and expectations of being "always on".

While things have improved, Lublin's book shows there is still much to be done for all working parents. She is disappointed that high-powered mothers still lead stressful lives. Nor have they entirely overcome "working mother" guilt because gender role expectations in American society today "still haven't evolved enough".

Reviews by Janina Conboye, Jonathan Moules and Isabel Berwick

FT FINANCIAL TIMES

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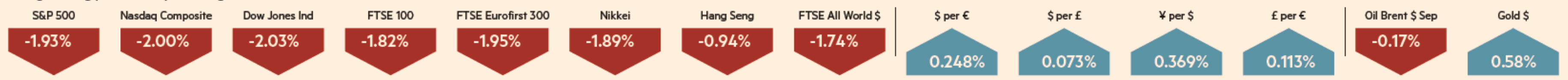
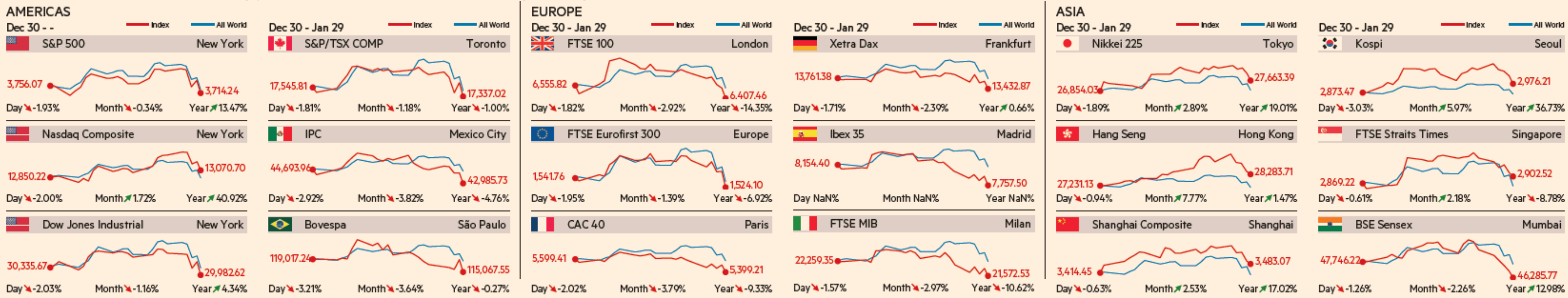
MARKET DATA

WORLD MARKETS AT A GLANCE

Change during previous day's trading (%)



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



Country	Index	Latest	Previous
Argentina	Merval	48257.14	49630.09
Australia	All Ordinaries	6870.90	6917.60
	S&P/ASX 200	6607.40	6649.70
	S&P/ASX 200 Res	5078.60	5171.10
Austria	ATX	2887.73	2908.54
Belgium	BEL 20	3623.60	3666.06
	BEL Mid	8559.51	8561.94
Brazil	IBovespa	115067.55	118883.25
Canada	S&P/TSX 60	1026.60	1046.82
	S&P/TSX Comp	17337.02	17657.20
	S&P/TSX Div Met & Min	728.07	704.98
Chile	S&P/CLX IGPA Gen	21681.02	22247.12
China	FTSE A200	14195.56	14250.06
	FTSE B35	9000.71	8988.96
	Shanghai A	3650.95	3674.12
	Shanghai B	244.06	245.71
	Shanghai Comp	3483.07	3505.18
	Shenzhen A	2443.60	2462.14
	Shenzhen B	1066.77	1070.49
Colombia	COLCAP	1368.49	1383.59
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1017.36	1027.89
Denmark	OMXC Copenahgen 20	1419.46	1450.37
Egypt	EGX 30	11578.84	11527.34
Estonia	OMX Tallinn	1435.75	1439.62
Finland	OMX Helsinki General	11097.18	11183.99
France	CAC 40	5399.21	5510.52
	SBF 120	4290.93	4371.41
Germany	M-DAX	31086.78	31461.96
	TecDAX	3375.67	3410.48
	XETRA Dax	13432.87	13665.93
Greece	Athens Gen	749.46	754.25
	FTSE/ASE 20	1782.15	1793.37
Hong Kong	Hang Seng	28283.71	28550.77
	HS China Enterprise	11208.78	11334.03
	HSCC Red Chip	3874.18	3920.30
Hungary	Bux	43517.12	43552.04
India	BSE Sensex	46285.77	46874.36
	Nifty 500	11302.40	11442.55
Indonesia	Jakarta Comp	5862.35	5979.39
Ireland	ISEQ Overall	7047.30	7146.41
Israel	Tel Aviv 125	1647.66	1639.35
Italy	FTSE Italia All-Share	23530.79	23883.40
	FTSE Italia Mid Cap	37359.19	37513.39
	FTSE MIB	21572.53	21916.50
Japan	2nd Section	7016.99	7098.40
	Nikkei 225	27663.39	28197.42
	S&P Topix 150	1525.55	1552.58
	Topix	1808.78	1838.85
Jordan	Amman SE	1717.96	1713.39
Kenya	NSE 20	1888.74	1889.74
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1165.72	1161.86
Lithuania	OMX Vilnius	862.43	867.32
Luxembourg	LuxX	1345.65	1354.91
Malaysia	FTSE Bursa KLCI	1566.40	1580.62
Mexico	IPC	42985.73	44280.73
Morocco	MASI	11657.63	11695.96
Netherlands	AEX	637.11	649.00
	AEX All Share	925.15	940.96
New Zealand	NZX 50	13127.29	13086.46
Nigeria	SE All Share	42169.41	41930.73
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	46385.54	46166.05
Philippines	Manila Comp	6612.62	6851.84
Poland	Wig	56978.68	57797.95
Portugal	PSI 20	4794.55	4855.56
	PSI General	3742.36	3787.38
Romania	BET Index	10306.47	10307.95
Russia	Micex Index	3277.08	3342.01
	RTX	1367.64	1384.64
Saudi-Arabia	TADAWUL All Share Index	8807.02	8784.12
Singapore	FTSE Straits Times	2902.52	2920.30
Slovakia	SAX	350.70	350.70
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	62472.10	63206.72
	FTSE/JSE Res 20	60375.22	60981.38
	FTSE/JSE Top 40	57312.45	58084.46
South Korea	Kospi	2976.21	3069.05
	Kospi 200	404.56	416.40
Spain	IBEX 35	7757.50	7932.50
Sri Lanka	CSE All Share	8668.07	8812.01
Sweden	OMX Stockholm 30	1948.79	1971.40
	OMX Stockholm AS	787.87	795.82
Switzerland	SMI Index	10591.06	10849.82
Taiwan	Weighted Pr	15138.31	15415.88
Thailand	Bangkok SET	1466.98	1468.51
Turkey	BIST 100	116840.94	116315.98
UAE	Abu Dhabi General Index	5641.77	5661.83
UK	FT 30	2463.00	2504.40
	FTSE 100	6407.46	6526.15
	FTSE 4Good UK	6015.50	6120.02
	FTSE All Share	3641.93	3699.97
	FTSE techMARK 100	6261.22	6294.82
USA	DJ Composite	9877.01	10067.40
	DJ Industrial	29982.62	30603.36
	DJ Transport	12087.99	12404.96
	DJ Utilities	852.40	853.22
	Nasdaq 100	12925.38	13201.53
	Nasdaq Cmp	13070.70	13337.16
	NYSE Comp	14397.20	14487.73
	S&P 500	3714.24	3787.38
	Wilshire 5000	39396.17	40127.06
Venezuela	IBC	1921557.40	1909861.25
Vietnam	VNI	1056.61	1023.94
Cross-Border	DJ Global Titans ($)	439.25	449.02
	Euro Stoxx 50 (Eur)	3481.44	3557.04
	Euronext 100 ID	1085.38	1106.68
	FTSE 4Good Global ($)	9186.41	9389.03
	FTSE All World ($)	423.74	431.26
	FTSE E300	1524.10	1554.45
	FTSE Eurotop 100	2853.47	2919.27
	FTSE Global 100 ($)	2471.03	2522.62
	FTSE Gold Min ($)	2280.50	2253.55
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2745.59	2737.53
	FTSE World ($)	749.56	763.29
	FTSEurofirst 100 (Eur)	3882.48	3965.16
	FTSEurofirst 80 (Eur)	4781.21	4879.54
	MSCI ACWI Fr ($)	654.50	652.50
	MSCI All World ($)	2710.60	2694.42
	MSCI Europe (Eur)	1626.25	1625.31
	MSCI Pacific ($)	3135.57	3190.70
	S&P Euro (Eur)	1624.52	1653.91
	S&P Europe 350 (Eur)	1572.28	1603.31
	S&P Global 1200 ($)	2947.13	3004.81
	Stoxx 50 (Eur)	3075.34	3151.22

(c) Closed. (u) Unavaliable. † Correction. ♥ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA ACTIVE STOCKS	stock traded m's	close price	Day's change
Apple	228.9	131.96	-5.13
Amazon.com	134.1	3206.20	-31.42
Microsoft	97.3	231.96	-6.97
Facebook	77.0	258.33	-6.67
Advanced Micro Devices	48.1	85.64	-1.88

LONDON ACTIVE STOCKS	stock traded m's	close price	Day's change
Astrazeneca	209.9	7491.00	-158.00
Unilever	192.6	4240.00	-83.00
Diageo	159.8	2949.00	6.00
Glaxosmithkline	143.8	1357.00	-30.20
Royal Dutch Shell	131.1	1338.00	-28.80

EURO MARKETS ACTIVE STOCKS	stock traded m's	close price	Day's change
Asml Holding	548.6	439.45	-9.55
Sap Se O.n.	522.2	104.80	-3.50
Lvmh	407.2	498.30	-18.70
Siemens Ag Na O.n.	359.2	127.94	-1.78
Daimler Ag Na O.n.	326.8	58.12	0.53

TOKYO ACTIVE STOCKS	stock traded m's	close price	Day's change
Softbank .	1145.9	8108.00	-177.00
Tokyo Electron	856.1	39810.00	-2060.00
Toyota Motor	549.3	7300.00	-97.00
Sony	469.8	10050.00	15.00
Fast Retailing Co.,	463.7	89620.00	-640.00

UK MARKET WINNERS AND LOSERS

FTSE 100 Winners	Jan 29 price(p)	%Chg week	%Chg ytd
Pearson	812.60	13.7	-
Hargreaves Lansdown	1708.50	3.5	-
Ocado	2777.00	3.2	-
B&m Eur Value Retail S.a.	535.20	3.0	-
British Land	448.70	2.0	-

FTSE 250 Winners	Jan 29 price(p)	%Chg week	%Chg ytd
Cineworld	77.08	16.6	-
Petrofac	119.25	15.7	-
Hammerson	23.16	13.8	-
Micro Focus Int	445.10	12.3	-
Aston Martin Lagonda Global Holdings	2030.00	11.8	-

FTSE SmallCap Winners	Jan 29 price(p)	%Chg week	%Chg ytd
U And I	87.00	17.3	31.8
Mitie	48.00	13.1	-
Bmo Real Estate Investments	71.00	10.9	20.3
Harworth	117.50	10.3	8.8
Topps Tiles	65.60	9.3	16.1

Industry Sectors Winners	Jan 29 price(p)	%Chg week	%Chg ytd
Automobiles & Parts	4692.45	9.9	1.3
Oil Equipment & Services	5216.32	2.2	-6.0
Beverages	23020.88	0.6	1.1
Food & Drug Retailers	4694.72	-0.1	8.7
Real Estate Investment Trusts	2686.10	-0.5	-2.5

CURRENCIES

FTSE ACTUARIES SHARE INDICES

FT 30 INDEX

FX: EFFECTIVE INDICES

FTSE SECTORS: LEADERS & LAGGARDS

FTSE 100 SUMMARY

FTSE GLOBAL EQUITY INDEX SERIES

UK STOCK MARKET TRADING DATA

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

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There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

UK RECENT EQUITY ISSUES

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	+/-Week	52 Week High	52 Week Low	Yld	P/E	MCap m
PngAnBnk	23.09	0.86	23.54	11.91	-	18.48	69353.44
Pwr Cons Corp	3.78	-0.21	4.88	3.40	1.06	8.14	6520.26
SaicMtr	21.94	-1.79	28.80	16.90	4.04	11.85	39675.4
ShenwanHong	0.06	-0.01	0.08	0.03	-	-0.20	67.79
ShgPdgBk	9.96	-0.01	12.69	9.22	6.07	6.06	45249.25
Sinopec Corp	3.71	-0.41	4.31	2.95	6.24	9.68	12207.42
Sinopec Oil	1.80	-0.17	2.45	1.67	-	81.16	3355.09
Denmark (kr)							
DanskeBk	105.25	-8.20	123.60	68.04	-	10.81	14822.76
MollerMrsk	12720	-1615.00	15400	4976	1.13	25.74	19598.49
NovoB	425.40	-19.10	467.90	331.70	2.07	23.46	125949.82
Indonesia (Rp)							
Bk Cent Asia	22300	200.00	24700	16800	-	-	38879.26
Israel (ILS)							
TevaPha	40.68	-0.12	46.45	24.30	-	-3.18	13584.02
Italy (€)							
Enel	8.19	-0.15	9.05	5.15	4.11	19.02	101171.48
ENI	8.35	-0.19	13.18	5.73	6.75	-3.00	36585.54
Generali	14.09	-0.42	18.89	10.20	3.65	11.82	26978.86
IntSPaolo	1.81	-0.08	2.63	1.31	-	5.12	42613.92
Unicred	7.56	-0.19	14.44	6.01	-	-6.52	20540.37
KoreaElePwr	22850	-1800.00	30050	15550	-	156.19	13113.61
SK Hynix	122500	-9000.00	140000	65800	0.83	28.74	79724.91
SmsungEl	82000	-6100.00	96800	42300	1.75	22.04	437620.4
Spain (€)							
BBVA	3.77	-0.24	5.34	2.13	7.08	-40.82	30515.92
BcoSantdr	2.42	-0.17	3.96	1.50	4.07	-6.01	48757.38
CaixaBnk	2.09	0.04	2.94	1.50	3.44	12.00	15166
Iberdrola♦	11.19	-0.48	12.57	7.76	3.67	19.74	86289.14
Inditex	24.49	-1.10	32.28	18.51	1.46	47.25	92729.78
Repsol	8.12	-0.33	12.97	5.04	11.56	-1.56	15071.5
Telefonica	3.55	-0.08	6.57	2.71	11.34	69.33	23006.97

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
BOE Tech	0.95	1.08	-0.13	-12.04	0.15	18.8	58.33
Gree Elec Apl	0.15	0.15	0.00	2.05	0.02	18.3	46.08
Nokia	3.96	3.82	0.15	3.85	0.57	16.9	25.76
Cielo	4.22	4.13	0.09	2.18	0.61	16.9	9.92
AbbottLb	123.59	120.39	3.20	2.66	10.75	9.5	14.07
Ericsson	105.65	98.20	7.45	7.59	8.35	8.6	7.13
AmerAir	17.17	18.10	-0.93	-5.14	1.35	8.5	8.01
ViacomCBS	48.50	50.61	-2.11	-4.16	2.92	6.4	32.08
Walgreen	50.25	50.68	-0.43	-0.85	2.80	5.9	27.25
Illumina	426.44	438.22	-11.78	-2.69	20.19	5.0	16.48
Biogen	282.61	267.87	14.74	5.50	13.17	4.9	16.08
Wesfarmers	54.61	54.80	-0.19	-0.35	2.37	4.5	6.87
DukeEner	94.00	91.48	2.52	2.75	3.71	4.1	4.61
3M	175.66	183.42	-7.76	-4.23	6.62	3.9	1.04
PngAnBnk	23.09	22.81	0.28	1.23	0.86	3.9	22.49
GenMills	58.10	59.36	-1.26	-2.12	2.13	3.8	-1.78
MitsuiFud	2118.50	2050.00	68.50	3.34	72.50	3.5	-0.82
Swisscom	485.40	490.30	-4.90	-1.00	16.00	3.4	1.34
21stC Fox A	31.18	31.90	-0.72	-2.26	1.02	3.4	7.44
Canon	2294.50	2476.50	-182.00	-7.35	68.00	3.1	14.50

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
EDF	10.28	10.34	-0.06	-0.53	-2.11	-17.0	-19.94
Prudential	1172.50	1236.00	-63.50	-5.14	-222.50	-15.9	-99.14
ChinaPcIns	32.10	33.50	-1.40	-4.18	-5.55	-14.7	7.36
Citic Secs	17.06	17.22	-0.16	-0.93	-2.94	-14.7	5.02
CSR	3.29	3.36	-0.07	-2.08	-0.52	-13.6	15.49
TaiwanSem	591.00	620.00	-29.00	-4.68	-82.00	-12.2	14.76
HyundMobis	317500.00	331000.00	-13500.00	-4.08	-43500.00	-12.0	27.00
CharlesSch	51.54	53.74	-2.20	-4.09	-6.86	-11.7	-2.53
New Ch Life Ins	28.95	29.25	-0.30	-1.03	-3.80	-11.6	-2.69
MollerMrsk	12720.00	12775.00	-55.00	-0.43	-1615.00	-11.3	-7.49
LasVegasSd	48.09	49.08	-0.99	-2.02	-6.09	-11.2	-17.24
PetroChina	2.35	2.39	-0.04	-1.67	-0.29	-11.0	-1.67
RollsRoyce	91.70	96.94	-5.24	-5.41	-11.25	-10.9	-99.16
Imperial Brands	1470.00	1519.00	-49.00	-3.23	-179.50	-10.9	-99.06
Nppn Stl	1207.00	1229.00	-22.00	-1.79	-146.00	-10.8	-9.36
ChUncHK	4.36	4.44	-0.08	-1.80	-0.52	-10.7	-5.86
RelianceIn	1841.95	1876.55	-34.60	-1.84	-207.65	-10.1	-8.05
L Brands	40.76	41.43	-0.67	-1.62	-4.52	-10.0	8.43
Sychrony Fin	33.65	35.89	-2.24	-6.24	-3.72	-10.0	-0.83
Sinopec Corp	3.71	3.79	-0.08	-2.11	-0.41	-10.0	6.61

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
Poland	04/26	3.25	-	A2	A-	112.25	0.83	-0.01	0.04	0.51
Mexico	05/26	11.50	-	Baa1	BBB-	149.00	1.76	-0.01	-0.27	1.44
Turkey	10/26	4.88	-	B2	BB-	100.85	4.70	-0.07	-0.23	4.38
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	169.26	2.45	0.01	0.10	-
Brazil	02/47	5.63	-	Ba2	BB-	111.63	4.84	-0.06	0.41	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.55	-0.19	-0.02	-0.30	-0.30
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

BONDS: GLOBAL INVESTMENT GRADE

INTEREST RATES: OFFICIAL

Jan 29	Rate	Current	Since	Last	Mnth Ago	Year Ago
US	Fed Funds	1.50-1.75	27-09-2018	1.00	1.75-2.00	1.25-1.50
US	Prime	3.25	27-09-2018	3.25	5.00	4.25
US	Discount	2.25	27-09-2018	0.75	2.50	1.75
Euro	Repo	0.00	16-03-2016	0.00	0.00	0.00
UK	Repo	0.10	02-08-2018	0.10	0.50	0.25
Japan	O'night Call	0.00-0.10	01-02-2016	0.00	0.00--0.10	0.00--0.10
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25	-1.25--0.25	-1.25--0.25

INTEREST RATES: MARKET

Jan 29 (Libor: Jan 28)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	0.07925	-0.004	-0.007	0.002	0.12288	0.20500	0.22013	0.31075
Euro Libor	-0.58114	0.003	0.011	0.001	-0.57900	-0.54329	-0.53857	-0.50700
£ Libor	0.03800	0.000	0.000	0.001	0.02875	0.03725	0.04350	0.07875
Swiss Fr Libor				-0.002	-0.81060	-0.76880	-0.73020	-0.61780
Yen Libor				0.000	-0.05700	-0.09550	-0.07000	0.04217
Euro Euribor				-0.001	-0.56800	-0.54400	-0.53400	-0.51300
Sterling CDs				-	-	-	-	
US$ CDs				-	-	-	-	
Euro CDs				-	-	-	-	

Jan 29	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.74	-0.44	-0.75	-0.45	-0.70	-0.40	-0.65	-0.35	-0.67	-0.37	-0.67	-0.37
Sterling			0.45	0.55	0.70	0.80	0.78	0.88	0.82	0.97	0.89	1.04
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	0.12	0.32	0.02	0.22	0.06	0.26	0.12	0.32	0.15	0.35	0.21	0.41
Japanese Yen	-0.20	0.00	-0.20	0.00	-0.20	0.00	-0.20	0.10	-0.20	0.10	-0.15	0.15

Libor rates come from ICE (see www.theice.com) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: Tullett Prebon; SDR, US Discount: IMF; EONIA: ECB; Swiss Libor: SNB; EURONIA, RONIA & SONIA: WMBA.

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	225.83	0.18	-0.68	-0.68	-0.32	8.12
Corporates(£)	404.46	-0.35	-1.07	-1.07	-0.83	4.44
Corporates($)	338.51	-0.20	-0.88	-0.88	-0.88	-0.88
Corporates(€)	243.79	-0.07	-0.15	-0.15	-0.17	1.61
Eurozone Sov(€)	261.89	-0.23	-0.61	-0.61	-0.64	2.26
Gilts(£)	372.90	-0.61	-1.67	-1.67	-1.41	3.03
Global Inflation-Lkd	312.81	0.25	-0.54	-0.54	0.56	10.31
Markit iBoxx £ Non-Gilts	391.27	-0.35	-0.93	-0.93	-0.73	3.93
Overall ($)	282.22	-0.24	-0.85	-0.85	-0.85	-0.85
Overall(£)	373.99	-0.54	-1.47	-1.47	-1.22	3.06
Overall(€)	252.78	-0.18	-0.47	-0.47	-0.49	1.90
Treasuries ($)	259.98	-0.28	-0.91	-0.91	-0.91	-0.91
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	688.23	0.43	-	-	6.69	17.56
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	269.49	1.99	15.73	-	277.03	243.40
Europe 5Y	52.17	0.39	3.29	4.66	66.97	45.31
Japan 5Y	52.60	0.08	1.53	1.27	70.43	50.58
Senior Financials 5Y	63.33	0.67	2.60	5.10	86.20	54.75
Markit CDX						
Emerging Markets 5Y	172.19	-2.48	4.55	21.74	245.71	150.45
Nth Amer High Yld 5Y	317.15	-3.22	18.93	23.92	421.26	290.61
Nth Amer Inv Grade 5Y	55.29	-0.08	4.44	5.31	65.62	49.59

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names.

VOLATILITY INDICES

	Jan 29	Day Chng	Prev	52 wk high	52 wk low
VIX	33.09	2.88	30.21	85.42	13.38
VXD	28.68	3.77	24.91	71.05	7.84
VXN	37.44	2.39	35.05	84.67	17.51
VDAX	30.03	1.59	28.44	93.30	-

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility. ‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/22	2.25	103.92	0.07	0.00	0.00	-0.01	-0.55
	05/32	1.25	100.87	1.17	-0.02	0.01	0.05	0.13
Austria	-	-	-	-	-	-	-	-
	02/47	1.50	136.16	0.09	0.01	-0.02	0.04	-0.33
Belgium	09/22	1.00	102.59	-0.62	-0.01	-0.03	0.00	-0.08
Canada	11/22	2.00	103.31	0.15	0.00	-0.01	-0.02	-1.35
	06/30	1.25	104.03	0.80	0.01	-0.05	-	-0.56
Denmark	11/22	0.25	101.55	-0.61	-0.01	-0.05	-0.04	0.04

GILTS: UK CASH MARKET

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

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Biden's new tone: respect your staff and each other

Andrew Hill
Management

Something remarkable is happening in Washington as Joe Biden's nominees for cabinet positions take office: they are paying tribute to the staff in their new departments and promising to protect them and their work.

I say "remarkable" but it is a sign of the depth of dysfunction during Donald Trump's presidency that recognition of ordinary government workers, from the Treasury to the Pentagon, should be notable at all.

Perhaps these statements went unnoticed four years ago. So dominant was the wild narrative tweeted out by Mr Trump that it would have been easy to miss them. Either way, Mr Biden has drawn a line. On January 20, he urged new White House officials to treat each other with decency and dignity, which had been "missing in a big way the last four years".

It seems unique to the US system that incoming cabinet members publish their remarks and memos to staff. Perhaps it shouldn't be. Not many chief executives air early promises to their people beyond an inner circle. But the Biden team has made transparency and accountability its watchwords. Announcing commitments to others publicly is one way of holding yourself to them, as married couples know.

The fact that their comments are clearly intended for publication should also make us a little sceptical, of course. Just as some marriages end in bad behaviour and divorce, many leaders act hypocritically and fail to live up to lofty goals. When some of Mr Biden's team mess up, as they are bound to, they may well do so behind closed doors. Despite Mr Biden's promise to own up to mistakes, they may try to cover up their errors or offload blame.

But taking the early evidence at face value, I see four main ways senior members of the administration and advisers are modelling the right approach — which should be copied more widely.

Setting tone from the top. Mr Biden's comments to his new staff were not merely dutiful, they sent signals to his own team, and to their own teams. "If you're ever working with me and I hear you treat another colleague with disrespect, talk down to someone, I promise you I will fire you on the spot," he memorably told his officials. "On. The. Spot."

As management writer Daniel Pink tweeted: "On Day 1, President Biden signs executive order implementing the No As*hole Rule," a reference to Robert Sutton's 2007 analysis of workplace bullying and bad behaviour and its consequences for morale.

When Mr Trump was elected, I feared he would exemplify an aggressive and regressive leadership style that business people would imitate. I now hope Mr Biden will transmit beyond the White House how important it is for leaders to create psychological safety for staff — a practice well explored by Harvard's Amy Edmondson — as a pre-requisite for strong and effective performance.

Instilling purpose. It was inevitable Mr Trump's 2016 campaign pledge to "drain the swamp" would unsettle his alleged swamp-dwellers, making them doubt the value of their work.

Janet Yellen, new secretary of the US Treasury, took steps to reverse that perception in her Day One message to its 84,000 staff. She not only hailed their dedication and creativity but also reminded them they should see "economic policy as a way to improve people's lives" and look for "the humanity beneath the data". Highlighting the positive impact of people's work on others is a great way to motivate them.

Acknowledging uncertainty. During a crisis, it makes no sense to rely on reckless certitude. Anthony Fauci, the public health expert whose discomfort serving Mr Trump was often obvious, gleefully told reporters "one of the new things in this administration is if you don't know the answer, don't guess: just say you don't know the answer".

Yellen reminded her team that they need to look for 'the humanity beneath the data'

Encouraging inclusion. Antony Blinken, whose personal commitment to the job of secretary of state is based in part on the moving story of how his family sought refuge in the US from pogroms and genocide in Europe, made a point of greeting a diverse range of state department officials on his first day last week.

Inclusion involves appealing to all sides of the deep rifts in US politics and welcoming alternative opinions. He told his staff: "I'll seek out dissenting views and listen to the experts because that's how the best decisions are made. And I will insist that you speak and speak up without fear or favour. And I will have your back".

That leaves one essential next step for Mr Biden's senior officials: to turn their fine-sounding words into action. That these leaders and their staff have a heavy task, made more burdensome by the chaotic, conflict-ridden transition from Mr Trump, is obvious. There is only one way to start lightening it. To quote Mr Blinken: "Now let's get to work."

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Health and safety

Should Covid vaccines be mandatory at work?

A few companies have introduced 'no jab, no job' policies. But are such steps lawful? By *Pilita Clark* and *Emma Jacobs*

The Spirit of Adventure cruise ship. On its maiden voyage in May, vaccines will be compulsory for passengers but not the crew Hauke-Christian Dittrich/Alamy

On May 4, a new cruise ship called the Spirit of Adventure is due to leave the English port of Dover on a maiden voyage like no other.

The vessel's owner, Britain's over-50s holiday and insurance group Saga, is one of the first large businesses to make Covid jabs mandatory for its customers. No one will be allowed on board unless they are fully vaccinated against coronavirus — or rather, almost no one.

In a sign of the fraught situation employers around the world face, the shots will be compulsory for passengers but not the ship's crew.

"We would like the crew to be vaccinated if and when they can be," the company says. "At the moment, we can't be sure that they're going to be able to do that, so the idea of compulsion would not feel right."

Saga's lopsided compromise is not unique. Months after the largest global vaccination campaign in living memory began, many employers are only beginning to grapple with its uncharted implications for their businesses and workforce.

One of the knottiest questions is whether inoculations should be mandatory, for staff or customers or both.

Considering the economic devastation wrought by the pandemic, compulsory vaccinations might seem an obvious move, even if many employment lawyers say it is unclear if such steps are lawful.

Yet Saga's experience shows why relatively few companies have so far said they will adopt the "no jab, no job" policy that London's Pimlico Plumbers plans to apply to new recruits. Saga hires its crews from agencies who in turn recruit from countries such as the Philippines, one of many nations still in the throes of organising vaccines which are set to be limited to priority cases.

Extensive testing

Making vaccines mandatory could make it hard for any cruise operator to find the hundreds of crew typically needed for a large ship. Saga's crews will instead be quarantined for two weeks before the ship leaves port. They will only be allowed on board if they test negative and will undergo tests every three days during the cruise.

These procedures make more sense than compulsory vaccinations alone in any case, according to some senior figures in a global travel sector caught in the eye of the Covid-19 storm.

"We don't believe that vaccination should be a requirement for travel for many reasons," says Gloria Guevara, chief executive of the World Travel & Tourism Council.

Such a requirement would unfairly discriminate against people in developing countries where vaccines are in short supply or non-existent, she tells the FT, and it could even impede the travel industry's pace of recovery.

"Let's say once the lockdown is lifted, you want to travel [from London], does that mean that you need to be vaccinated before going to Oxford or Northern Ireland?" she says. "Where do we draw the line?"

Vaccines alone cannot be a silver bullet for the industry, she says, adding testing, social distancing and masks would be vital for some time to come.

Still, there are signs that some employers will insist on mandatory vaccines. That could have a significant effect on jobs requiring a lot of business travel.

Alan Joyce, chief executive of Australia's Qantas airline, said in November that he believed vaccinations would become a "necessity" for international travel. Since then, a care worker in the Australian state of Queensland has unwittingly revealed the minefield employers face when it comes to compulsory vaccinations.

An employment tribunal found last month that Maria Glover, 64, could argue for unfair dismissal after she lost her job at the Ozcare group she had worked for since 2009, having refused to have a flu shot.

Ozcare said Covid-19 meant all staff had to have the jab but Ms Glover said a flu shot she had as a seven-year-old had nearly killed her and she still reacted badly to penicillin and mosquito bites.

In a judgment on the case, Commissioner Jennifer Hunt wrote that, by this Christmas, men hired to play Santa Claus in shopping centres might be required to get a Covid-19 jab.

A court might have to decide later if that was legal, she added. "However in the court of public opinion, it may not be an unreasonable requirement. It may, in fact, be an expectation of a large proportion of the community."

Treading carefully

But for the moment, companies are treading warily. Most are afraid to mandate the vaccine due to legal implications, says Brian Kropp, head of human resources research at the Gartner research and advisory group.

He says about 7 per cent of employers are avoiding discussing the vaccine with employees altogether, worried about lawsuits if, for example, an employee becomes sick after vaccination.

That may be wise. Though surveys before the pandemic showed nearly 80 per cent of people globally think vaccines are safe, one December poll showed only about 50 per cent of US workers think Covid vaccines should be mandatory at work.

Companies are unsure how to handle staff who object to jabs on medical or religious grounds, or because they are pregnant; expectant UK mothers are advised to avoid Covid jabs because they have yet to be tested on pregnant women.

Some employers are strongly encouraging vaccines nonetheless, advising employees to take them, or even offering incentives such as the chance to win a TV in a raffle.

Typically it takes the form of compensation for time off. Dollar General, the US discount chain, gives employees a one-time payment equivalent of four hours of pay to cover the time it takes to get vaccinated. Instacart, the online grocery store, is offering a $25 "vaccine support stipend".

But lawyers say these steps could be problematic elsewhere. In the UK, for example, those who refuse to be vaccinated could be deemed to be disadvantaged, says Sinead Casey, a partner at the employment and incentives practice of Linklaters, a law firm.

"We do therefore perceive a risk of claims under the Equality Act arising if this sort of incentivisation is adopted."

Still, some unions say vaccines at work are important. Mike Clancy, general secretary of Prospect, the UK union representing scientists and engineers, says he will encourage members to get vaccinated, ask reps to do the same locally, and have senior management publicise their own inoculations. "This is the greatest peacetime health and safety exercise we have seen in the UK," he says. "And if we want it to be a success, union members need to be at the heart of it."

Tips

Ways to handle employees' hesitancy over jabs

First, consider communication. Relying on the CEO or HR as the main vaccine messenger may backfire because employees are likely to suspect they are putting profits over welfare, pushing people to return to the workplace.

Roger Steare, an adviser on ethics and leadership, suggests employers hold an open conversation about staff fears over the vaccine. "Engage the union, or have an employee advisory board to consult employees," he says.

Terminology is also important. Don't use terms such as "anti-vaxxer", says Rachel Botsman, an expert on trust and a fellow at Oxford university. "It is far too oppositional. Extensive research shows facts about science and safety will not change their minds but may even harden their views. The first step for any company is to strive to understand where employees who are vaccine hesitant are coming from."

It would be a mistake to treat such employees as all the same. Some are "sceptical of big pharma's commercial interests, their religious beliefs prohibit vaccination, or they have a severe phobia of needles. Or maybe they need to fit into their circle of peers who are choosing not to have the vaccine. These are very, very different reasons and all require a different response."

This group is crucial to focus on, she says. "The key is to provide them with the right public health information but allow them to get it from their peers or people they trust."

Dear Jonathan

YOUR QUESTIONS FOR OUR EXPERT — AND READERS' ADVICE

I combine a senior job with study. When do I apply for my next role?

This week's problem

Having never been to university, I started studying part-time for a masters this year. I have a senior-level position in a small organisation — about 50 employees — and I hope to be able to move into either a similar role in a larger organisation or become managing director of a similar-sized company. Should I begin applying for these higher-level positions during my studies and highlight what I am learning, or would it be better to wait until completion?
Anonymous, 40s

Jonathan's answer

It is a brave decision to take on a university course alongside a full-time job, and to be doing this for the first time in your forties. By now, the course will be bringing you stimulating intellectual challenges and while that could be an end in itself, you principally see the master's qualification as instrumental in enabling you to progress to a more senior role.

Specifically, you may be assuming that, on its own, the master's is going to qualify you for jobs from which you were formerly excluded or perhaps give you an edge in your applications. While for undergraduates a degree can be a necessary entry ticket to apply for many roles, it is not sufficient to secure a role. Knowing this, astute students spend considerable time on internships and project work to acquire the employability skills that recruiters value.

Unlike new graduates, you already have many of those skills; you've been in work for up to 20 years, have learnt to operate successfully within a 50-person organisation, and can demonstrate leadership and responsibility. What does the master's add?

If you have not already, analyse job descriptions for the higher-level positions to which you aspire: what are the essential criteria to do the role? While a formal qualification may be necessary (in which case specify you are studying, any grades already awarded, and the date you expect to graduate), there may be other criteria which you are beginning to meet.

For example, your studies have trained you to manage multiple concurrent projects, meet formal deadlines and summarise, present and defend complex information. It is rare for anyone to meet all the criteria for a role exactly, especially when you are aspiring to a higher level; take the time now to define the relevant transferable skills and experiences you have from your current role and further studies.

There is no reason not to start applying for a new role now, before you have the formal qualification. It is probably not going to be critical for most jobs, and where it is, you can assert that you will qualify in the next few months. More important are the extra skills you are acquiring from the course itself and employing those new skills and knowledge to make a better application.

Readers' advice

I started out with the aim of changing the world for the better; my target by the end was to not fail the course, not get fired and not get divorced. I met that target, but had to accept that for those two years I did nothing as well as I would have wished. I would avoid changing job until the studying is over — but it can be done. **FinPhil**

Job opportunities rarely come along at the time you want, so it may pay to look around now. No decision on a new job needs to be taken until an offer is made. **AB**

My small sample of cohorts for two postgraduate programmes saw almost all change jobs during or immediately after finishing (me included). Why? Time to think about what you want to do and you learn to manage greater demands on your time. **mid term time to run**

The next problem

How do you futureproof a career in a dying industry? I have always wanted to work in oil and gas: I completed a geophysics degree in the UK and have moved to the US to do a masters in petroleum engineering. However, I am troubled by the industry's environmental impact and worry about the long-term career prospects. Do I seek a career that contributes to change from within or instead focus on renewables or carbon capture? **Anonymous, 20s**

Jonathan Black is director of the Careers Service at the University of Oxford. Every fortnight he answers your questions on personal and career development, and working life. Do you have a question for him? Email dear.jonathan@ft.com

How to rethink your way to an open mind

Management thinker Adam Grant is arguing for a more scientific approach to decision-making, writes *Andrew Hill*

Conversation with Adam Grant is peppered with what he and his students call "ahas" — to denote "eureka" moments and insights.

A small but potentially significant "aha" occurs at the end of our videocall, when he is talking about how to improve online meetings. Instead of the standard automated invitation to rate sound and video quality, "as an organisational psychologist . . . I would give people a one or two-question survey," he says. "Was this a productive or effective meeting?" Pretty soon, organisations would have usable data about when to schedule calls for the best outcomes, and with whom.

It is an example in miniature of the challenges that motivate Prof Grant and of his tireless drive to collect evidence that might solve them.

At 39, the prolific Wharton business school star is already one of the most sought-after thinkers and speakers about what makes organisations and the people in them tick.

His books include the breakthrough 2013 bestseller *Give and Take*, about the unexpected returns from being a nice guy (which everyone seems to agree he is). In *Option B*, published in 2017, he and his friend Sheryl Sandberg, Facebook's chief operating officer, who was recovering from the recent sudden death of her husband, combined to write about how to respond to shattering blows.

Grant: better that discussions arise from 'confident humility'
Anna Schori/Camera Press

Revisiting assumptions

Think Again, his latest book, is a thought-provoking exploration about provoking thought. It mines research into how to encourage open-mindedness and arrive at better results by regularly re-examining assumptions.

In it, Prof Grant dismantles some trivial beliefs. Take the familiar "boiling frog" metaphor. It suggests we submit to slow transitions because we don't notice them, but jump away from abrupt change like frogs dropped into hot water. In fact, *Think Again* reminds us, frogs also leap out if the pot gradually heats up. More importantly, he also addresses how to change the dangerous assumptions that underpin racism and political partisanship.

The past year has provided plenty of food for rethought, so which assumptions has Prof Grant revisited?

One is the idea of remote work. He has always been as comfortable working from home in Philadelphia as on campus at the University of Pennsylvania's Wharton business school, if not more so. (He acknowledges the support of his wife in helping look after their three children.) But based on research showing that Americans now expect to work only one or two days from home per week, he thinks companies planning to move permanently to fully remote work are "overcorrecting". His own experience as a teacher also points in the direction of a mixture of in-person and online work as the more productive, and more agreeable option. "How many times have I been in a conversation [online] or especially doing a virtual keynote and just felt like I'm talking into a black hole? I sometimes feel like the first law of thermodynamics is being violated," he says.

That said, he and his students have turned the online chat-box into a useful tool. They use hashtags to improve the discussion: #debate signals when someone wants to disagree; #onfire means they cannot wait to comment or question; and #aha highlights those eureka moments. Prof Grant says this has encouraged more students to participate. The system also shows him where he needs to raise his own game, to generate more #ahas. It is a small innovation he hopes to carry over into the hybrid world of work.

> 'When majority groups stay quiet, they license the oppression of marginalised groups'

The killing of George Floyd last year and the subsequent Black Lives Matter protests provoked another rethink. Prof Grant, once diffident about commenting on race, blogged in June about anti-racism, flagging how research had shown that "when majority groups stay quiet, they inadvertently license the oppression of marginalised groups". Groups "with power and privilege", such as white men, "actually have an easier time getting heard" about racism and sexism, he wrote. His failure to condemn the status quo, though, triggered a backlash. "I think I implicitly legitimated the fact that it is hard for members of minority groups or marginalised groups to speak up on these issues, as opposed to calling that out," he says. Now he acts on the presumption that not everyone knows the context of his work.

Writing the book has also made him recognise his inclination to slip out of the "scientist mode" of openness, and into "prosecutor" mode, relying on evidence to attack the other side.

Resolving divisions

These look like intellectual games, but Prof Grant is adamant such techniques can be the key to resolving deep divisions. The book was completed before the US elections and their violent and contentious aftermath, but Donald Trump — fount of many unexamined assumptions and a lightning rod for many more — looms over the project.

"I just didn't want to write a book that was going to be seen as having a political agenda, because I don't have a political agenda, I have a social science agenda," says Prof Grant. Still, much of his work is about how to patch up aggressive divisions that scar modern politics.

"I don't expect to steer the direction of people's rethinking right . . . I want people to think more scientifically. I think we would all make wiser choices, and probably have better conversations about polarising issues, if we could do that," he says.

Better discussions would ensue if people aimed for "confident humility", which Prof Grant describes in *Think Again* as "having faith in our capability while appreciating that we may not have the right solution or even be addressing the right problem".

The continuing pandemic is also likely to highlight *Option B*'s insights into resilience. "I'd say we're all living some form of option B," says Prof Grant. He expects that a significant minority of people will suffer post-traumatic stress disorder. But a far larger group, evidence suggests, will report the opposite effect: post-traumatic growth. "No one is saying, 'I'm glad this happened. My life is better because of this horrible experience.' What they're saying is, 'I wish it didn't happen. I would undo it if I could, but I can't. And knowing that I'm stuck with this hardship, my life is better in some specific ways.'"

As a result, many of us will be rethinking our lives and considering making dramatic changes. Prof Grant does not discourage such self-examination and he has seen no evidence for the common advice you should not take big decisions immediately after bereavement. On the other hand, "the middle of a major upheaval to the way that we live and work" may not be the ideal moment to lock in irreversible changes.

Adopting scientist mode, Prof Grant adds: "I guess what I'd say is maybe [this is] not the best time to make a commitment, but the perfect time to run an experiment."

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ARTS

An art collector's tale of three cities

With collections in London, Lagos and Mumbai, Kavita Chellaram is on a mission to bring African art to a wider audience. She talks to Georgina Adam

"Yes, it is always a tussle!" says the Indian-born, British-educated collector Kavita Chellaram, when I ask her how she reconciles the three aspects of her life: collecting, selling and auctioning art by Nigerian and west African artists. "When you have an auction house, you have to have works to sell. So, I had to make difficult choices sometimes, when I was offered some really significant works!"

Chellaram is speaking from her London home, which is filled with the art that reflects her triple heritage: India, the UK and Nigeria. Her family, and that of her husband Suresh, were originally from Sindh province in Pakistan, but moved to Mumbai after the partition. "They were refugees; my grandfather had to leave everything behind and moved to Mumbai, Maharashtra. But we were among the fortunate few, as both families had trading businesses abroad," she explains.

Art collecting was also in their blood, and Chellaram grew up surrounded by Indian painting — she mentions M.F. Husain, sometimes dubbed "the Picasso of India" — as well as Gandhara sculptures and European art ("as everyone did in those days, paintings with elaborate gilt frames . . . " she notes with a smile).

Educated in the UK from the age of 10, Chellaram married young and immediately moved to Lagos, where her husband's company is based. And so started her love affair with the country, its art and artists.

"When we moved to Lagos we built a house with a lot of blank walls. Initially we filled it with contemporary Indian art, but then we rolled everything up, shipped it back to our home in Mumbai and decided to start collecting Nigerian art," she says.

"At the time there was virtually no market, no galleries, few places for artists to exhibit — they would just come and sell from their cars. I was lucky to be able to buy some wonderful pieces."

The first works she bought were by Twins Seven Seven and Jimoh Buraimoh, both from the famed Oshogbo school, a series of workshops started by artist and teacher Georgina Beier.

"My aesthetic feelings changed — what I saw was quite incredible, but this art had absolutely no exposure, whereas Indian art was already known and had a market," she says, "And then a friend said I should showcase African art to the world," she continues. "I became fascinated by the modernists, especially Ben Enwonwu and members of the Zaria school, which produced artists making modern art but that also continued their own indigenous art traditions, including Yusuf Grillo, Uche Okeke, Simon Okeke, Bruce Onobrakpeya, Demas Nwoko, Jimo Akolo, Oseloka Osadebe, and Emmanuel Odita."

From left, Ben Enwonwu's 'Negritude' (1973); Kavita Chellaram with Enwonwu's portrait of dancer Agbogho Mmuo (1977); Chellaram's Kó gallery in Lagos

"Through their work I could visualise Africa, the colours, the features of African women, the scenes in Nigeria. You learn about traditions of the tribes, their fables and proverbs, the meaning behind everything they say and do. Living in Lagos made me aware of what Africa had to offer."

A personal friend of Chellaram is the Ghanaian sculptor El Anatsui, and hanging in her London home is one of his spectacular "tapestries", entitled "Yet humanity flows on", made from metal bottle tops, in glittering reds and golds, dating from 2010. Another earlier work by Anatsui, made from burnt and woven wood, hangs around the corner.

Reflecting Chellaram's multiculturalism, her sitting room is dominated by a large abstract work in soft tones by an Indian artist, Paris Viswanathan. It also has sculptures by the Nigerian-born British artist Sokari Douglas Camp and Enwonwu, as well as two of Enwonwu's paintings, including a portrait of a dancer, Agbogho Mmuo (1977). Chellaram explains that her Lagos home has only west African artists, and she has mainly Indian art in Mumbai.

The decision to start her own auction house, ArtHouse, in Lagos in 2007 came about partly because, Chellaram says, "The problem in Nigeria was the lack of curators, restorers, people to write about the art. It was so difficult to access information, to learn about the art there.

"At first we were ahead of the game, then Bonhams came in, and for years we were on par with them. Sotheby's then came along, but after the naira devaluation in 2018-19 people preferred to sell in pounds sterling. Last year we held three auctions, two of which were held online due to the pandemic. This year, we will organise two more auctions online," she says.

Then, last August, Chellaram also founded a gallery in Lagos that she dubbed Kó, mainly devoted to the modernist artists she loves.

> 'Through their work I could visualise Africa, the colours, the features of African women, the scenes in Nigeria'

Hardly the best time to launch a commercial gallery. "It was challenging," she admits. "We were due to hold our first exhibition at Frieze Masters, showcasing Ben Enwonwu, the first time an African master was going to be there." She winces. "It all had to be online, and it's just not the same. You can't connect with clients, the artist isn't there . . . nevertheless, I have been surprised by the feedback we are getting, from all over the world."

Chellaram has been on the African art acquisition committee of Tate Modern since 2011, having previously also served as a trustee of the Prince's Foundation School of Traditional Arts. "Tate really has been at the forefront of collecting art from the [African] continent," she says.

We talk about the currently soaring prices for artists of colour, not necessarily from Africa — Tschabalala Self, Lynette Yiadom-Boakye, Amoako Boafo, Njideka Akunyili Crosby, among others. "There is little doubt that the exposure of living abroad makes it easier to be picked up by a western gallery," she says. "With Boafo there was the Dior collaboration as well. The African continent is difficult to reach and access, and there is definitely a disparity in prices: that's why we are trying to promote artists from the continent, we want to get them comparable to those who live abroad. And selling in Nigeria, often the moment you got a rise in prices you got a devaluation, and we were also battling that."

The Chellarams have two grown children, both based in Lagos and both collectors. "They grew up surrounded with art. I started the art space with my daughter, and they are both involved. So I know that they will continue with the legacy," she says. In the meantime, she is waiting for a good moment to return to her Lagos home: "I do love Africa, I love its madness, its vibrancy and yet at the same time there is a calmness about people. They have patience."

ko-artspace.com

Chellaram's collection includes works such as the painting by Bruce Onobrakpeya seen here

FT ADVISER

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Haunted by the ghost of Donald

PODCASTS
Fiona Sturges

In March 1956, Wally and Kitty Hitchens reported strange goings-on in their terraced house on Wycliffe Road in south-west London. Pots and pans would fly across the room, bedsheets would rise off beds, and banging sounds came from the walls and the floor. Some of the noises were so loud, they could be heard by half the street. Later, fires began breaking out in the house and scrawled words would appear across the walls. The police visited, as did clairvoyants and reporters looking for a spooky scoop.

The case was also examined by the paranormal investigator Harold Chibbett, who spent months with the family and made extensive notes. At the centre of these peculiar happenings was the Hitchens' daughter, Shirley, who was 15 and claimed that the ghost wreaking havoc in their house was called Donald. The newspapers were fascinated by this teenager who was once allegedly seen by her family levitating above her bed.

The Battersea Poltergeist, which re-examines what it calls "Britain's strangest haunting", is an investigative series and an audio drama rolled into one. It is presented by the writer and broadcaster Danny Robins, who starts off by telling us: "I don't believe in ghosts." Robins goes through Chibbett's case file, scours newspaper reports and bones up on similar cases such as the Enfield poltergeist of 1977.

He has also assembled a gaggle of experts, among them the parapsychologist Evelyn Hollow and psychology professor and hardened sceptic Ciarán O'Keeffe. The latter puts Robins through a virtual reality test to demonstrate how the imagination can run riot when the mind is under stress. Most remarkably, he talks to Shirley Hitchens, who is now 80 and whose version of events has not wavered. She is extremely convincing.

Amid the present-day pontificating are short dramatised segments, starring Toby Jones and *His Dark Materials*' Dafne Keen. These take some getting used to, but prove to be a smart and atmospheric addition, capturing the bewilderment, frustration and terror experienced by the Hitchens family.

The dark heart of this series is also reflected in the wonderful title music, specially created by musicians Nadine Shah and Ben Hillier. This is an enormously intriguing podcast that mercifully avoids trying to scare its listeners with *Scooby-Doo*-style theatrics. Instead it asks us to empathise with others, open our minds and contemplate matters outside our experience.

There is no shortage of ghostly podcasts, many of them gratuitously hokey and annoying. *Lore* is not one of these. The series' focus is on the dark stories and creepy legends of the past, from the tale of Mary Webster, accused of witchcraft and who miraculously survived a hanging, to the "Bunny Man" murders in Fairfax, Virginia. *Lore* is all about hard fact — whether or not we feel they are true today, all the stories uncovered here were believed at the time.

Medium Harry Hank, centre, conducts an exorcism at the house in south-west London; Shirley Hitchens and her father Wally are on the right

FT BIG READ. TECHNOLOGY

Cabling Africa: the great data race

The pandemic has forced millions of Africans to work online, leaving cable and data operators and tech groups from Google to Facebook scrambling to upgrade the continent's digital infrastructure.
By Joseph Cotterill

Johannesburg was built on a gold rush. But in the Isando Campus business park on the outskirts of South Africa's financial centre, a much more precious substance is being piled up at an even more frenetic pace.

This is the home of Teraco, Africa's biggest operator of independent data centres — the facilities that make the modern internet go round and house content for the likes of Google, Netflix and telecoms companies.

Inside there is a monastic air, with quiet climatically controlled corridors of racks. But outside is a flurry of construction activity. Clients have only just moved into Teraco's latest data centre, but the groundwork has already begun on its next one, a 38-megawatt facility a few kilometres away that will be Africa's largest yet, aiming to entice the world's top cloud-computing providers.

The biggest sign of change is a surge in traffic in the past year at the facilities of another Teraco asset, NAPAfrica, the continent's biggest internet exchange point which connects hundreds of African telecoms and content providers.

"It is just crazy . . . it has literally exploded," says Jan Hnizdo, chief executive of Teraco. It took the best part of a decade for NAPAfrica's peak traffic speed to hit one terabit a second, a milestone reached in March 2020 just as the pandemic struck. Just months later it is now about 1.5Tb/s.

Africa's internet capacity is indeed exploding — becoming faster, denser and more local, which has profound implications for the continent's economies. It is a shift that has rapidly accelerated because of the coronavirus pandemic and one that is attracting global infrastructure investors.

Another "gold rush" has begun — in Africa's data, says Guy Zibi, founder of Xalam Analytics, an industry observer.

> 'A [Microsoft] Azure customer in Nairobi wants the same service as an Azure customer in London'

The phrase is "purposely hyperbolic", but it captures the dramatic expansion in a still-nascent market. "In football terms . . . the first half of the first half."

A data centre boom is already under way. But global internet companies have also noticed the edge that investing in upgrading Africa's digital infrastructure could give them in cutting the costs of access to their services in a largely untapped market.

Google and Facebook in particular have been going to extreme lengths — literally. This year Google is due to finish the first phase of laying a subsea internet cable from Lisbon to Cape Town named after the 18th-century African abolitionist, Olaudah Equiano. Facebook is among backers of the less evocative, but even longer, 37,000km 2Africa cable intended to circumnavigate Africa with the capacity of 180Tb/s by completion in 2023 or 2024.

Like the rest of the world, pandemic social distancing has led millions of Africans to work online, not least as a recent second wave struck large swaths of the continent. "What is amazing is how well this digital infrastructure stood up," says Mr Hnizdo. Even then, many Africans are frustrated by wonky Zoom connections and expensive data top-ups.

Less than 1 per cent of the world's data centre capacity is in Africa, at about 200MW as of last year, according to Xalam Analytics. But the demand is already several times that, Mr Zibi adds.

'Meaningful' connectivity

Africa is known as the home of most of the "last billion" worldwide who are yet to be properly connected to the internet. Half of Africans — or just over 500m people — have access to mobile internet coverage but do not use it, according to GSMA, a mobile industry body.

But the numbers of Africans who are connected will grow by 200m to 475m by 2025, out of 615m mobile subscribers. They are likely to demand more and faster data at lower cost.

According to GSMA forecasts, average African mobile data traffic will more than quadruple to just over 7 gigabytes per month per subscriber. By 2025, nearly 30m 5G connections in Africa are forecast — a drop in the ocean of the 1.7bn predicted globally, but a dramatic increase from last year when there were barely any on the continent.

Many projections for African broadband adoption rates still assume 3G connections of under 5 megabits a second, however. "The reality is that it is very difficult to reliably access some of the most fundamental applications on a 5 megabit connection," says Mr Zibi. The African market must now aim for what the Alliance for an Affordable Internet calls "meaningful" connectivity, or the speeds associated with at least 4G connections, he says.

Below: Strive Masiyiwa, the founder of Africa's biggest independent fibre operator, was appointed to Netflix's board in December. Bottom: Customers in a Huawei store in Pretoria, South Africa, where the Chinese company's hardware is critical to the 5G rollout
FT montage

In December, Netflix appointed Strive Masiyiwa, the founder of Liquid Telecom, Africa's biggest independent fibre operator, to its board. Mr Masiyiwa, Netflix's first African director, is also backing African Data Centres, another operator, which received $300m from the US International Development Finance Corporation last year.

Some of Africa's most-watched openings to investment this year will add to pressure for better internet plumbing. South Africa has promised to finish an auction of the transmission signal rights needed for full 5G rollout early in 2021. Ethiopia is pursuing a plan to open Africa's last big closed phone market.

This will all need money. Data centres are particularly capital-intensive. Actis, the biggest private equity investor in Africa, has set up a $250m platform to invest in data centres including a stake in Rack Centre, the biggest operator in Nigeria. "This sector needs quite a lot of money to scale up for the needs of end users, cloud customers and others," says Kabir Chal, an Actis partner.

It is the same for other parts of the emerging African ecosystem, from subsea cables to mobile masts. "All of these trends are converging," Mr Hnizdo says. "Covid really accelerated everything."

Keeping data local

It is just about possible to blink your eye faster than for a signal to travel through the internet's cables from Johannesburg to London and back again — about 160-170 milliseconds of latency.

This is increasingly too slow and costly for intensive use of internet resources, such as cloud computing or video streaming — which is why companies like Netflix are trying to physically position content such as video closer to users in places like Teraco's facilities. "A [Microsoft] Azure customer in Nairobi wants the same service as an Azure customer in London," Mr Chal says.

South Africa is well positioned to reduce this latency because its data centres are closer to customers on the continent versus hubs such as London, says Mr Hnizdo.

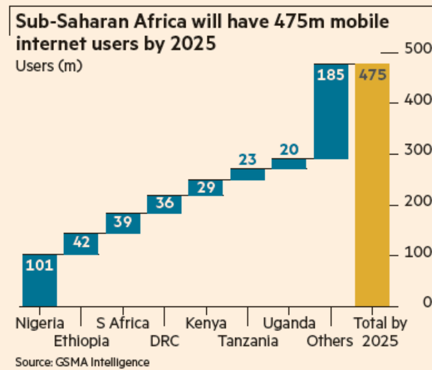
Latency is driving localisation but data sovereignty is also on the agenda, Mr Zibi says: "There is a lot of concern that a lot of Africa's data is hosted outside Africa." That includes banks' data, as well as that of oil and gas groups and governments. In 2010 the Internet Society set a goal of "Eighty for Africa", or for four-fifths of continental internet traffic to move within Africa's borders.

A decade later, developments in Kenya and Nigeria point towards this becoming a reality, with the rise of internet exchange points such as NAPAfrica which join local internet providers and direct local traffic. According to an Internet Society report last year, under a third of Kenya and Nigeria's traffic was local in 2012. It is now 70 per cent.

In that time, the peak internet traffic handled by Nigeria's internet exchange has risen 400 times, from 0.3 gigabits a second to at least 125Gb/s. For access to a 1Gb/s server port, the Nigerian internet exchange charges a monthly fee of $0.42 per Mb/s versus international data fees of more than $27 on the same basis. It has meant an annual saving of tens of millions of US dollars, even as new subsea cables brought transit prices down.

Nigeria's data centre capacity has surged over that period. "Nigeria is by far the largest market outside South Africa, and the most underserved," says Mr Chal. But beyond Africa's most industrialised economy, "data centres are in their infancy", says an investor in African internet businesses.

But there is a marked geographical inequality. Cable landings and data centres naturally favour coastal cities such as Lagos. Extending high-speed fibre inland is much harder.



Source: GSMA Intelligence

"Interoperability" across borders is also difficult. "Once you get out of these big, urban, coastal areas, to secondary cities . . . there, you still have a substantial gap," says Mr Zibi. This includes the so-called "last mile" of getting fibre to households and businesses.

Africa saw its largest increase in such connections last year but even South Africa has "a significant deficit", says African Infrastructure Investment Managers, an investor which last year backed a local fibre operator to expand to cities beyond the biggest metropolitan areas.

An extreme microcosm lies off Africa's shores. This year a special spur of the Equiano cable will join to St Helena, the remote south Atlantic outpost where Napoleon was exiled. At a minimum of 100Gb/s, according to IEEE Spectrum, it will be the fibre-optic equivalent of drinking from a gushing hose once the cable operates.

But St Helena will still need better local infrastructure to connect even a small portion of this capacity to homes and businesses — the last mile — on a 47-square-mile island.

Back to the grid

The biggest block on Africa's internet infrastructure boom might be one that has crushed many dreams of African industry catching up with the world. It is a lack of a reliable grid power.

Data centres are especially vulnerable. They promise high rates of year-round availability to customers and need to keep IT kit cooled. When grid supply fails, back-up generation can blow out operating costs. "Without cheap and reliable power, African data centres can't be competitive and won't get built," Energy for Growth Hub, a non-profit network, wrote in a report.

"Everyone is excited about leapfrogging," says Rose Mutiso, a research director at the network. But "it is important to understand how infrastructure-heavy the digital economy is . . . data centres really epitomise this symbiotic role between the internet and power".

A few years ago, the IT load of the average-sized African multiple-tenant data centre was only about 0.5MW of power, according to Xalam Analytics. That level might allow diesel or batteries to generate a large portion of the electricity needed. But last year's estimated average expanded to nearly 2MW. "Once you get past the one-megawatt threshold, it is extremely difficult to run a data centre effectively if you don't have a reliable power grid," says Mr Zibi.

South Africa's grid availability for data centres is about 97-98 per cent — shy of the more than 99 per cent standard for uptime in developed markets, but far ahead of other African economies. This is despite regular rolling blackouts by the embattled state power monopoly, Eskom.

African utilities will need data infrastructure customers as much as the other way round, says Ms Mutiso. Kenya Power, the nation's main supplier, "desperately needs large power users" that have stable off-peak demand in order to diversify its base of customers, she says. "The big issue in Africa's power sector is the question of demand."

> 'Without cheap and reliable power, African data centres can't be competitive and won't get built'

African politicians can wax lyrical about a "fourth industrial revolution" somewhere in the cloud, but these electricity supply issues mean recognising instead that the internet is "incredibly physical" and that it will require painstaking improvements in transmission and distribution, not just generation, Ms Mutiso says. It is, she observes, "really unsexy stuff".

Power is of course not just a problem for the back end of Africa's internet. "If you can't charge your phone, the rest becomes irrelevant," as one Sierra Leone-based legal worker, juggling with connectivity in Freetown, puts it.

Power play

Teraco constantly upgrades the cooling pipes and other kit on the roofs of its data centres, a sign of how fast Africa's internet infrastructure is changing. Even with the tailwind of the pandemic's changes to online behaviour, the race to build out Africa's digital future will depend on politics and collaboration as well as technology. It will involve governments making policies on opening internet markets and passing laws on the use of data.

Teraco got its own start when South Africa's telecoms market liberalised about a decade ago, bringing in dozens of companies overnight. Demand for independent data centres, not tied to any carriers, took off. "Teraco filled that void," Mr Hnizdo says.

Part of the reason for Kenya and Nigeria's localised internet traffic explosion was that both states had at least adopted local data protection regulations by 2019. This helped give content providers confidence about parking their data locally.

In time, global power politics may overshadow the rollout of African digital infrastructure. In January, the absolute monarchy of Eswatini became the first African government to sign up to the US-backed "clean network" of countries that promise to abjure Chinese-made 5G kit — although it has reportedly since backtracked. Eswatini's ICT ministry did not immediately respond to a request for comment.

Avoiding Huawei might be easier for Eswatini — the former Swaziland is the only African nation that still accords Taiwan diplomatic recognition. In 2019, Mr Ramaphosa blasted US "protectionism" over its blacklisting of Huawei, whose kit is critical for many South African companies' 5G rollout.

But there is no going back. The pandemic has "definitely turbocharged not only traffic but also the mindset — how people in marketplaces are looking at the necessity of having reliable digital infrastructure," says Mr Zibi.

"It is no different to anywhere else . . . but Africa is coming off a very low base," Mr Hnizdo adds. "It is more dramatic here."

1.5 Terabits per second, the peak speed at internet exchange point NAPAfrica, up from 1Tb/s in March

37,000 Length in kilometres of the proposed 2Africa subsea internet cable intended to circumnavigate the continent

160 The milliseconds it takes for a signal to travel the internet's cables from Johannesburg to London and back

FINANCIAL TIMES

'Without fear and without favour'

MONDAY 1 FEBRUARY 2021

No quick fixes for Biden in the Middle East

The administration is reassessing relations with regional powers

After four years of Donald Trump's erratic policymaking, and his obsession with Iran, the Biden administration has taken the first steps to repair some of the damage he caused in the Middle East. Relations with regional powers are being reassessed. Arguably, this was the region most directly affected by Mr Trump's presidency — from his decision to abandon the nuclear deal Tehran signed with world powers to his unabashed pro-Israeli and pro-Saudi bias, which upset decades of US convention.

Some of Mr Trump's decisions will not be reversed. But the Biden team has made some early positive moves. It announced that Washington will re-establish relations with, and resume aid to, the Palestinians. It has allowed financial transactions with Houthi rebels in Yemen for a month as it reviews its predecessor's last-minute designation of the Iran-aligned movement as a terrorist organisation. The Trump White House took the step despite warnings it could spark famine.

In addition, Washington froze arms sales agreed under Mr Trump, a move that affects two of the ex-president's staunchest Arab supporters — Saudi Arabia and the United Arab Emirates. The Gulf states spearheaded a disastrous military intervention in Yemen. Antony Blinken, secretary of state, said it was typical for a new administration to review pending sales. But the message seemed clear: it will not be business as usual.

Joe Biden had previously promised to reassess Washington's relations with Riyadh because of the abuses committed under Crown Prince Mohammed bin Salman, including the 2018 murder of Jamal Khashoggi. He also vowed to end support for Saudi Arabia's war in Yemen against the Houthis. The arms suspension halts sales of missiles to Riyadh and F-35 fighter jets to Abu Dhabi, the latter a byproduct of the UAE's agreement to normalise relations with Israel last year.

The Biden team is right to review the US's role in the Middle East and seek to de-escalate tensions inflamed by Mr Trump. An early test will be whether it can revive the Iran nuclear deal — Barack Obama's one clear success in the region, which Mr Trump did his utmost to destroy.

Mr Biden says the US will rejoin the accord if Tehran reduces its atomic activity to fall back in compliance. But Iranian officials, emboldened by the regime's ability to resist Mr Trump's "maximum pressure" campaign, insist Washington must first lift sanctions. Tehran raised the stakes last week by saying it would block short-notice inspections by the UN nuclear watchdog next month. That would undermine a strict monitoring system that has been critical to the deal.

Given the legacy Mr Biden is inheriting, there will be no quick fixes for the problems facing the Middle East. The history of US involvement in the region was littered with failures and setbacks predating Mr Trump; from the 2003 invasion of Iraq, which hangs heavily over Washington policymakers, to Mr Obama's often inconsistent response to the 2011 Arab uprisings and their aftermath, notably in the conflicts of Syria, Libya and Yemen.

To have any chance of success in the region, the Biden administration must heed past lessons, pragmatically deploy Washington's diplomatic heft, embrace multilateralism and listen to its partners. The US must aim to ease tensions, not increase them, and work towards durable solutions. It will not be easy. But there should be coherent and consistent messaging that focuses on realistic objectives. That would at least begin the difficult process of restoring faith in America's leadership.

New rules can help to reboot the UK market

Policymakers must also foster a pro-business climate to attract listings

Unloved, undervalued and behind the times — there seems little to recommend the UK stock market. The coronavirus crisis and uncertainty over Brexit have fuelled a sell-off in London-listed stocks in the past 12 months. The heavy weighting of the flagship FTSE 100 index towards the shares of companies hit hard by the pandemic — financial services, energy and travel — has compounded the pain for investors. The index fell more than 14 per cent last year, its biggest decline since 2008, making it the worst performer of the large international stock indices.

The reality is that the London market was in need of an overhaul even before Brexit started to dominate domestic politics. The market's reputation for gold-standard corporate governance has been tarnished by a succession of scandals, in particular several controversial flotations by miners controlled by foreign tycoons. In addition, UK equity markets have been shrinking faster than other European exchanges. The number of listed companies has fallen by a fifth since 2012.

A review into the UK listings regime, led by the former European commissioner Jonathan Hill, offers an opportunity to reverse these trends. The London market has few significant high-growth technology companies to boast of compared with rivals such as New York. If the government wants to make good on its promise to turn Britain into an attractive place for the next crop of technology and life science start-ups, flexibility will be needed on some of the market's rules.

One share, one vote has long been one of the London market's principles. It is time to recognise there is value in a diversity of corporate forms and that dual-class shares have a role to play. The US, which embraced the practice during the 1980s, has become the destination of choice for technology companies. Facebook remains the standout example. Founders, rightly, want to retain a stake in their business in the early years after going public. There are also benefits to dual-class structures that can help to protect the purpose of a corporation; Europe's Novo Nordisk is an example of the benefits of long-term stewardship.

It makes sense, therefore, for London to consider dual-class structures for new listings of innovative companies. Allowing dual-class shares for premium listings also deserves consideration, even though many big investors will be opposed to such a move. Safeguards such as imposing time limits or restrictions on what the shares can vote on will be vital.

A trickier issue concerns the current requirement that start-ups, often owned by a founder or a small group of investors, sell a minimum of 25 per cent of their company in a listing. Some owners have complained this acts as a discouragement as many are reluctant to sell too much of their business. Lowering the bar makes sense but there still needs to be a significant free float to stop minority investors becoming nothing more than an afterthought.

Above all, policymakers should recognise that regulations need to be capable of flexibility. There are clear downsides from Britain's departure from the EU, but one advantage is the leeway for regulators to act unilaterally. A revamp of the listing regime, however, will only go so far. The government also needs to foster home-grown start-ups and a general climate where high-tech businesses can thrive. Venture capital seed funding, and the regulatory freedom for big investors to back it, has an important role to play.

All of this and more needs to be considered. The London market may be down but with the right reforms it has every chance of bouncing back.

Letters

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Brexit exposed a dysfunctional constitution

Robert Shrimsley (Opinion, January 28) alludes to the systemic problem that led to the English "imposition" of Brexit on the sturdy people of Scotland.

The fundamental structural problem is that the UK is neither a unitary state, nor a federation, but a dysfunctional hybrid. Other countries in the "Anglosphere" which possess Westminster-style parliaments, but also US-inspired federal systems, are structured so as to give a blocking minority status to their constituent states or provinces. This is seen to be the price to be paid to maintain national unity, while respecting the different circumstances and histories of those constituent parts.

For a referendum to be successful in Australia, for example, it must obtain a double majority: an overall majority and support in a majority of the six states. If such a principle had been applied in the Brexit referendum there would have been an even split with two of the four nations of the UK voting for, and two against.

However, it is conceivable that the Welsh, once conscious of their greater power as a nation, would also have voted against Brexit.

As a result, the UK as a whole would not have inflicted on itself the historical act of self-harm that is Brexit and found itself on the wrong side of history. Above all, it would not be facing the real possibility of Scottish independence and Irish reunification, both partly motivated by the desire for continued EU membership.

Scottish and Irish European identity is, after all, historically grounded in both peoples' sense of themselves.

David Camroux
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Republicans must swallow hard and back president

Rana Foroohar has written an excellent analysis (Opinion, January 25) of President Joe Biden's plan to "reward hard work in America — not wealth". Even she, however, may not appreciate the numerical challenge in reversing or even stabilising the decades-long trend of increasing wealth inequality.

As French economist Thomas Piketty has explained, the income of many of America's wage earners has increased at only a little more than inflation during the past 40 years — say 3 to 5 per cent a year — while those relying on income from investments have seen equity values rising at around 7 to 8 per cent a year.

As a conservative American, I fear that continuation of these trends will only make inequity worse and, in my lifetime, lead to a French-style revolution in the worst case and certainly more acute left-right divisions at best. So I hope my fellow Republicans will consider the arithmetic, swallow hard and then not oppose Mr Biden's plans that Ms Foroohar has outlined. That includes a major increase in minimum wages that we have consistently fought against.

Phillip Hawley
La Jolla, CA, US

Central Europe's allergies took root in Soviet period

From a central European point of view, the difference between Joe Biden and Donald Trump is one of ideological imperialism (Opinion, January 28).

We fear that President Biden will step into the footprints of Barack Obama and continue with the global export of US liberal ideology. Central Europe suffered for decades under Soviet imperialism and has become allergic to any ideological interference whether from the west or the east. Despite being a Roman Catholic, Mr Biden's actions, such as his support of gender ideology and abortion, are clear evidence of where he stands.

Countries with Christian democratic majorities that experienced interference in their internal affairs by the Obama administration see Mr Biden as a potential threat. While Mr Trump has undoubtedly been a polarising personality, he did not attempt to tell us what to do or what to believe. How the transatlantic relationship with central Europe evolves is now in the hands of the Biden administration.

Andreas D Stefanovszky
Budapest, Hungary

Budapest: Soviet tanks in 1956 put down an anti-communist rebellion

Treatments merit as much focus as vaccines

Without wishing to puncture anybody's optimism, Anjana Ahuja is quite right to argue in her column (Opinion, January 26) that vaccines are being oversold as a strategy to exit the pandemic.

It is unrealistic to believe that a virus mutating as rapidly as Covid-19 can be defeated through prevention alone.

Even once "herd immunity" is achieved, new variants are likely to circulate within the population. In addition to effective contact tracing, quarantine and isolation, the key to unlocking the population is to find effective treatments that prevent people from becoming seriously ill.

The US government's Operation Warp Speed is accelerating development of promising treatments including inhaled interferon beta — a naturally occurring protein investigated at my own university, the University of Southampton.

This treatment can prevent the progression of any virus-induced lung damage once someone is infected in contrast to preventing infection (which vaccines do).

It is time for other governments, including the UK's, to emulate this approach by placing as much national priority behind development of treatments as has successfully been deployed behind distribution of vaccines.

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A five-point agenda for business school research

We read with interest the article by Andrew Jack that asks the question "Does business school research deliver real-world benefits?" (Special Report, January 27). As editors of the Journal of Management Studies we believe that for research to be impactful, it must first explain phenomena in a rigorous and reliable fashion, as well as be insightful, novel, original and interesting. Beyond this, however, we agree with Mr Jack and those he interviewed that it must be impactful to managers and society.

We define impact as research that influences how organisations and individuals think, behave or perform and we challenge scholars to consider all forms of impact, rather than reporting on "managerial implications" as an afterthought.

We argue that management research can have five distinct forms of impact: scholarly, practical, societal, policy and educational. For research to have widespread scholarly impact, it should be new, interesting and problem-driven. To have practical impact, it should be developed in conjunction with practitioners and leverage frameworks relevant to them.

For research to have social impact, it must begin with engagement with an important societal issue, debate or question and break that debate into actionable component parts that can then inform the broader problem. To have policy impact, it should make explicit a policy position and leverage a policy argument and for research to have educational impact it must involve students in the process of undertaking research and inquiry.

We also believe that it is necessary for scholars to seek to have an impact across several of these areas and to share their findings in non-academic outlets.

Through a collaborative process in which research is developed in close connection to practice, scholars can generate impact across multiple realms, speak to a diverse set of stakeholders and address pressing societal problems.

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Vrije Universiteit, Amsterdam, The Netherlands
Corinne Post
Lehigh University, Bethlehem, PA, US
Jonathan Doh
Villanova University, Villanova, PA, US
John Prescott
University of Pittsburgh, PA, US
Andrea Prencipe
Luiss University, Rome, Italy

Norway's EV success is not the model for Brussels

The FT editorial ("The electric car future is finally taking off", FT View, January 13) highlights the Norwegian experience in promoting electric cars as an example from which other countries can benefit. This is both right and wrong.

Norway has beyond doubt shown world leadership in promoting electric vehicles, primarily through incentives as pointed out in the editorial — a role that other countries with a less strong economy would find it difficult to copy.

This, however, is not the only reason why it is unrealistic to expect the Norwegian experience to be repeated on a broader European scale.

Norwegian driving patterns are much different. In Norway, cars are mainly used for local transportation; travelling by car between major cities is far too time consuming compared to air transport.

Rather than encouraging individual European countries to copy the expensive Norwegian model, common EU legislation requiring future vehicles to be either all-electric or plug-in hybrids would bring down the price of electric vehicles thanks to the scale advantages associated with mass production.

It is regrettable that so far no EU member state has challenged the system by proposing national legislation on which the commission (and the European parliament) would have to react. Changes normally happen only when someone pushes.

Jorgen Henningsen
Copenhagen, Denmark

Covid and Drucker's first rule of decision-making

In her timely article "Contrarians are valuable, even when they're wrong" (Notebook, January 29), Jemima Kelly notes that contrarians "widen the scope of debate" and can even "embolden the consensus view" once pro and counter arguments are fully discussed.

The late Peter Drucker noted that the first rule in decision-making was that one should not make a decision without disagreement. Drucker went on to refer to Alfred P Sloan Jr and the story of how the General Motors veteran, upon being informed that his management committee were all in complete agreement on a decision, proposed further discussion on the matter until the next meeting. This was apparently to provide time for members to develop disagreement and more understanding of what the decision was all about.

Given the above, it is rather troubling there is so little political disagreement concerning the Covid response.

Martin Hewes
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Corrections

- There are 274 special purpose acquisition companies launched since the start of 2020 that are searching for private companies to target, rather than 129 as wrongly stated in an article on January 26.
- The software company Peakon is Danish, not British, as wrongly stated in a Business & Society special report on January 27.

Gadget makers seek gold in an eerie trade show

Tokyo Notebook

by Leo Lewis

After 20 minutes with Hideyo Watanabe, I am lost in his saga of the Tanzo pouch-opener: a stainless steel implement with no moving parts that could be set to benefit from demographic change, the whims of professional kitchen investment and the pandemic.

These dreams have brought Mr Watanabe as an exhibitor to Care Show Japan, a three-day nursing-home, personal care and medical-facility themed trade fair. It would normally be just one of hundreds of such events held in Tokyo every year. Today, given Japan's official state of emergency, it is remarkable the gathering is happening at all.

The immense vaults of the Big Sight convention centre, with ceiling fans turned up full and widely spaced booths, accentuate the all-consuming sensitivities of holding a trade show during a pandemic. Exhibitor and visitor numbers are way down on previous years, and the weird, unsettled calculus of Covid-19 makes for glaring oddities. Big companies, organisers said, want to maintain a presence at an important industry gathering. But they cannot be seen sending staff into a potential infection cluster. Most have opted to pay for and brand their allotted space — and then leave it unattended.

Even in ordinary times, business salesmanship demands a balance of aspiration, desperation and conviction. Trade fairs try to squeeze a whole industry's supply of all these into one room, even if it has to be behind masks and social distancing.

Such events provide an instant snapshot of an assembled sector of the economy. There is a concentration of customers and expertise; companies from mammoths to minnows also jostle together. Nothing online can replicate it. If you are lucky, says Christopher Eve, a 30-year veteran of Tokyo trade shows and the organiser of this one, an empty hall becomes an instant community.

Superficially, the community aspect does seem to be stirring. Small companies, for whom these shows are vital, are more effusive and co-operative in their peddling than ever before, says the representative of a company selling products based on deer placenta. Pent-up commercial instincts feel released, after nearly a year of forced bottling. Trade shows, says the manufacturer of softened meat products for care home canteens, provide a condensed hit of person-to-person contact — the vitamin that Covid-19 has denied so many enterprises. And this show has at least partially delivered.

If there is a consensus at Care Show Japan, though, it is that many people are deciding to think of Covid-19 as part of the long-term business scene, rather than assuming it will eventually be gone.

That, once the sales patter ends, is what lies behind the calculations of Mr Watanabe about his company's lone product. This opens food bags with a single, razor-edged stroke and has the neat slogan "faster than scissors, safer than a knife". He is a natural adapter: his growth strategy, he says, has historically depended on working out which kitchens favour knives or scissors for their pouch-opening, and adjusting the pitch accordingly.

Like any business, Tanzo is adjusting to fundamental changes in the environment. For many years, some of its largest customers were workplace canteens and Japan's ubiquitous "family restaurants" — franchised eateries famous for value and notorious for overworking staff. The pouch openers are perfect in the white heat of these kitchens, which rely on pre-packaged ingredients.

Covid-19, Mr Watanabe notes, has been disastrous for restaurants and workplace canteens. Even where it has not directly forced closures, it has amplified the problems of an industry serving a shrinking population. But he contends the pandemic has not altered the demand from Japan's ever-expanding care home industry. These will be the pouch-opener's future customers, he judges, and is why he has invested in a booth at the show.

His decision, says Mr Eve optimistically, may even pay off more effectively than before Covid. When a show is low on quantity, it may be high in quality. Only the serious visitors have braved Covid to come, he says, leaving the "office skivers and the ones who turn up to shows for the free ballpoint pens" at home.

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Opinion

India's reversal of markets-based policies will hinder recovery

Urjit Patel

India's economy is experiencing the worst contraction in decades as a result of coronavirus. But even if the threat of the virus fades, India's medium-term growth prospects will be hindered by two policy reversals that predate the pandemic. Both have systemic consequences.

The first is a return to high tariffs — an external-facing move that will hit productivity. The second is the undermining of the 2016 bankruptcy code — an internal policy that will lead to inefficient allocation of credit.

Over the past four years, the Indian government's use of higher tariffs has intensified, in a policy that is unmistakably reminiscent of the 1970s. Decades of bipartisan support that enabled previous administrations to cut India's customs duties on non-agricultural goods to 10 per cent have been cast aside. And a quarter of a century of respectable export growth has been discounted without debate.

While the government explicitly favours protectionism, the opposition parties implicitly support it by staying silent. They don't see any upside to defending an open trading regime.

The outcomes of insular trade policies are well known from India's chequered past — higher prices, inferior goods, low productivity and self-fulfilling export pessimism — which leads to lobbying for further protection. Somewhat contradictorily, since 2019, India's capital account has been liberalised further for external finance, including the short-term volatile category. Together, this adds up to an incongruous economic policy.

A little discussed potential outcome is that other countries will push back against Indian services exports — an area where the country has exhibited durable comparative advantage.

The days of "heads I win, tails you lose" in trade relations are ending. It is not inconceivable that some nations might retaliate with taxes on providing cross-border IT solutions.

The second policy error is the dilution, by the government and the banking regulator, of the 2016 Insolvency and Bankruptcy Code framework and associated regulations. Sound rules-based, time-bound resolution is out. Discretion is now in — and transparency has been compromised.

> Higher tariffs and looser bankruptcy rules won't help the country's growth prospects

The definition of what constitutes a default was diluted in 2019, allowing delinquent borrowers to prolong matters. Exposure limits for large borrowers, intended to mitigate concentration risk, were also relaxed. Ad hoc regulatory dispensation for specific sectors has made a comeback, too.

There are many reasons why Indian politicians are wary of supporting markets-based approaches. There is a lack of trust between rulers and the ruled. The suspicion that the system is rigged has remained hard to bridge, even though India's growth and outward focus since 1991 have lifted hundreds of millions out of poverty.

This perception is difficult to counter in opaque credit markets, where crony capitalism has played for decades. A transparent and rules-based IBC was a chance to make clear that defaulters could no longer hide in a discretion-heavy regulatory and legal maze. The code meant there was a credible threat that sponsors could lose businesses if they did not pay creditors on time.

The insolvency framework also rebalanced class interests, which should have been a plus with voters, and improved capital allocation.

Regrettably the government has chosen to weaken perhaps the most important structural reform of the past two decades. Now, lenders, especially government-owned banks, can once again allow recalcitrant borrowers to game the system and owners to maintain control of "zombie" businesses. Regulations are at the mercy of weak lenders and shaky borrowers. At present, the banks' reporting of fresh non-performing assets is virtually at a standstill, due to Covid-induced forbearance.

The insolvency code has been suspended since the second quarter of 2020. Rather inexplicably, not even borrowers can initiate a resolution process to salvage value from failing businesses. But while accurate, consistent disclosure of balance sheets is under a cloud, heightened banking sector risk premia are inevitable.

Procrastination in fully addressing financial sector challenges had been contributing to a slowdown in India's growth in gross domestic product before the pandemic: it was down to 3.1 per cent year on year in the first quarter of 2020. Efficient financing of investment requires that credit be allocated and priced commensurate with risk-adjusted returns. Further delays in the unclogging of credit plumbing will have more severe consequences.

The writer, a former governor of Reserve Bank of India, is author of 'Overdraft: Saving the Indian Saver'

'Buy American' is not bad, it is necessary

BUSINESS

Rana Foroohar

Where you stand depends on where you sit, as Rufus Miles, aide to three US presidents, once put it. It's an adage about self-interest and perspective that has become known as Miles' Law. And it's a phrase worth remembering when thinking about Joe Biden's push to tighten the "Buy American" requirements in federal procurement contracts.

For labour activists, and some US business people and policymakers, provisions that increase the buying of domestic products look like a no-brainer. Why shouldn't US taxpayer dollars support US jobs when possible?

But from the perspective of governments in Europe, Canada and other US-allies, it appears that the new administration is just putting a kinder face on Donald Trump's "Make America Great Again".

It isn't. As president, Mr Trump talked a lot about the working class but had no real plan to help labour. Mr Biden does. One can argue that his buy-American approach won't help his purpose; indeed, the Financial Times's editorial board already has.

But purely economic arguments ignore the political challenges facing the Biden administration, which are arguably greater than Franklin Roosevelt faced in the 1930s. This president has to grapple not only with a raging pandemic but also calls for racial justice, stark class divides, an environmental crisis and — most crucially — a loss of trust in government among swaths of the electorate.

The past five years have made it clear that a big chunk of the American population thinks capitalism and liberal democracy are broken, and the US economy has become oligopolistic. Given the level of US corporate influence and monopoly power, I'd argue they have good reason to.

Over the next 18 months, before the US midterms, Mr Biden has to convince Americans that his administration exists to serve them broadly, not just the 10 per cent of households who own more than 80 per cent of the stock market. If he can't and the Democrats then lose control of Congress, his ability to achieve most of the rest of his agenda, which includes re-engagement with the rest of the world, will vanish.

Right now, many Americans see recent decades, under both Democratic and Republican administrations, as having been too focused on global rather than local interests. There's strong evidence to support that conclusion. A recent UN report laid out how the past 30 years of laissez-faire globalisation have disproportionately benefited multinationals and the Chinese state relative to anyone or anything else.

The lower cost of imported goods has not offset the fact that the rising price of other things that define the middle class — education, healthcare and housing — have eaten away at any income growth enjoyed by most households over the past two decades. That, rather than models of Ricardian trade economics — which arguably don't account for the complexity of Chinese state capitalism or financialised global markets — is the lived reality of swing voters. This US administration has to keep its eyes on both.

US Treasury secretary Janet Yellen, although extremely data driven, has set a terrific tone on that front. In a "day one" message to her staff, she pledged to move beyond textbook economics and stay focused on the "humanity beneath the data". Interestingly, she also referred to the need to address not only immediate challenges but "an economic crisis that has been building for 50 years". It was a nod to decades of falling working-class wages.

> The president's plan is more than just Trump's MAGA slogan with a kinder face

The Biden administration is filled with people like Ms Yellen who know that to engage better with the world, the US needs to fix its problems at home.

Nor is the US the only part of the world looking out for itself. Europe's new trade deal with China may be good for German exporters (as is the contentious Nord Stream gas pipeline project with Russia). But it's hardly consistent with those high standards in labour and human rights that Europe purportedly supports. It may also make it harder to craft a new transatlantic alliance with the US in areas like digital regulation, something the EU pushed for the minute that Mr Biden took office.

The lack of any real investor dispute resolution in the EU-China trade deal also underscores that Europe isn't grappling with the "one world, two systems" problem. One good thing the Trump administration did was to acknowledge publicly what many people have thought privately for some time — that current trade patterns and agreements aren't equipped to deal with the messy economic and political realities of the world today.

In fact, many of the neoliberal rules and structures that currently govern markets were set up in response to the European fascism that emerged early in the 20th century. Policymakers then wanted to connect global capital and business in order to squash nationalism.

Today, by contrast, arguably too much economic globalisation has benefited a select group of stakeholders, and so actually supported political extremism in the US and Europe.

Mr Biden's "Buy American" plan isn't some silver bullet solution to the economic woes of this new world. But it is a politically smart nod to the fact that we are in one.

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Europe's digital economy needs analogue wings to fly

ECONOMICS

Martin Sandbu

Many competing motives are at work when the EU ramps up its determination to assert control over US internet giants. One is anger that they abuse their market dominance. Another is fear that they threaten the health of Europe's democracies.

But as often as not, the strongest motivation is the feeling that Europe is falling badly behind in the race to build a 21st-century digital economy and so needs a better digital industrial policy.

The feeling is warranted. Europeans are no laggards in the use of digital technology, but the US and increasingly China have been leading innovation in the tech sector. This should not lead to "Google envy". To be satisfied with massive high-tech rent extractors and manipulators, so long as they are European ones, would be a poor goal. Instead, the EU should aim to make it easy for its tech innovators to scale up to pan-European level, without stifling the growth of those that come after.

EU tech regulation is moving in the right direction. It rightly focuses on open technology markets, portability and data sharing and restraints on gatekeepers. All could be reinforced. But there is a risk of confusing ends and means. Even if digital industrial policy needs supportive regulation to succeed, the two main reasons EU tech companies struggle harder than US competitors to scale up have little to do with the digital sector itself.

One is missing capital. Financing in the EU is dominated by bank loans, which are ill-suited for the entrepreneurial risk involved in tech start-ups and their growth. Markets in risk-taking equity are much shallower and more fragmented than in the US or the UK.

The second is that markets for goods and especially services are still not integrated enough. A US tech start-up that succeeds in its local market can almost effortlessly scale up to continental size. This in turn is a good base from which to conquer the world.

Not so in the EU's aspirationally named single market. For the most part, this is not because of deficient digital rules. Rather, fragmented "old" markets in Europe make it harder for tech innovators to create new, cheaper ways to deliver across borders and at scale, music, retail finance, legal services or even direct sales of physical goods.

> The two reasons EU tech companies struggle to scale up have little to do with the sector itself

A strong European tech sector requires solutions to these two non-digital problems.

The first requires EU-wide equity markets for businesses of all sizes. The second is best achieved via simple pan-EU regulatory regimes alongside existing national ones, if the latter are hard to harmonise. This would allow more companies to sell their services across the EU from the start. To pave the way for a thriving European digital economy, deeper capital markets and a fully functioning single market could be complemented by two other elements.

First, a programmable digital euro could be set up. It would open up opportunities for fintech innovators to develop new services around smart contract execution. This could transform insurance, securities trading, clearing and settlement, and a host of consumer-facing services that we can only begin to imagine. The companies that can do this in their home market first will have a global head start. There is a huge first-mover advantage to be snatched.

Second, demand could be boosted for native tech products suited to European conditions and preferences through development prizes, standard-setting, judicious subsidies and public procurement. For example, the EU's privacy rules have largely been seen as a burden. But this should have been turned into an opportunity for European tech firms to develop user-friendly methods of privacy management. Europe needs a tailored policy to match tech regulations with intelligent standards and specifications for products, alongside public sector purchase commitments or other financial incentives.

Another path to pursue would be "public options" for apps that effectively create marketplaces. Given the controversies around Uber, why not commission a rival ride-hailing app that any European city could voluntarily adopt? It could be designed to plug into local tax, labour and licensing rules, charging only enough to recoup the public funding for its development.

A third case in point: worldwide web inventor Tim Berners-Lee's Solid project with the Massachusetts Institute of Technology to develop privacy-friendly protocols for the social internet. The EU should aim to fund equally ambitious projects in Europe.

Such challenges are about preparing the old economy to make the most of what new technology can bring. Paradoxically, Europe's digital success depends on upping its analogue game.

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A path for Biden to reset US relations with Turkey

Sinan Ulgen

American presidents set the tone for their foreign policy within a few months. But if Joe Biden wants to repair relations with Turkey, he will have to do so not just for the US but for the whole transatlantic community.

Over the past decade, Ankara's relations with its traditional allies in the west have been so strained that a divorce from the western family of nations is not unrealistic. It is a consequence of the mismanagement of Turkey's rise by its own government — and also by the west.

Turkey has gained greatly in state power during this period. With a national income nearing $800bn, it is a G20 country. It has the second largest military in Nato. Its burgeoning defence industry projects power across its borders. Its vast network of diplomatic missions is the sixth largest in the world, just above Germany's. And it ranks first in the world in terms of humanitarian aid targeting Syrian refugees, with sizeable programmes also in distressed countries such as Afghanistan and Somalia.

But Turkey has been plagued by the inability of President Recep Tayyip Erdogan to express this rise in consensual rhetoric and diplomacy. Instead, he has used the increase in state power for domestic political purposes. Mr Erdogan has combined this with combative rhetoric nurturing claims that Turkey is a country under siege from those unwilling to acknowledge its peaceful progress. Erosion of the rule of the law at home has further strained Turkey's ties with the west.

> There are many obstacles to a grand bargain between Ankara and Washington. Both sides have to bend

The reaction of Turkey's western partners to the hardening of Ankara's discourse has added to the country's alienation. With the stalling of Turkey's EU membership bid, Brussels lost all influence on Turkish policymaking. Washington also imperilled its relations with the Turkish state through its decision to fight against Isis in partnership with the Syrian Kurdish Democratic Union party (PYD).

So today, despite being a Nato ally, Turkey is under US and EU sanctions. Last December, the Trump administration invoked the Countering America's Adversaries Through Sanctions Act to target Turkey's defence procurement agency, on account of Ankara's acquisition of the S-400 missile defence system from Russia. In the same week, the EU started considering additional sanctions against Turkey for brinkmanship in the eastern Mediterranean.

Under these circumstances, the only way for the Biden administration to reach a reset with Turkey is a grand bargain with Mr Erdogan. Failing to secure one carries the risk of a permanent rift in Turkey's western orientation and a strategic realignment with Moscow.

Fortunately, Mr Biden's foreign policy agenda has many overlaps with Ankara's interests. Strengthening Nato would be helped by a possible reset with Turkey. Re-engaging with Iran would create new avenues of collaboration with Ankara. Stabilising Libya to prevent further encroachment by Russian military assets is a common objective.

There are many obstacles to a grand bargain between Ankara and Washington. Both sides would have to bend. Any road map would at the very least feature: a reappraisal of US support for the Syrian PYD; agreement on the conditions for operating the S-400 missile system; a concomitant lifting of US sanctions; and Turkey's return to the US F-35 aircraft programme. There would also need to be a role for Turkey in future negotiations with Iran, active American support for improved EU-Turkey relations, and an unambiguous commitment by the Turkish leadership to cease fuelling anti-Americanism and scepticism of the west at home.

This list may appear overly ambitious. But it pales in comparison to the scale of the responsibility facing the US and Turkish presidents. At stake is Turkey's place in the wider world — and the future of the regional order.

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Respect in the workplace
Biden sets example with his adherence to 'No As*hole Rule'
WORK & CAREERS

Too many boardrooms are climate incompetent

Pilita Clark
Business Life

Garment workers in Bangladesh demand higher wages. Boards are under pressure to act on social inequality
Mamunur Rashid/NurPhoto via Getty

Not that long ago, I found myself on a video call with a group of business people where a man who once ran a very large company said something unexpected.

He revealed a survey of boardrooms he had been involved with had found that just 7 per cent of board members were "climate competent", meaning they knew enough about climate change to understand how it could affect their business. There were audible gasps when he said this, but there should have been no surprise. The dearth of boardroom climate expertise is actually worse in some places, according to a new study from New York University's Stern Center for Sustainable Business.

When its researchers combed through the biographies of 1,188 board members at the 100 largest US companies, guess how many directors they found had specific climate expertise? Three. That's 0.2 per cent of the total, just 6 per cent of whom had broader environmental experience.

At a time of ballooning investor demand for climate action, these numbers highlight the stark gap between what companies are saying about cutting carbon emissions and what they are actually doing.

What is being said is striking. Since the start of 2020, the number of the largest companies with a net-zero emissions target has tripled to at least 1,500. Yet too few firms have a detailed plan for reaching those targets, which is no surprise considering the state of boardroom climate competence.

This might not matter if global warming was no problem for companies. Yet global executives themselves rank climate change the most serious societal threat to their business over the next decade, a recent Deloitte report says — despite a pandemic widely expected to push such concerns to the background.

As BlackRock's Larry Fink said last week: "In March, the conventional wisdom was the crisis would divert attention from climate. But just the opposite took place, and the reallocation of capital accelerated even faster than I anticipated." Investors in mutual funds and exchange traded funds poured $288bn into sustainable assets between January and November last year, he said, nearly double the sum for all of 2019.

> **"Since the start of 2020, the number of the largest companies with a net-zero emissions target has tripled to at least 1,500"**

That's smallish beer in a global investment market worth trillions and BlackRock itself has been slow to match its words with action on climate change. But Mr Fink is correct to say "there is no company whose business model won't be profoundly affected by the transition to a net zero economy".

That's one reason why I doubt today's woeful levels of boardroom climate literacy will last.

The NYU study on boardroom expertise was based on directors' 2018 biographies and lead author, Professor Tensie Whelan, told me last week she had seen no sign of significant change since then. But she was hopeful nonetheless, in part because of what is happening at groups such as ExxonMobil.

Last week it emerged the oil group was considering board changes after talks with activist investors who say a refresh is needed to put the company on a more sustainable financial footing.

Boardroom shake-ups probably won't end there. Prof Whelan's study also shows that companies most exposed to broader environmental, social and governance risks often lack directors with ESG expertise. Yet boards face rising pressure to act on another pressing issue of our time, as well as climate change: social inequality.

Covid has reversed years of gains in the war on poverty and the pandemic is far from over. That is one reason why consumer goods group Unilever just announced a new type of target: by 2030, it says it will only deal with suppliers who pay a living wage or income.

"On climate change, the tipping point has arrived," says Leena Nair, Unilever's chief human resources officer. Companies know they have to act. But Covid had made the gap between rich and poor too big to ignore, she adds. "We need more and more businesses to make commitments."

I think she's right. But a lot of those businesses will also need a board that knows what sort of action to take.

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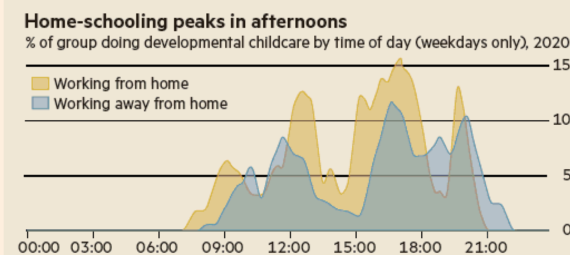
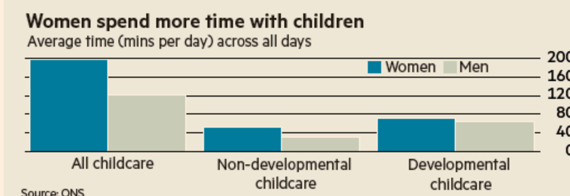
Lex.

Economic inequality: learn with mother

Home-schooling peaks in afternoons
% of group doing developmental childcare by time of day (weekdays only), 2020



Women spend more time with children
Average time (mins per day) across all days



Source: ONS

"Why aren't the men doing any home-schooling?" complains a manager at a large UK financial institution. She reports that women team members with children are more likely to skip video calls or ask for deadline extensions than males. Amid fresh lockdowns, working mothers have often taken primary responsibility for childcare and homeschooling within heterosexual two-parent families.

Coronavirus has hurt the incomes and prospects of many of these women. Mothers are more likely to go on furlough or quit altogether, according to a study last year by the UK's Institute for Fiscal Studies. Those that continue working may miss out on salary rises and promotions if their performance is impaired by domestic duties.

"We are unpicking 40 years of progress towards gender parity," warns Sarah Jackson, former head of Working Families, a charity.

The negative male stereotype is of a man who bags the spare room as a home office in which to hide from his kids. "I've outsourced homeschooling to the Xbox," chortles a male lawyer, playing up to such preconceptions. But how accurate are these?

The IFS study found that in lockdown mothers spent 60 per cent more time than normal with children who were doing schoolwork. The Office for National Statistics identified a much slimmer margin. But when the statisticians lumped all childcare categories together, mothers spent 70 per cent longer with the kids.

Since 1997, the UK gender pay gap has fallen from 27.5 per cent to 15.5 per cent. Female employment has risen from about 50 per cent in the 1970s to more than 70 per cent. Lockdowns may retard these trends for working mothers.

Adherents to classical economics imagined that as the pay gap eroded, men would contribute more domestically. But even when a woman earns more than a male partner, she still tends to spend longer on childcare and housework, studies show.

"Mothers are the default parents," says Alison Andrew, a senior IFS research economist. "It is harder for them to protect their working time."

Employers cannot interfere in workers' home lives. But they can treat the coronavirus years as exceptional, making allowances for frazzled parents. And they can ensure that in any brave post-pandemic world of downsized offices and working from anywhere, female staff with children are not left permanently marooned at home.

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CROSSWORD

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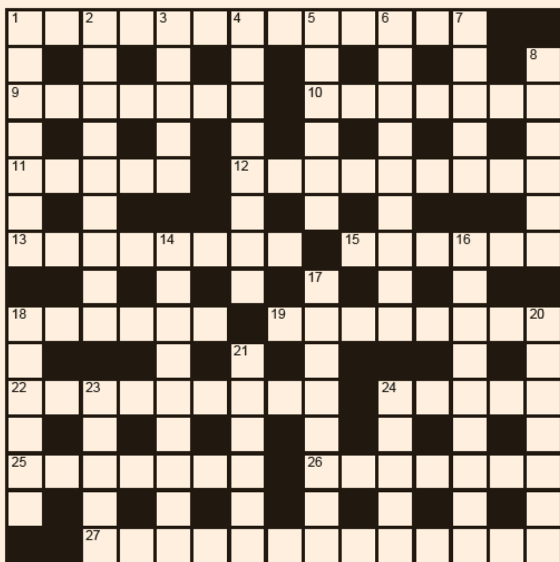

ACROSS
1 A peak with granite rock faces? (5,8)
9 Unending rapture comes after tea and wine (7)
10 English paper probing record of Labour? (7)
11 Leader of Britain, having troubles, does runner (5)
12 I throw bit of tantrum about London borough (9)
13 Old people caught in bed omit escapades (8)
15 Very important to divorce wife in old age, perhaps (6)
18 Sample of wine mostly drunk by retired revolutionary (6)
19 Secret I spread around essentially idiotic groups (8)
22 Somehow dread heir looking like Prince Harry? (3-6)
24 Financiers ultimately involved in boom and bust (5)
25 Meetings late people might knock to enter? (7)
26 A place toured by guy and girl from part of Indonesia? (7)
27 Mottled yellow-brown shoes or little pants (13)

DOWN
1 Ghastly old lady about to steal taxi (7)
2 As one sum a union distributed (9)
3 Pork pies, slice of tomato and beers (5)
4 Inappropriate as a knight not dressed for battle? (8)
5 Buddy, perhaps, carpeting one in a pious way (6)
6 Disgusting military operation (9)
7 Be old before one's time (5)
8 Mean as an angry wasp might be? (6)
14 Dean, perhaps, cried with acne all over the place (3,6)
16 Do this early in a state of excitement (9)
17 Conservative Democrat new socialist leader denounces (8)
18 Spank husband in thrall of worthless ideas (6)
20 Very influential minister eaten by performing animal (7)
21 A knight upset with half-cut Tory peer? (6)
23 Plan of vessel that's logged under the letter D (5)
24 Ex-Labour shadow chancellor is rubbish! (5)

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