FINANCIAL TIMES

FRIDAY 28 JUNE 2019

WORLD BUSINESS NEWSPAPER

UK £2.70 Channel Islands £3.00; Republic of Ireland €3.00

iPhone guru Jony Ive bids farewell to Apple — PAGES 1 & 15

ITAR-TASS/Alamy

'The liberal idea has become obsolete'

Vladimir Putin EXCLUSIVE INTERVIEW

LIONEL BARBER AND HENRY FOY
MOSCOW

Vladimir Putin has trumpeted the growth of national populist movements in Europe and the US, crowing that liberalism was spent as an ideological force.

Speaking in the Kremlin on the eve of the G20 summit in Osaka, Japan, Russia's president said that "the liberal idea" had "outlived its purpose" as the public turned against immigration, open borders and multiculturalism.

Mr Putin's dismissal of liberalism — the dominant western ideology since the end of the second world war — chimes with anti-establishment leaders from US President Donald Trump to Hungary's Viktor Orban, Matteo Salvini in Italy and the Brexit insurgency in the UK.

"[Liberals] cannot simply dictate anything to anyone just like they have been attempting to do over the recent decades," he said.

Mr Putin branded Chancellor Angela Merkel's decision to admit more than 1m refugees to Germany, mainly from war-ravaged Syria, as a "cardinal mistake". But he praised Mr Trump for trying to stop the flow of migrants and drugs from Mexico. "This liberal idea presupposes that nothing needs to be done. That migrants can kill, plunder and rape with impunity because their rights as migrants have to be protected."

He added: "Every crime must have its punishment. The liberal idea has become obsolete. It has come into conflict with the interests of the overwhelming majority of the population."

As the de facto ruler of Russia for almost two decades, Mr Putin, 66, has been regularly accused of covertly supporting populist movements in other countries through financial aid and social media, notably in the 2016 US presidential election, the Brexit referendum and the recent European Parliament elections.

Mr Putin emphatically denied this, brushing aside the conclusion by Robert Mueller, the US special counsel, that Russia had systematically interfered in the 2016 US presidential election as "mythical interference".

Turning to the US-China trade war and geopolitical tensions in the Mideast between the US and Iran, Mr Putin said the situation had become "explosive". The problem, he said, stemmed from US unilateralism and the lack of rules underpinning world order.

He expressed concern about the threat of a renewed US-Russia nuclear arms race. "The cold war was a bad thing . . . but there were at least some rules that all participants in international communication more or less adhered to or tried to follow."

He said there were tentative signs of a thaw in Anglo-Russian relations before his meeting in Osaka with Theresa May, her farewell summit as UK premier. "I think Russia and the UK are both interested in fully restoring our relations."

Relations between London and Moscow have been frozen since the attempted assassination of former Russian double agent Sergei Skripal in Salisbury, England.

The UK government blames Moscow for the nerve agent attack, but Mr Putin said there was no evidence to support this. Mr Skripal had served a sentence in Russia before being released in a spy swap with the UK, he noted.

Mr Putin made clear, however, that he had zero tolerance for spies who betrayed their country. "Treason is the gravest crime possible and traitors must be punished. I am not saying that the Salisbury incident is the way to do it . . . but traitors must be punished."

In recent years Mr Putin has become emboldened, presiding over the annexation of Crimea, a pro-Russia revolt in eastern Ukraine and a military intervention in Syria.

Mr Putin said that the Syrian operation had given Russia's armed forces invaluable fighting experience. He did not mention that the seven-year war has resulted in more than 5m refugees and 500,000 dead.

Mr Putin said liberal governments had not acted to reassure citizens, arguing that they had instead pursued a mindless multiculturalism embracing, among other things, sexual diversity.

"I am not trying to insult anyone, because we have been condemned for our alleged homophobia, but we have no problems with LGBT persons."

Putin heralds Russia's return page 9

On sexual diversity

'We have been condemned for alleged homophobia, but we have no problems with LGBT persons'

On loyalty and spies

'Treason is the gravest crime and traitors must be punished. I'm not saying Salisbury is the way to do it'

PSA backing of UK car site rests on final Brexit terms

PSA has committed to making its next Vauxhall and Opel Astra cars in Britain, but only if the country's relationship with Europe is secured after Brexit. The French carmaker said the model would be made at Ellesmere Port, securing the future of the site, depending on the terms agreed with Brussels. Its ultimatum comes as Boris Johnson, who is seen as the frontrunner to become prime minister, refuses to rule out a no-deal Brexit.

Report ▸ PAGE 2

Design chief Ive to leave Apple after two decades to set up creative business

TIM BRADSHAW
GLOBAL TECHNOLOGY CORRESPONDENT

Jony Ive is leaving Apple after more than two decades in which his designs for the Mac, iPod and iPhone turned a faded Silicon Valley giant into the world's most valuable company and defined a generation of products.

Sir Jonathan is setting up his own venture, a creative business called LoveFrom, with Apple as its first client.

The transition will begin this year, with LoveFrom launching fully in 2020.

"While I will not be an [Apple] employee, I will still be very involved, I hope for many, many years to come," Sir Jonathan told the Financial Times. "This just seems like a natural and gentle time to make this change."

The departure of the world's most famous industrial designer and the custodian of Apple's aesthetic will come as a shock to investors and customers. Many see Sir Jonathan as one of Apple's key assets as it looks beyond the iPhone to a new phase of products and services.

Tim Cook, Apple's chief executive, sought to play down the change as an "evolution", pointing to an expanded group of in-house designers that is "the strongest it's ever been".

"We get to continue with the same team that we've had for a long time and have the pleasure of continuing to work with Jony," Mr Cook told the FT. "I can't imagine a better result."

Nonetheless, news of another leadership change so soon after retail chief Angela Ahrendts left in April, at a time when trade tensions between the US and China have destabilised iPhone sales, brings more uncertainty for Apple investors after a tumultuous half year.

Sir Jonathan, knighted in 2012, has provided vital continuity for Apple's strategic vision since the death of co-founder Steve Jobs in 2011 and is seen by some observers of the company as more important than Mr Cook to its pipeline of future innovations.

No immediate successor will take Sir Jonathan's title of chief design officer, which he has held since 2015.

Alan Dye, who oversees Apple's user interface team, and Evans Hankey, who now leads industrial design, will report to Jeff Williams, Apple's chief operating officer, who also played a key role in the development of Apple Watch.

Sir Jonathan said that his new business would be joined by Marc Newson, part of Apple's design team since 2014, and "a collection of creatives" spanning disciplines beyond design.

Apple at a crossroads page 15

World Markets

STOCK MARKETS

	Jun 27	prev	%chg
S&P 500	2922.26	2913.78	0.29
Nasdaq Composite	7945.92	7909.97	0.45
Dow Jones Ind	26514.65	26536.82	-0.08
FTSEurofirst 300	1505.46	1505.44	0.00
Euro Stoxx 50	3443.40	3442.95	0.01
FTSE 100	7402.33	7416.39	-0.19
FTSE All-Share	4041.72	4046.05	-0.11
CAC 40	5493.61	5500.72	-0.13
Xetra Dax	12271.03	12245.32	0.21
Nikkei	21338.17	21086.59	1.19
Hang Seng	28621.42	28221.98	1.42
MSCI World $	2158.41	2163.73	-0.25
MSCI EM $	1047.91	1045.30	0.25
MSCI ACWI $	518.81	519.78	-0.19

CURRENCIES

	Jun 27	prev
$ per €	1.137	1.138
$ per £	1.268	1.268
£ per €	0.897	0.897
¥ per $	107.775	107.640
¥ per £	136.621	136.460
SFr per €	1.111	1.110
€ per $	0.880	0.879

	Jun 27	prev
£ per $	0.789	0.789
€ per £	1.115	1.114
¥ per €	122.525	122.457
£ index	76.730	76.951
SFr per £	1.239	1.236

COMMODITIES

	Jun 27	prev	%chg
Oil WTI $	59.64	59.38	0.44
Oil Brent $	65.89	65.69	0.30
Gold $	1403.95	1431.40	-1.92

INTEREST RATES

	price	yield	chg
US Gov 10 yr	127.34	2.02	-0.01
UK Gov 10 yr	147.42	0.82	-0.01
Ger Gov 10 yr	147.31	-0.32	-0.02
Jpn Gov 10 yr	119.64	-0.15	0.00
US Gov 30 yr	103.56	2.54	-0.01
Ger Gov 2 yr	101.24	-0.75	-0.02

	price	prev	chg
Fed Funds Eff	2.40	2.45	-0.05
US 3m Bills	2.15	2.12	0.03
Euro Libor 3m	-0.39	-0.38	-0.01
UK 3m	0.77	0.77	0.00

Prices are latest for edition — Data provided by Morningstar

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No: 40,128 ★

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Carmaking

Vauxhall Astra boost depends on EU pact

PSA's Ellesmere Port commitment 'conditional on final terms' of Brexit

PETER CAMPBELL AND JIM PICKARD

French carmaker PSA has committed to manufacturing its next Vauxhall and Opel Astra cars in the UK but only if the country's relationship with Europe is secured after Brexit.

The company said the next model of the car from 2021 would be made at a second plant at Ellesmere Port, securing the future of the site, as well as in Rüsselsheim in Germany. But the decision "on the allocation to the Ellesmere Port plant will be conditional on the final terms of the UK's exit from the European Union", the company said.

The French company's ultimatum comes after Boris Johnson, who is seen as the frontrunner to become prime minister in a competition with Jeremy Hunt, has refused to rule out pulling Britain from the EU without a deal. This would likely lead to border checks and tariffs, which carmakers have warned could severely hurt the industry.

The Ellesmere Port site is heavily reliant on access to continental Europe, with 80 per cent of production exported there and about three-quarters of its parts imported.

PSA's condition is "probably the most explicit statement yet from a business about the importance of achieving a deal", said Ian Lucas, Labour MP for Wrexham, which is near Ellesmere Port.

The proposed investment would be a boost for an industry that has been struck by falling investment and plant closures as UK car sales have declined.

Honda and Ford will close plants in Swindon and Bridgend next year, while Nissan and Jaguar Land Rover will build new models outside the UK.

Car production fell by a fifth in the first five months of the year, figures from trade body SMMT showed this week, as it warned a no-deal Brexit would be a "knockout blow".

The Astra is produced at Ellesmere Port and Gliwice in Poland. The Polish site will move to produce vans, while Opel's main plant at Rüsselsheim will take up production of the next vehicle.

The Cheshire site has been competing for the work, making redundancies and moving to a single shift to try to increase its competitiveness. The facility has cut around 900 staff in the past two years and now employs about 1,100.

Mick Chalmers of the Unite Union said: "Unite has been in positive discussions with PSA about a new vehicle agreement and securing new models for Vauxhall's Ellesmere Port plant. A no-deal Brexit will destroy all of that along with the hope of securing the plant's long-term future."

He added: "It is imperative for the future of the thousands of people who depend on Vauxhall Ellesmere Port that a no-deal Brexit is taken off the table and a deal reached with the EU that secures frictionless trade and tariff-free access."

Ford Europe cuts jobs page 14

Tax avoidance

Scores of MPs and peers urge loan charge suspension

EMMA AGYEMANG

Two hundred parliamentarians from across the political spectrum have signed an open letter demanding a delay to the loan charge, which has left tens of thousands of freelance contractors facing large tax bills.

The charge, which came into effect in April, requires those who used loan-based avoidance schemes to pay tax on up to 20 years of income in a single financial year.

Many of the affected contractors say their employers insisted they were paid through offshore umbrella companies, or that financial advisers who put them into such arrangements did not warn them of the consequences.

The policy has been heavily criticised for its erosion of statutory taxpayer protections and its impact on 50,000 people, including a number of reported suicides.

Yesterday Labour MP Stephen Hepburn became the 200th parliamentarian to sign the letter asking Jesse Norman, the newly installed Treasury minister, to halt the policy.

The letter was written by the Loan Charge All-Party Parliamentary Group in April, after the Commons backed a non-binding motion against the tax, which the government abstained on.

"The will of the House is clearly for an immediate suspension of the loan charge and an independent review of this legislation," the letter said. "With the huge anxiety thousands of people are facing, we believe that a pause and a review is vital and the right and responsible thing to do. You must take notice of the huge weight of concern among MPs, including many in your own party."

Separately, nine Conservative MPs, including former Brexit secretary David Davis, wrote to Tory leadership contenders Boris Johnson and Jeremy Hunt yesterday, urging whoever becomes prime minister to suspend and review the loan charge. The MPs' letter called on the two men to remove the "retrospective element" of the law, saying: "The loan charge, in its current form, is something that no Conservative government should have introduced."

Mr Davis added: "The retrospective loan charge is absolutely wrong. The people affected by this policy are not wealthy city slickers . . . They are nurses, doctors, locums and careworkers, all of whom are suffering mental strain day in, day out. It must be a priority for the next prime minister to put right this serious injustice."

Mr Davis was also among several Tories urging Mr Johnson, the leadership favourite, to sign the APPG letter. Others to have signed include Iain Duncan Smith, chairman of Mr Johnson's campaign and former Conservative leader, Jacob Rees-Mogg, Dominic Raab, Steve Baker and Bill Cash. Another signatory, Ross Thomson, vice-chair of the Loan Charge APPG, is Mr Johnson's chief campaign organiser in Scotland.

The Treasury defended the policy. "The loan charge means that people who paid themselves through loans, often from offshore trusts, will now contribute their fair share to pay for our public services," it said.

"HMRC . . . is committed to providing affordable payment arrangements and the enhanced support more vulnerable customers may need."

Field day Festival-goers bask in the sun at Glastonbury

An aerial view of the campsite at Glastonbury Festival, Worthy Farm, Somerset, yesterday. The main music stages kick off tonight when British rapper Stormzy headlines — Aaron Chown/PA

Adult content

Watchdog warns on porn age-verification monopoly

PATRICIA NILSSON AND MARTIN COULTER

The UK's plan to force pornography sites to verify the age of users could favour MindGeek, one of the world's largest adult content companies, warn a watchdog and independent porn producers.

MindGeek, which is based in Canada but registered in Luxembourg, owns some of the world's most popular porn sites, such as PornHub and YouPorn, and operates under a similar business model to YouTube, offering free platforms hosting content uploaded by users, who are then targeted with advertising.

In anticipation of the UK's new rules, which were due to come into effect on July 15 but have been delayed for six months, MindGeek has created its own single sign-on age verification barrier, AgeID.

But there are fears that a lack of scrutiny by government officials will allow the company to dominate the age verification process, giving it an effective monopoly over access to porn in Britain.

AgeID, an independent company owned by MindGeek and based in Cyprus, has said it will not charge independent UK porn companies for its services. However, MindGeek's international rivals, such as Czech porn site operator WGCZ, will either have to pay for AgeID's integrated service or find an alternative method of verification for its UK viewers.

The AgeID gateway will offer users a number of options for verifying their age. One of these, the PortesCard, dubbed the porn pass, will soon be available to buy in shops across the country.

Serge Acker, chief executive of OCL, the group behind the pass, said Mind Geek's all-in-one pathway would likely dominate the business of verifying Britons watching adult content online. "If you've got one big player, their method is going to become the standard."

According to Open Rights Group, a privacy watchdog, the government has failed to put in place measures to prevent MindGeek from extending its dominance in the porn industry to control age verification.

"I'm sure the government's intended policy goal was not to create a monopoly in age verification for the world's largest porn company," said Jim Killock, the organisation's executive director, "but it seems likely that it will be the result."

The government has said it is confident there will be a wide variety of solutions for porn providers to choose from. The British Board of Film Classification, which has been tasked with overseeing the implementation of the new law, said it would certify "a choice" of age verification providers to assure companies and individuals of "high standards of privacy and data security".

MindGeek describes itself as a "technology company that owns a large portfolio of adult sites". The company denied the AgeID tool would give it an unfair advantage in age verification, adding it was a "separate entity [that] does not store or keep any data".

The company went on to criticise the new rules, saying it was "not clear how [it] will prevent children from accessing adult content". "Of course, as a responsible company, we are complying with the regulations," it said.

A representative of AgeID added that it was "one of several solutions available" to the adult industry. "Being one of the leaders in our industry comes with a social responsibility and we have created a product with data minimisation, security and privacy at its core."

Erika Lust: 'not good ecommerce practice'

But Erika Lust, an adult film director and producer who runs several sites operating in the UK, said the age verification rules would make it hard for small and independent porn producers to attract new customers. Faced with a barrier, people looking for porn online are likely to head to the freely available well-known brands instead.

"Users are not going to want to verify their age just to see a glimpse of what we offer; it is not good ecommerce practice," said Ms Lust.

Age verification will also require the creation of databases containing highly sensitive information that could expose individuals if leaked or hacked, say campaigners.

MindGeek has suffered five severe data breaches and hacks since 2012, with data belonging to millions of users leaked. Although AgeID is a separate entity, there are fears that the group's data also could be exploited by hackers in the same way that private information stolen from extramarital dating site Ashley Madison in 2015 was used to threaten to publicly expose its users.

"Things that could go wrong with this scheme range from data being leaked and lives and careers being destroyed to data on people's porn habits being commercialised in ways they never expected," warned Mr Killock.

"Companies often change their minds, Facebook has notoriously changed its view on what is OK in terms of tracking," he said. "We are effectively creating a Facebook of porn."

FINANCIAL TIMES
Bracken House, 1 Friday Street, London EC4M 9BT.

Published by: The Financial Times Limited,
Bracken House, 1 Friday Street,
London EC4M 9BT.
Tel: 020 7873 3000
Editor: Lionel Barber

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Printed by
St Clements Press (1988) Ltd, London, Newsprinters (Knowsley) Limited, Merseyside, Newsprinters (Eurocentral) Glasgow, and Smurfit Kappa News Press Ld, Kells, Ireland

Education

Increase in teachers quitting early raises workload worry

ANDREW JACK

The proportion of schoolteachers quitting within a year of qualifying rose last year to over 15 per cent, according to the latest official data, raising fresh concerns about workload, pay and recruitment policy.

Among teachers in primary and secondary education who qualified in 2017, just 84.7 per cent were still in service one year later, down from 85.1 per cent 12 months earlier. The trend marked the continuation of a steady decline over the previous six years from a peak retention rate in 2011.

Coupled with high turnover among longer-serving teachers, the early dropout of new staff has lifted the pupil-teacher ratio to 16.3 to one in secondary schools in 2018, from 16 per cent in 2017. There were 453,411full-time teachers in 2018 compared with 451,968 in 2017.

Kevin Courtney, joint general secretary of the National Education Union, said: "This latest data shows the unacceptable consequences of the school funding crisis and the numbers of teachers being driven out of the profession through the government's failure to address workload and teacher pay."

He said almost a third of teachers had left the sector within five years of qualifying, up from one quarter leaving seven years ago.

Alongside rising workloads and living costs as factors to explain high turnover, other researchers have highlighted the low social status of the profession and the influence of government one-off grants to recruit trainee teachers in some subjects, which have no requirement to continue teaching after qualifying.

Nick Gibb, minister for school standards, said: "We do recognise there is more to do to continue to attract and retain talented individuals in our classrooms."

He stressed government efforts to recruit trainee teachers despite "an extremely competitive labour market and the lowest levels of unemployment for decades".

Supreme Court

Treasury loses landmark pensions discrimination case

JOSEPHINE CUMBO AND ROBERT WRIGHT

The government is facing potential annual costs of £4bn after it was denied leave to appeal against a landmark ruling that pension reforms discriminated against younger workers by protecting the retirement benefits of older staff.

The ruling yesterday from the Supreme Court means a decision by the Court of Appeal will stand and the case will be handed back to an employment tribunal for a detailed decision.

The court ruled in December, in a case brought by the Fire Brigades Union and a group of judges led by Victoria McCloud, a High Court judge, that the government had discriminated against judges and firefighters on the grounds of age, race and equal pay in relation to 2015 changes to their pensions.

The Treasury said it was "disappointed" by the court's decision.

"The government will now consider how best to compensate those affected by the judgment as part of the court process," it added.

Under the 2015 changes older workers were protected from a downgrade in their retirement benefits.

The government had contested the earlier court ruling, having estimated the potential impact of the judgment could cost about £4bn a year.

While it stood by that assessment yesterday, the final cost will depend on the employment tribunal's ruling.

The Supreme Court refused the government leave to appeal on the grounds it did not raise an arguable point of law.

The firefighters' union had argued its younger members would suffer particularly acutely under the new scheme because it required staff to work until 60 to secure their full pensions. The union had argued that few firefighters were able to maintain the level of fitness necessary to work until that age.

Matt Wrack, general secretary, called the Supreme Court's verdict a "hard-fought victory for the union" and its members. The decision is likely to apply to other public sector workers beyond firefighters and judges.

NATIONAL

No-deal opponents race against time in search for blocking mechanism

Vote of no confidence in prime minister and measures to halt department funding being considered

JIM PICKARD
CHIEF POLITICAL CORRESPONDENT

As Boris Johnson promises to see through Brexit on October 31, "do or die", hundreds of pro-EU MPs are calculating how, and when, they can stop him from leaving the bloc without a deal.

Their problem is that no-deal is the default if Britain neither obtains a delay nor reaches agreement with the EU.

"Parliament is against no-deal," said Rory Stewart, the international development secretary and a former rival to Mr Johnson in the race to become the next prime minister. "Parliament made it the legal default; parliament can unmake it the legal default."

There are two ways the House of Commons could stop a no-deal Brexit: either through a vote of no confidence in the prime minister or through more specific parliamentary manoeuvres.

Such tactics can draw blood but are very hard to orchestrate against the disciplined resistance of a government. In April, an attempt by Yvette Cooper, the Labour backbencher, to push the government to ask for a Brexit delay passed by just one vote.

Since then, some MPs' opposition to a no-deal Brexit seems to have weakened.

"There are some Tory Remainers who have realised that, while they don't want to leave without a deal, our party is on the brink of oblivion," said a Tory figure.

"Meanwhile, you've got some Labour MPs [from pro-Leave constituencies] who are watching [Labour leader] Jeremy Corbyn shifting towards a Remain position and they just want out."

A Labour bid this month to seize Commons time to prevent no-deal failed when eight of the party's MPs voted with the government. Caroline Flint, a former Labour cabinet minister, said she would prefer no deal to no Brexit.

Dominic Grieve, a former Tory attorney-general, is now joining forces with Margaret Beckett, a former Labour foreign secretary, on legislation to hold back funding from Whitehall departments if there is a no-deal Brexit without parliament's approval.

But depriving key government activities of cash is contentious, the stratagem has yet to win Mr Corbyn's backing and many MPs are focusing more on what to do after the new prime minister takes office.

Here the Financial Times looks at some of the likely confrontations between a new Tory prime minister and MPs over no-deal.

Late July

The Tory leader — Mr Johnson or Jeremy Hunt, his opponent — will be announced on July 23 and enter Downing Street the next day. Labour will then have the option of launching an instant vote of no confidence on July 25, the last day before parliament's summer recess. Labour MPs have already been put on a three-line whip to attend the Commons that day.

The calculations could be tight. Theresa May has bequeathed her successor a working majority of just five votes. That could be reduced to three by the by-election in Brecon and Radnorshire at around the same time.

Two Tory MPs have so far signalled that they would back a vote of no confidence in the new prime minister rather than allow a no-deal Brexit: Ken Clarke and Dominic Grieve, the Europhile former cabinet ministers.

However, in July, the new prime minister would almost certainly not be explicitly pursuing no-deal as a priority. That would make any vote of no confidence less likely to succeed.

"I'd definitely vote against a Conservative government to stop a no-deal Brexit," said Mr Stewart. "I wouldn't vote to bring down a Conservative government, I don't want Jeremy Corbyn to be prime minister."

Labour may hold back and launch the vote of no confidence later in the year, rather than uniting the Tory party behind the new leader.

September

Even if the new prime minister manages to get out of Westminster without losing a showdown with pro-EU MPs in the summer, the autumn is a very different proposition.

Many Brexit opponents are hatching plans for after the Commons returns on September 3. But while they will have more parliamentary days, the obstacles to overcoming the government are big.

Ms Cooper owed the success of her parliamentary manoeuvre to a rolling series of votes on Britain's EU exit.

But it is not a given that such votes would be held in the autumn, leaving no-deal opponents without a convenient vessel with which to impose their will on the government.

Instead they would have to consult a menu of archaic parliamentary devices.

John Bercow, the Commons Speaker, has indicated he will do his best to facilitate this. "The idea that parliament is going to be evacuated for the centre stage of debate on Brexit is simply unimaginable," he said recently.

MPs could use a backbench or opposition day motion to oppose no-deal but this would lack legal teeth. They could apply for an emergency debate, an option suggested by Mr Bercow.

Another option for rebel MPs would be to seek to amend the legislation needed for a no-deal Brexit, such as bills on immigration, agriculture and trade.

A Eurosceptic government could choose to put this legislation on ice until after the departure date, although such a delay would be likely to heighten the uncertainty and legal confusion of a disorderly withdrawal from the EU.

Tobias Ellwood, a Tory Europhile minister, believes "a dozen" Tory MPs would vote to block no-deal. But Labour MPs in Leave seats could offset them.

Analysis of votes this year indicates that, faced with a choice between no deal and no Brexit, MPs could opt to leave without an agreement.

While 200 MPs have voted on at least one occasion to revoke Britain's exit from the EU rather than go through with no-deal, 304 MPs have voted at least once against revoking Article 50.

October

Many Westminster insiders believe Labour will wait to try to bring down the new Tory government until a no-deal Brexit is looming large.

An EU summit is scheduled for October 17-18. By then, it is likely to be clear if Britain has reached a deal with the bloc, has asked for a delay or is instead headed for a no-deal exit.

The difficulty for pro-EU MPs is that by mid-October there may not be enough time to change course.

Preventing no-deal would require a new prime minister to seek a further delay before the October 31 scheduled date of Brexit — and such a person may not be installed in time.

Under British law, after a successful vote of no confidence, there are 14 days for attempts to form a government and win the support of the Commons. If no one can command a majority in that time, a general election will be held.

But without a request for a delay or a decision to cancel Brexit altogether, 14 days after a confidence vote in the second half of October, Britain will have already left the EU.

Additional reporting by Martin Stabe

> 'I'd definitely vote against a [Tory] government to stop a no-deal Brexit'
> Rory Stewart

Sitting duck: Remainers from the Our Future, Our Choice campaign release 2,000 rubber ducks outside Boris Johnson's Westminster campaign headquarters yesterday. Below, Europhiles Margaret Beckett and Dominic Grieve
Kirsty O'Connor/PA

EU divorce

Johnson seeks to bind future cabinet to an October exit

JIM PICKARD — LONDON
ALEX BARKER — OSAKA

Boris Johnson has told senior Conservatives that if they are to serve in his cabinet then they will have to sign up to leaving the EU on October 31, even if that means a no-deal exit.

The frontrunner to become Tory leader and the next prime minister said in an interview he wanted a "broad range" of MPs in his top team.

But his most senior ministers "would have to be reconciled" with the possibility of a no-deal Brexit, though that was a "very, very, very small possibility".

"I don't think it will happen but they would have to be reconciled to it," he told the ConservativeHome website.

His comments suggest that some current cabinet ministers would be unlikely to serve under him, including Amber Rudd, Greg Clark, David Gauke and Rory Stewart, all of whom oppose a no-deal exit.

Mr Johnson said this week that leaving on October 31 would be a "do-or-die" moment, hinting that if he failed he might have to resign as prime minister.

His remarks are aimed at the Conservative party's 160,000 members, who will decide the winner of the leadership race by July 23, and increasingly favour leaving the EU without any agreement in place with Brussels.

His interview came as Theresa May, the outgoing prime minister, issued an indirect warning to Mr Johnson to avoid leaving without a deal and without the backing of parliament.

Mrs May said: "What I hope and expect is that my successor will be able to put before parliament proposals that will enable us to deliver on the vote of the British people in a way that will be good for the UK."

She also played down the prospects of Brussels offering a better deal, adding: "The EU has made its position clear. We negotiated a good deal with the EU."

Mr Johnson said he wanted a "sensible" deal with Brussels to give MPs an opportunity to avoid no-deal. He added that the alternative was "voting it down, and then enraging the electorate".

At the same time pro-Remain MPs are drawing up a plan to withhold Whitehall funding if the next prime minister tries to take Britain out of the EU without a deal. Dominic Grieve, a Tory MP, has joined with Labour's Margaret Beckett to draw up the plan to thwart a disorderly Brexit.

The pair have put forward an amendment to the routine government finance legislation known as "estimates", which takes place next week. If MPs back the move, it would withhold funding from certain departments if there is a no-deal Brexit without MPs' approval.

The move is the latest in a series of Commons skirmishes as MPs try to use various archaic devices to prevent no-deal. Earlier this month Labour was thwarted in an attempt to take control of the order paper to debate a mechanism to stop such a scenario.

Notebook page 10

Leaving EU. **Points-based system**

Australia-style immigration plan provokes dismay

> Tory frontrunner's proposal for rules that favour skilled workers confuses business

HELEN WARRELL

Business figures have reacted with concern and confusion to Boris Johnson's proposals for an Australian points-based immigration system that he claims would allow more talented people into the country while barring entry to the lower-skilled.

Mr Johnson, who is the frontrunner to become the next Conservative leader and prime minister, said that, if elected, he would ask the government's independent immigration advisers to examine how an Australian-style system could be introduced in Britain.

The idea was previously a core part of the vote Leave campaign and a favourite policy of Brexit party founder Nigel Farage.

"We must be much more open to high-skilled immigration, such as scientists, but we must also assure the public that as we leave the EU we have control over the number of unskilled immigrants coming into the country," said Mr Johnson.

"We must be tougher on those who abuse our hospitality. Other countries such as Australia have great systems and we should learn from them."

But Jasmine Whitbread, head of the business lobby London First, said a points-based system "would be a bureaucratic nightmare and won't deliver the skills the economy needs to grow". She added: "A new salary threshold for overseas workers, set in line with the London living wage, would enable business to access talent, avoid a recruitment cliff edge and ensure workers are decently paid."

Edwin Morgan at the Institute of Directors said that while it was "always a good idea to look at what has worked in other countries", the UK was already in the middle of redesigning its immigration system. "Businesses will want reassurance we aren't starting again from scratch," he said.

The UK has a points-based immigration system for non-EU migrants so it is not clear how copying Australia's regime would be significantly different from what is already in place.

Madeleine Sumption of the Oxford-based Migration Observatory said the term Australian points-based system "gets thrown around in the UK debate quite a lot, but it's never been clear what people who use it think it means".

She said some aspects of the UK's immigration rules for non-EU workers were already similar to those in Australia, such as employers being able to sponsor foreign workers to come to the country for skilled jobs. But others were different, she said, because Australia's immigration system had more regional devolution, gave some migrants a faster route to permanent residence, and was more open to international students who wanted to stay on to work.

"To be honest, saying we want an Australian-style system doesn't really narrow down the options that much," said Ms Sumption.

Mr Johnson is understood to favour the Australian system for being "simpler" than the UK visa regime because it is based on "clear criteria" such as age, qualifications and English language ability.

One of the driving forces behind the policy is to clarify a set of immigration rules that have become increasingly complex and hard to understand.

Ryan Batchelor, ex-policy director for former Australian prime minister Julia Gillard, wrote in the Daily Telegraph in 2015 he believed the enthusiasm among UK politicians for an Australian system was merely "code for 'tougher' or 'fewer Europeans', which doesn't really do us antipodeans much justice".

He said the Australian migration system was "not free from exploitation" and still relied on temporary overseas workers to do much of the country's low-skilled work. "So the points system can work well, but it's only part of the story and it has its flaws," he wrote.

A review of the immigration system by the Australian government was similarly equivocal, saying it was possible that the "removal of the points test could still deliver a successful skilled migration visa programme if well legislated and tailored".

Martin Wolf page 11

Looking ahead: Conservative leadership favourite Boris Johnson on the bridge of a ferry heading for the Isle of Wight after leaving Portsmouth yesterday
Dominic Lipinski/PA

Construction

Northern projects fall short of powerhouse promise

GILL PLIMMER — LONDON
ANDY BOUNDS — MANCHESTER

Five years after George Osborne announced his Northern Powerhouse plan to reduce the north-south divide, the value of construction contracts awarded in the region has plunged.

The value of commercial, residential and infrastructure construction contracts fell 24 per cent to £13.2bn between 2017 and 2018. This compares with 16.5 per cent in the year for the UK, according to analysis by Barbour ABI, the construction data specialist, and the Construction Products Association.

The value of infrastructure contracts fell 59.3 per cent to £2.1bn despite the upgrade to the transpennine rail route, which serves cities such as Manchester, Liverpool and Newcastle. In 2014, when the initiative was launched, infrastructure spending in the region was £9.7bn.

Business and political leaders argue that a big increase in transport spending is vital if the north is to lift its productivity which is 89 per cent of the national average, close the productivity gap with London and the south east.

In 2014, Mr Osborne, then Conservative chancellor, pledged "massive investment in the transport infrastructure in the north", where the network was "simply not fit for purpose — and certainly not good enough, if we want our cities to pool their strengths".

Rebecca Larkin, senior economist at the CPA, which represents the £60.2bn turnover industry, said: "The clear intent of establishing the Northern Powerhouse to rebalance the UK economy away from the traditional southern engines of growth has been dulled by the smaller pipeline of projects that has emerged across the constituent regions over the last 12 months."

In a visit to Manchester yesterday, David Lidington, the Cabinet Office minister, acknowledged "there is a lot to be done" but argued the government's commitment was "real and consistent".

It was important that whoever replaced Theresa May as prime minister "personally takes the lead and makes it very clear that for them the Northern Powerhouse remains a cross-government priority", he said.

A proposed £39bn fast rail service across England, and linking Manchester and Leeds, is due to start in the 2020s.

In a report the House of Lords' economic affairs committee argued that this should have taken priority over the HS2 project that will run between London and Birmingham in its first phase. The peers said northern city links relied on Pacer trains introduced by British Rail in the 1970s and built on frames from Leyland National buses. They are due to be phased out by this year.

INTERNATIONAL

Osaka summit

Trump meeting with Xi to overshadow G20

Presidents' talks will take place weeks after efforts to end trade war failed

TOM MITCHELL — BEIJING
DEMETRI SEVASTOPULO — TOKYO

For the second time in seven months, a gathering of the leaders of the world's 20 largest economies will be eclipsed by a "sidelines" meeting between Donald Trump and Xi Jinping, who tomorrow will try to revive their countries' stalled trade negotiations.

The encounter between the US and Chinese presidents in Osaka, Japan, comes weeks after talks to end their year-long trade war broke down in acrimonious circumstances, with each side blaming the other for negotiating in bad faith and then raising punitive tariffs on about half of each other's exports.

While both sides hope they can at least restart formal trade negotiations, another bust-up is also possible if Mr Trump follows through on his threat to impose tariffs on all Chinese exports to the US.

Chinese officials say Mr Trump's willingness to impose new tariffs at critical junctures in the talks, coupled with his administration's recent moves to deny leading Chinese technology companies access to US components and software, has eroded what little trust Mr Xi had in his American counterpart.

"China has learnt a big lesson over the past year," said one senior Chinese official. "For four decades we admired and tried to emulate the US in many respects, but now we know that they can turn on us without warning."

After Mr Trump and Mr Xi similarly revived their stalled trade negotiations on the sidelines of last year's G20 meeting in Buenos Aires, Beijing officials were shocked when it emerged that on the same day a senior executive at Shenzhen-based Huawei Technologies was detained in Canada pending her possible extradition to the US to face bank fraud charges. Huawei was separately threatened with a US sourcing ban, which could potentially cripple the company.

The order restricting Huawei's access to US components, which will take full effect in mid-August, has been met in China with a mixture of alarm and defiance. Mr Xi has urged his nation to prepare itself for a "long march" towards technological self-reliance.

"The US should cancel [the order] but if they don't, we aren't afraid; it will only make us stronger," Ren Zhengfei, Huawei's founder, told the Financial Times in an interview this week.

Dennis Wilder, a former top White House Asia aide, said China "played hard to get" in the run-up to this week-end's G20 encounter because it wanted to ensure Mr Xi was not left as empty-handed as North Korean leader Kim Jong Un was after his summit this year with Mr Trump in Hanoi.

> 'Without progress on trade, it's hard to see how the other matters have a chance of being tackled'

While the US president wants to focus his discussion with Mr Xi on trade, Mr Wilder said the Chinese president wanted to have a broader discussion and persuade Mr Trump "not to take the course his hardline secretary of state and national security adviser want him to take on China strategy".

One person briefed on Beijing's preparations for Osaka said the top item on Mr Xi's agenda was the broader downward spiral in relations between the world's two largest economies, rather than their trade dispute per se.

"This is going to be a much more holistic discussion about getting the relationship back on the right track," the person said.

But Wendy Cutler, a former US trade negotiator now at the Asia Society, said failure to make progress on trade would only hurt the broader relationship. "Without progress on trade, it's hard to see how the other matters have a chance of being tackled," she said.

Ely Ratner, a China expert at the Center for a New American Security, a bipartisan US think-tank, said the odds of a big breakthrough were "low" and the meeting would be largely "theatre", in which case the result would be further acceleration of "the now inevitable reversal of decades of economic integration between the US and China".

Some observers believe Mr Trump is under less pressure to reach a trade deal because the US economy remains strong and the stock market has not suffered any long-term negative impact from trade tensions with China.

"Even as trade frictions persist, [Mr Trump] has the opportunity to see where the Chinese side is since the talks last left off," a US official said ahead of the Osaka summit. "But the president is quite comfortable with any outcome."

Additional reporting by Sue-Lin Wong in Shenzhen

Middle East. Elevated tension

Tehran confident resistance to US is working

Country's leaders can see little downside from maintaining defiance of White House

NAJMEH BOZORGMEHR — TEHRAN

Business as usual: the old main bazaar in Tehran, where residents are not too worried about the threat of war
Ebrahim Noroozi/AP

Tehran's response to elevated tension with the US has been defiance. Over the past two weeks it has resisted US pressure to halt its interventions in neighbouring countries, to cut back its missile programme or plead for relief from American sanctions.

At its boldest it shot down an unmanned US drone, then avoided retaliatory air strikes that the US president Donald Trump said had been just minutes away. That escape has helped convince Iran's leaders that giving no ground is the right approach.

"Recent tensions have made the Islamic republic more determined not to retreat under pressure," said Saeed Laylaz, a reform-minded analyst of Iran's political economy. "This strategy has worked very well so far and Iran has realised that the US's approach toward Iran is more bark than bite."

Mr Trump has swung back and forth between emollient offers of negotiations and belligerent rhetoric and sanctions. Asked on Wednesday if a war was brewing, Mr Trump told Fox Business: "I hope we don't but we're in a very strong position if something should happen . . . If something would happen, it wouldn't last very long."

Notwithstanding uncertainty over the US president's intentions, one regime insider said Iran had correctly calibrated its response. "We behave like a child who is unfairly beaten . . . but is able to jump up and slap the US in the face and immediately go back to the victim position," said the insider.

The shooting of the drone and Mr Trump's aborted air strike were the most perilous moments since he last year pulled out of a nuclear deal Tehran signed with world powers in 2015, ushering in a new era of tension. Iran said it decided not to hit another aircraft that had also allegedly entered Iranian airspace, to avoid killing 35 US service members on board.

In the past six weeks the US has blamed Iran for two sets of attacks on oil tankers in the Gulf of Oman, charges Tehran denies. This week Mr Trump signed an executive order to impose sanctions on Ayatollah Ali Khamenei, the supreme leader, and US officials said foreign minister Mohammad Javad Zarif would be the next target.

But there are few signs of panic in Tehran. The currency's value has remained relatively stable this year and businesses have adjusted to higher sanctions-related costs. Politicians appear more united against Mr Trump than they have been since he arrived in the White House. Residents in the city are not too worried about the threat of war.

"Even a month ago, I had the nightmare of war but no longer. I realised Americans are bluffing about war," said Majid, a 49-year-old employee of a private company. "There were so many tensions between Iran and US but the US did not attack Iran and the currency market was stable."

Hassan Rouhani, Iran's president, said on Wednesday any public pressure to open negotiations with the US had lessened because of the White House's "confused" approach toward Iran. "They themselves proved [to Iranians] that they talk nonsense," said Mr Rouhani. "One day they say they want to negotiate unconditionally . . . and another day they impose sanctions."

Mr Rouhani said Mr Trump was suffering from a "mental disorder", recalling Mr Khamenei's comment amid nuclear tension in 2008 that George W Bush and his advisers were acting as if they were "mentally ill". Mr Khamenei did not address the sanctions imposed on him in a speech on Wednesday.

But while some have suggested Mr Trump is bluffing, Iranian leaders are not assuming his military threats are empty. Instead they are seeking to show they do not fear a conflict, despite the huge imbalance in the size of their militaries — Iran's annual defence budget of $20bn is just 3 per cent of the US's.

"Any war against Iran would have massive consequences. Iran will level to the ground countries around the Persian Gulf," said Mr Laylaz, referring to the United Arab Emirates and Saudi Arabia, two close US allies.

> 'If you hit three targets in Iran, we will respond by hitting three targets in Dubai'

The regime insider said: "Our message in recent weeks to the US and its regional allies was clear: our finger is on the button. If you hit three targets in Iran, we will respond by hitting three targets in Dubai."

In response to Mr Trump's offer of talks, Iran has said it would negotiate only if the US rejoins the nuclear agreement. But Tehran is reducing its own level of commitment to the deal; yesterday it was set to breach limits on the size of its enriched uranium stockpile.

The latest sanctions have fuelled suspicions among both hardliners and reformists that the US president would turn any negotiations into a propaganda opportunity rather than seek a real deal.

Iran's leaders believe if they rein in the regional policies that rile Washington, the Trump administration would be emboldened to push for regime change in Tehran in alliance with Israel and Saudi Arabia, according to analysts.

Nuclear accord

Europeans unveil Iran payments channel

ANDREW ENGLAND — LONDON,
NAJMEH BOZORGMEHR — TEHRAN
MICHAEL PEEL — BRUSSELS

Germany, the UK and France will announce that a payments channel designed to boost trade with Iran is finally operational at a crunch meeting today as European governments battle to save the 2015 nuclear deal.

But the initiative, Instex, is expected to have initial capital of only several million euros, raising questions on whether it will be enough to convince Tehran to stick with the accord that US president Donald Trump abandoned last year.

Officials from the remaining signatories to the accord — the three European states, China, Russia and Iran — will meet in Vienna to discuss its status as Tehran threatens to increase its nuclear activity above limits in the agreement.

The threats have added to heightened tension between the US and Iran and led to concern the nuclear accord, designed to reduce the risk of an arms race in the Middle East, faces total collapse.

If Tehran does increase its nuclear activity, European states will face a dilemma over whether to continue backing the accord or match the US by reimposing sanctions on Iran.

Germany, France and the UK have been desperate to save the deal since Mr Trump withdrew the US from the deal last year and imposed sanctions on Iran.

But they have struggled to establish an effective mechanism to encourage European businesses to trade with Iran.

Diplomats say transactions under Instex should begin shortly, adding that European pharmaceutical and agricultural companies have expressed interest. They acknowledge it is largely symbolic but hope it will help ease tension.

Iranian politicians have criticised the payments channel, saying it will do little to offer economic relief. The initial credit line of several million euros is a fraction of EU-Iran trade, which grew to more than €20bn a year before the US pulled out of the accord.

North Korea

Safety fears grow for Australian student missing in Pyongyang

EDWARD WHITE — SEOUL
JAMIE SMYTH — SYDNEY

An Australian student living in North Korea has been detained by authorities in Pyongyang, according to reports, raising fears about his safety.

The Australian government has not named the man but the country's foreign ministry confirmed it was providing consular assistance to the family of a male citizen and was "urgently seeking clarification".

Reports in South Korean media said a student had been arrested in the North Korean capital this week.

ABC, Australia's state broadcaster, identified him as Alek Sigley, a 29-year-old masters degree student at Kim Il Sung University in Pyongyang since April 2018, one of a small number of foreign students who live in North Korea.

Mr Sigley's family issued a statement on Wednesday asking media to "respect their privacy as they await news of their son, Alek, who is currently out of contact in the Democratic People's Republic of Korea".

The family said there was no confirmation that he had been detained.

Mr Sigley's social media accounts appear to have been inactive since Tuesday. The family said he had "not been in digital contact with friends and family since Tuesday".

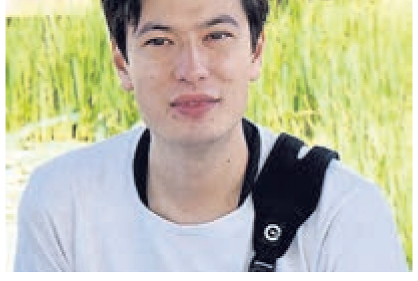
Australia does not have diplomatic representatives in North Korea but has an arrangement for the Swedish embassy to provide some consular services to its citizens in the country.

South Korean media, quoting an unnamed source, said UK representatives in North Korea were involved in Mr Sigley's case. The UK embassy in Seoul did not confirm its involvement. "We are aware of reports but have no further information at this time. The UK is not the protecting power for Australia in North Korea," the embassy said.

Mr Sigley is well known among North Korean watchers and academics and founded a tourism company, Tongil Tours, that organises group visits to the country. He has written extensively about his experiences in Pyongyang, often focusing on nuanced changes in culture and technology, as well as the quirks of everyday life in the country and interactions with North Koreans.

Leonid Petrov, a visiting fellow at Australian National University and a North Korea researcher, said he had known Mr Sigley for several years and described him as a keen student of the country's language and culture. "No one was a greater friend of North Korea than Alek," he said.

Reports of Mr Sigley's arrest have revived concerns over North Korean authorities' treatment of detained foreigners. Otto Warmbier, a 22-year-old US student, died two years ago after falling into a coma during 17 months in detention in North Korea. He had visited Pyongyang as part of a package tour in January 2016 and was arrested for reportedly taking a propaganda poster. He was sentenced to 15 years' imprisonment with hard labour. He died in June 2017, six days after being released by North Korean authorities.



Alek Sigley: has not been in digital contact with friends since Tuesday

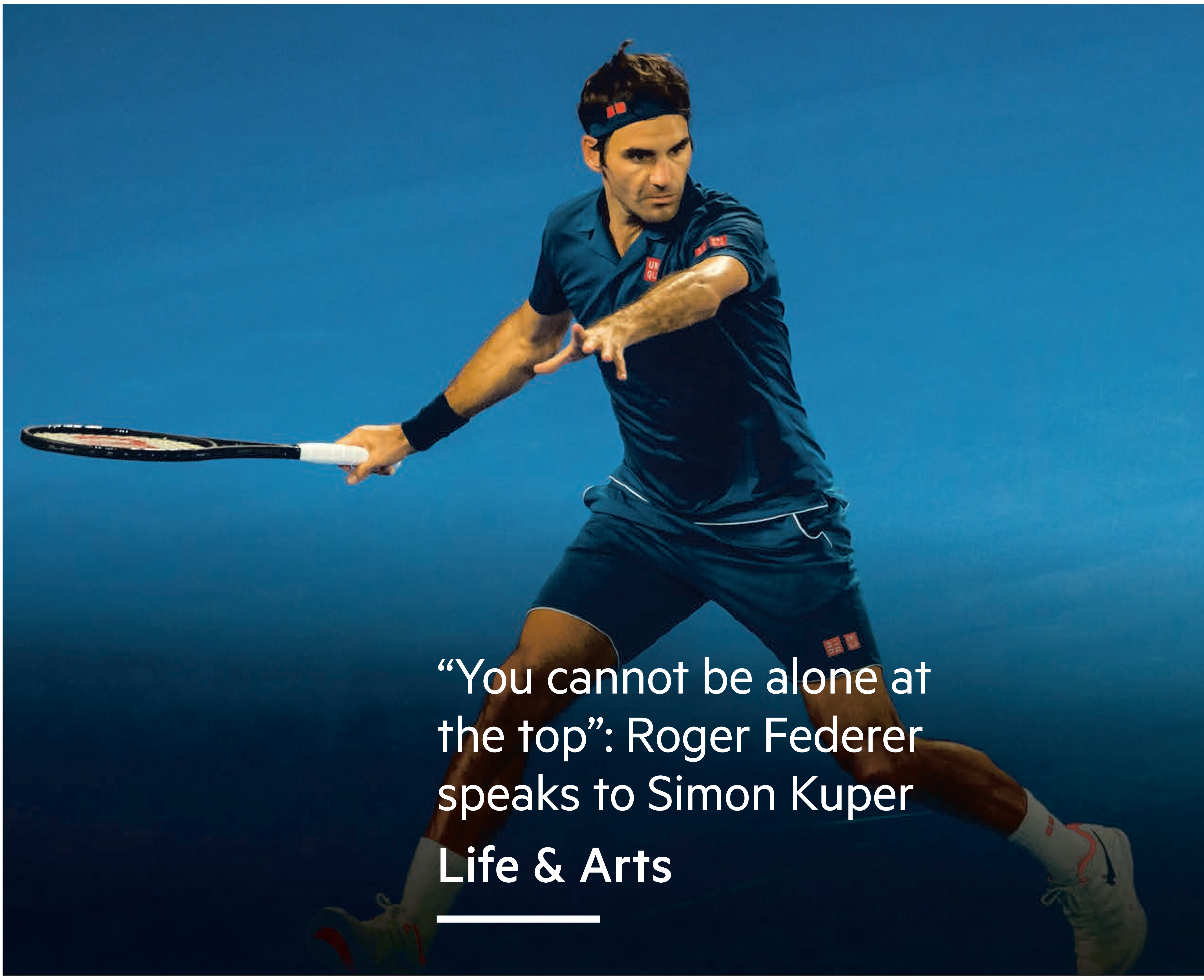
The reported detainment of Mr Sigley comes ahead of US president Donald Trump's visit to Japan and South Korea, for the G20 summit and a meeting with his South Korean counterpart Moon Jae-in, with North Korea expected to be a main topic at the talks.

Euan Graham, a researcher at La Trobe University in Melbourne, said the suspected arrest of an Australian so close to a possible third summit between Mr Trump and North Korean leader Kim Jong Un was concerning.

"Without knowing the details of the case it is difficult to say whether this student is part of a larger political game being played by Pyongyang," he said.

"But the timing looks suspicious and the North Koreans would have considered the wider geopolitics before acting. The North Koreans have used American hostages as pawns during previous negotiations."

FT Weekend



Plus

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INTERNATIONAL

German and French leaders take hunt for accord on EU top jobs to Japan

Deal on next commission president and ECB head could be hatched on margins of G20 summit

ALEX BARKER — OSAKA

As if the job of picking a new EU leadership team was not fraught enough, President Donald Trump has thrown his own, special type of consideration into the talks.

"She hates the US!" he thundered this week of Margrethe Vestager, the EU competition commissioner who has heaped billions of dollars in fines on to a string of US tech companies and is now a candidate to lead the EU executive.

It is clear what Mr Trump would make of Ms Vestager's becoming European Commission president, underlining the task facing Brussels in dealing with him in matters ranging from trade to security and technology. But his role remains minor: barely a walk-on in a European drama over jobs that still has Emmanuel Macron and Angela Merkel as the main protagonists.

Brussels has been rife with rumour and game theory for months over an array of EU posts, including that of European Central Bank president, that must imminently be filled. Now Osaka is a global stage for the discussion, with the French president and German chancellor among half a dozen EU leaders who will attend the G20 summit starting today.

All EU eyes will be on the Merkel-Macron dynamics. Their agreement is essential for a breakthrough on filling the European roles.

At this stage few predict a deal with total confidence. But senior officials and diplomats say four scenarios are taking shape — and perhaps to Mr Trump's satisfaction Ms Vestager is still a long shot.

France 1, Germany 1

This would let the Franco-German tussle end as a score draw. The bargain would involve one side taking the commission job — most probably the French — while the other claimed the ECB.

For the commission role, Paris is gently making the case for Michel Barnier, the Brexit negotiator and veteran French politician. He has known Ms Merkel since they were environment ministers in the 1990s and both are from the centre-right European People's party.

But the German chancellor has blocked his EU ambitions before, and probably looks set to do so again. The German side tells other member states Mr Barnier is "too French".

And there is the additional problem that Mr Barnier is only in contention at all because Mr Macron has helped to knock out Manfred Weber, the German who is the EPP's official candidate. "Because there was a German first on stage, it is difficult to have the French guy," said one adviser to an EU leader supportive of Mr Barnier.

The political prize for Ms Merkel would be to place her former aide, Jens Weidmann, the Bundesbank president, at the ECB.

Even if the prize of the ECB were enough, Berlin would worry whether France could deliver its side over objections to Mr Weidmann from southern member states. That would leave Ms Merkel stranded, having played and lost two German candidates.

No Germans, no French

A second scenario would keep the commission presidency, now occupied by Jean-Claude Juncker, in EPP hands but with an alternative to Mr Weber and Mr Barnier.

In the frame: names mentioned as new EU commission president include, clockwise from top left, Leo Varadkar, Christine Lagarde, Michel Barnier and Margrethe Vestager
FT montage

The problem is the lack of viable candidates acceptable to both France and Germany.

One could be Leo Varadkar, the Irish premier, who is young and relatively new to the European Council but has impressed some leaders with his handling of Brexit since taking office two years ago.

Kristalina Georgieva, the chief executive of the World Bank, has some support in Berlin and could build momentum if central and eastern European member states rally around her.

But Paris is unconvinced and has long-held reservations over another contender favoured in Berlin: Christine Lagarde, the IMF director.

No EPP

Should a Franco-German deal fail, the second-best scenario for Mr Macron is to replace the EPP in the commission for the first time in 15 years.

His favoured name to do so remains Ms Vestager, who campaigned for the liberal party group in May's EU elections. The two hit it off when Mr Macron first went to Brussels as minister for the economy in 2014. Ms Merkel is also a fan.

Hail Mario

If talks in Osaka and Sunday's summit remain inconclusive, new names may come into play.

Mark Rutte, the Dutch premier, has consistently denied interest in the commission role, but could have his arm twisted if the EU is badly deadlocked.

Donald Tusk, the European Council president, is suspected by some capitals of coveting the commission job.

Some southern EU diplomats have even proposed that Mario Draghi, the ECB president, could slide over into the commission presidency.

'Interim' plan

Enforcer aims to cut scope for dominance

The EU's competition enforcer is dusting off a potent weapon known disarmingly as "interim measures" to crack down on technology groups.

An investigation announced yesterday by Margrethe Vestager into Broadcom, the US chipmaker, is aimed at the years that can pass before an antitrust measure is implemented.

During that period, the dominance of a deep-pocketed company over its rivals can be cemented, regardless of the outcome of a case.

"The technology cases the European Commission has recently pursued have all been for naught, as the decisions have come too late to have any real effect in the market," said Thomas Vinje of Clifford Chance, the law firm, who represented complainants in a case against Google, and has also worked with Spotify in a complaint against Apple.

Instead, Ms Vestager wants Broadcom to stop the behaviour at the heart of the case when the inquiry starts — hence the "interim" element. Broadcom is accused of imposing terms on seven customers that make TV set-top boxes and modems, preventing them illegally from buying chips elsewhere.

Ms Vestager is looking to use interim measures "to order Broadcom to halt its behaviour while our investigation proceeds, to avoid any risk of serious and irreparable harm to competition".

Interim measures were established in EU competition law in 1980 but have been dormant since 2001, when a court set a high threshold for their use.

Ms Vestager is building on similar efforts by French competition authorities in domestic antitrust cases.

"If this [EU] test case works, then we can expect a number of future unilateral conduct investigations in digital and high-tech sectors to incorporate interim measures," said Ioannis Kokkoris, an antitrust expert and professor of law and economics at Queen Mary University of London.

Ms Vestager, whose term is set to end in November, hopes to establish a revived precedent for her successor.

EU action against the likes of Google, Microsoft and Qualcomm has drawn charges of anti-US bias from Donald Trump and predecessors including Barack Obama. Ms Vestager "hates the United States perhaps worse than any person I've ever met", Mr Trump has told Fox News.

Ms Vestager, a Dane, has brought actions against European companies but had "been looking" for a test case to revive the measures, said Brussels.

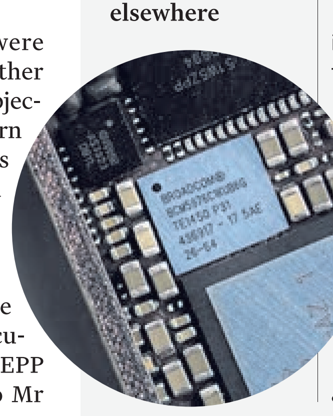
Complainants against Google and Qualcomm had requested interim measures but had been turned down. In the seven years it took the EU to decide that Google had favoured its own shopping service illegally, many rivals had left the market.

Icera, a UK company that in 2010 alleged that Qualcomm was using incentives to prevent customers from doing business with rivals, left the market nearly four years later. A decision in that case is pending.

Broadcom, which has two weeks to argue against the use of interim measures, said the enforcer's case was "without merit".

Alfonso Lamadrid, an antitrust expert at Garrigues, the law firm, who has acted for tech companies, welcomed the case as a "positive and long anticipated change of attitude".

Rochelle Toplensky, Brussels



Broadcom is accused of preventing customers illegally from buying chips elsewhere

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Chancellor

Merkel 'fine' after second shaking bout in less than two weeks

TOBIAS BUCK — BERLIN

German chancellor Angela Merkel was seen shaking at a public ceremony yesterday, the second time this month, prompting assurances from a spokesman that she remains in good health.

Ms Merkel later departed as planned for Osaka, Japan, where she is taking part in the G20 meeting of global leaders. She is expected to have one-on-one meetings with Russian leader Vladimir Putin and US president Donald Trump, among others.

The bout of shaking took place at Bellevue Palace, the Berlin residence of Germany's federal president, during the swearing-in ceremony of Christine Lambrecht, the new justice minister.

Video footage showed Ms Merkel starting to tremble as she stood next to President Frank-Walter Steinmeier. She clasped her arms to control the shaking, but rejected a glass of water offered to her by an official.

The shaking, which subsided as soon as she started to move, lasted almost two minutes.

Concerns over Ms Merkel's health first surfaced last week when she suffered a similar bout of shaking during an open-air welcoming reception in honour of Volodymyr Zelensky, the Ukrainian president. She recovered quickly after drinking several glasses of water, suggesting the incident was heat-related.

> The trembling, which subsided as soon as she started to move, lasted almost two minutes

The only previous occasion during which Ms Merkel was seen to tremble in similar fashion took place during a state visit to Mexico two years ago, again in hot and humid conditions.

The event at Bellevue yesterday was held indoors, however, on a relatively cool day in the German capital.

Asked whether the incident would affect her travel plans, a spokesman for Ms Merkel said: "Everything is going ahead as planned. The chancellor is doing fine."

Ms Merkel, a keen walker, is not known to suffer any illnesses.

The 64-year-old conservative leader became chancellor in 2005, and went on to win another three general elections. If she sees through her current mandate, which lasts until 2021, she would equal the record set by Helmut Kohl, who held on to the chancellorship for 16 years between 1982 and 1998.

It remains unclear, however, whether Ms Merkel can serve a full term. She presides over a coalition government between her own Christian Democrats and the Social Democratic party (SPD) that is marked by growing tension. The SPD is due to decide by the end of this year whether it will continue the alliance, which is unpopular with its rank-and-file members and widely blamed for the party's weakness in the polls.

Ms Merkel took her first step away from power last year, when she retired as leader of the CDU after 18 years.

Annegret Kramp-Karrenbauer, who took over as CDU chairman in December 2018, is seen as the frontrunner to succeed Ms Merkel in the chancellery, though a string of gaffes and a notable drop in the polls have recently raised questions over her grip on the party.

Neo-Nazi violence

Two more held after German politician killed

GUY CHAZAN — BERLIN

German police have detained two more men in connection with the murder of a politician by a rightwing extremist that shocked the country and set off alarm bells over the rise of neo-Nazi violence.

Prosecutors suspect the two, identified as Elmar J and Markus H, were accessories to the murder of Walter Lübcke, who was shot at his home in central Germany this month. Under German law, suspects' surnames are withheld.

The arrests came a day after Stephan Ernst, an extremist with previous convictions for violent hate crimes, confessed to killing Lübcke. He had taken issue with the politician's liberal stance over the 2015-16 refugee crisis.

Germany's chief federal prosecutor said the two suspected accomplices "knew of Stephan E's extreme rightwing views" and that the weapon used in the murder was intended for a politically motivated crime.

The murder has focused attention on the growing problem of rightwing violence in Germany and the threat it poses to people in public life.

It is thought to be the first assassination of a politician by a rightwinger in Germany's postwar history. Many see disturbing echoes of the Weimar Republic and its bitter legacy of murderous political violence.

> The murder has focused attention on the growing problem of rightwing violence in Germany

There were 24,100 rightwing extremists in Germany last year, according to the interior ministry, a slight increase on 2017, with more than half prepared to use violence to further their aims. Their principal targets are foreigners and, in particular, asylum seekers. However, politicians are in their crosshairs.

The ministry said the number of violent crimes committed by such extremists rose 3.2 per cent in 2018 on the previous year. The number of anti-Semitic acts of violence rose 71.4 per cent.

The DPA news agency reported yesterday that Elmar J, one of the two men detained, allegedly sold Mr Ernst the murder weapon in 2016 while Markus H had put the two in touch.

But prosecutors said there was no evidence to suggest the three were part of a rightwing terrorist group.

Lübcke was a regional politician in the German city of Kassel and a member of Chancellor Angela Merkel's conservative Christian Democratic Union. He was shot in the head at close range on June 1 while sitting on the terrace of his house in Wolfhagen, west of Kassel, and died in hospital. He had received repeated death threats for his efforts to accommodate refugees and his defence of Ms Merkel's immigration policy.

Council of Europe

Call for inquiry into Malta journalist's murder

MICHAEL PEEL — BRUSSELS

Europe's human rights watchdog has called for an independent inquiry into the murder of Maltese journalist Daphne Caruana Galizia and denounced a "climate of impunity" over suspected corruption in the EU's smallest state.

The 47-country Council of Europe's parliamentary assembly accused Joseph Muscat, Malta's prime minister, of offering "personal protection" to officials over the alleged secret Panamanian bank accounts that were among the stories being investigated by the slain reporter.

Caruana Galizia's death in a car bomb attack in 2017 sent shockwaves across Malta and the wider EU. Questions about governance in the Mediterranean island state are part of wider concerns about the decline in the rule of law in several countries in the bloc.

Caruana Galizia's family, which has campaigned for an independent inquiry into her murder, hailed the 72-18 vote by the Council of Europe parliamentarians in Strasbourg on Wednesday night as bringing them "closer to the truth".

"Daphne would still be alive today if corruption in Malta were properly investigated by the authorities, if Malta's institutions functioned as they should, and if Malta were a properly functioning democracy," the family said.

"We now ask for the support of the international community to actively monitor Malta's implementation of the resolution's most important recommendation: that the Maltese prime minister set in motion an independent and impartial judicial public inquiry into the circumstances of Daphne's assassination."

A group of 10 organisations that campaign for freedom of expression, including Reporters Without Borders, the Committee to Protect Journalists and PEN International also welcomed the vote.

Mr Muscat's office said it would comment later. The prime minister has previously denied any wrongdoing.

The Council of Europe motion, based on a report on Malta by a Dutch parliamentary assembly member, calls on authorities in Valletta to set up a public inquiry within three months to fulfil obligations under the European Convention on Human Rights.

The Council of Europe is the guardian of the European Court of Human Rights, which rules on alleged breaches of the convention and can order states to take remedial action.

The Strasbourg resolution says the "continuing failure" of the Maltese authorities to bring the suspected killers of Caruana Galizia to trial or identify those who ordered her assassination "raise serious questions about the rule of law in Malta".

Citizenship query

US court casts doubt on census question

Trump administration told to provide better explanation for its motives

COURTNEY WEAVER — WASHINGTON
ANDREW EDGECLIFFE-JOHNSON
NEW YORK

The Supreme Court has dealt a setback to Donald Trump's administration, questioning its motives for adding a question about US citizenship to the 2020 census.

The court's majority opinion, written by Chief Justice John Roberts, sent the case back to a lower court and asked the administration to provide a better explanation for its motives. It hands a partial victory to critics of the move, who feared it would disproportionately hurt immigration populations.

Mr Roberts wrote that while it was not necessarily unconstitutional to add a citizenship question to the census, the administration's explanation that it was doing so to better enforce the Voting Rights Act, a law prohibiting discrimination in federal voting practices, was suspect.

"It is rare to review a record as extensive as the one before us when evaluating informal agency action — and it should be," said Mr Roberts. "But having done so for the sufficient reasons we have explained, we cannot ignore the disconnect between the decision made and the explanation given."

He added: "Unlike a typical case in which an agency may have both stated and unstated reasons for a decision, here the VRA enforcement rationale, the sole stated reason, seems to have been contrived. We are presented, in other words, with an explanation for agency action that is incongruent with what the record reveals about the agency's priorities and decision-making process."

The question about citizenship started appearing on the constitutionally mandated census in 1820, but it was removed in 1950 as officials worried about its impact on the survey's accuracy. The Trump administration's move to add a question about citizenship was immediately met with lawsuits by states including New York.

Justice department lawyers had argued that the question was needed to give an accurate portrait of the US population and enforce anti-discrimination law properly. Democrats and immigrant rights groups, however, have argued that the return of the question will seriously damage the accuracy of the census. Many non-citizens and their family members, they add, could choose to avoid filling out the questionnaire for fear the Trump administration could use the information provided as part of its crackdown on undocumented immigrants in the US.

Such a move, they argue, would lead to a dramatic undercount of Latino and immigrant populations in the US, many of whom live in Democratic-leaning districts.

> 'We cannot ignore the disconnect between the decision made and the explanation given'
>
> Chief Justice John Roberts

The decision will be widely welcomed by US business groups, which had expressed concern that a citizenship question would reduce response rates, undercounting people and impairing the accuracy of a data set on which many companies depend.

In an amicus brief earlier this year, businesses ranging from Levi Strauss to Univision Communications argued that retailers needed accurate census data to inform decisions on where to open and stock stores. Cable operators relied on it to target advertising, and companies such as Uber used it to understand policy issues relating to their impact on different communities.

If the US district judge rules against the administration, the case could ultimately find its way back to the Supreme Court, which chose not to examine the issue of intent when it picked up the case earlier this year.

Female footballers grab world's attention at last

WOMEN'S WORLD CUP

Simon Kuper

Pitch battle: Marta of Brazil, centre, evades France's Gaëtane Thiney, left, and Amandine Henry during their last 16 match on Sunday. Below, a Netherlands fan
Lucy Nicholson/Reuters

Ten years ago, France's women's football team posed for a nude calendar with the slogan: "Does it take this for you to come and watch us play?"

But last Sunday, when *Les Bleues* beat Brazil to reach the quarter-finals of the World Cup, the country's television audience exploded.

With 10.6m viewers, it was a national record for a women's football match and exceeded the average for the French men's team's first-round games in last year's World Cup. It was also France's biggest television audience for any programme in 2019. Tomorrow's quarter-final against the reigning champions, the US, could set more records.

This World Cup represents a new peak in global interest for female football, says sports historian David Goldblatt. The women's game aims to leverage that interest to attract new players, broadcasters and sponsors.

The tournament has shown there is a small elite of women's football nations, chiefly the US and western Europe (which has supplied seven of the eight quarter-finalists). Other regions, where women's football has been neglected or discouraged, cannot compete: Thailand lost 13-0 to the US, while the Arab world and eastern Europe had no teams at all among the 24 participants.

France, the US and the Netherlands attract crowds of similar size to their men's national teams, but different in character: there are more families, more women and girls, and a friendlier atmosphere, with almost no whistling of opposing teams. Although matches between smaller teams have not filled stadiums the tournament's organisers are pleased to have sold more than 1m match tickets.

Above all, though, this has been a television event. Several countries have broken viewing records for women's football. England-Scotland drew a peak audience of 6.1m Britons, while Brazil-Italy was watched by 7.3m in Italy, and France-Brazil peaked at 35.2m in Brazil, the biggest-ever domestic audience anywhere for a women's game.

Most broadcasters are taking the sport seriously, with many female pundits providing informed analyses. Sexism, which historically permeated coverage of women's football, has reared up only intermittently. French newspapers have reversed tradition by running features on the *Bleues*' boyfriends.

The tournament has been influenced by the global #MeToo movement, says Brenda Elsey, historian at Hofstra University and co-author of *Futbolera: A History of Women and Sports in Latin America*. The US team is fighting for equal pay with men, while teams such as Argentina have had to fight for almost any pay at all. National federations are under pressure to raise funding for women's football. Spain's federation said last week it was allocating more than €20m for next season. All Spanish women's top division games will be broadcast live.

The football industry sees a chance to grow its hitherto small female market. The opportunity is clearest in western Europe, where the mature men's game produces enough revenues to invest in women's football. Spanish giants Real Madrid this week decided to follow their rivals Barcelona by launching a women's team. Manchester City's women's team have gained visibility by sharing a social-media feed with the men's side.

French amateur clubs are expecting a flood of girls to join. When the World Cup kicked off, the French federation had about 180,000 female members. That was more than double the 2011 figure, but still less than 10 per cent of total membership. Female membership is now thought to have surpassed 200,000, originally the target for 2020. Uefa, European football's governing body, plans to double the number of female players in Europe to 2.5m by 2024.

> Sexism, which historically permeated coverage, has reared up only intermittently

In other regions, ambitions are more modest. After Nigeria's elimination, the players staged a sit-in in their hotel simply to be paid. When Argentina's players drew their opening game 0-0 with Japan, they raised their arms in triumph. The women — supported by the country's feminist movement — had struggled for years even to be paid $8.50 a day training allowance. They once had to travel to a game in Uruguay by early-morning bus because the federation would not pay for a hotel, reports Ms Elsey.

The Chilean and Argentine national teams occasionally effectively disappear between tournaments, as their federations' funding dries up. That's unlikely to happen after this World Cup. The Argentine federation last month announced the professionalisation of its women's league. The 16 clubs must each sign at least eight players on professional contracts, although most salaries will be just a few hundred dollars a month.

Dutch winger Lieke Martens, winner of governing body Fifa's World Women's Play of the Year award in 2017, says: "Women's football is top now, and I'm happy to experience it, but the generation before me didn't. They built what we have now. We're building further, it won't stop here."

But she added: "I don't dare say whether it will ever be equal with the men."

GLOBAL INSIGHT
WASHINGTON

Edward Luce

Presidential debate exposes Democrats' West Wing syndrome

One issue Democrats left silent in their first presidential debate was overpopulation. With 10 people on stage, each jostling for an elusive viral moment, no one shone. That was just the first half. The second one, with another 10 candidates a day later, may turn out differently. But the odds are against it. In an abstract democratic sense it may be healthy to see so many vying to be president. But there can be too much of a good thing. The sooner the Democratic party ejects the hopeless ones, the better its chances against Donald Trump.

Yet true to type, Democrats are worrying more about fairness than outcome. If they had their way, the stage would be crowded with even more hopefuls chasing the same ball like seven-year-old football players. They argue the party's rules for who qualifies to appear in the debates are too strict. In reality they are too lax. Most of the candidates have no chance in any parallel universe of becoming president. For an obscure politician, there is no quicker way to gain unearned national exposure. This is the way to win book deals, television contracts and boost media profiles. But it is no way to select a president.

The only primary that compares in size was the Republican one in 2016, which also had to split the candidates into separate debates. The result was Mr Trump. The more overpopulated the stage, the greater the incentive for one person to smash the crockery. In the midst of Wednesday night's encounter, Mr Trump tweeted "BORING!" Sad to say, he was right. Listening to marginal politicians mouth time-honoured platitudes is a poor way to generate interest. Before the two hours were over, most viewers will have forgotten who said what. Sooner or later one of them will be tempted to bring out their inner Trump.

> This is the way to win book deals and television contracts, not select a president

Unless Oprah Winfrey changes her mind, it is not clear who the breakout celebrity Democrat will be. That means the race will eventually boil down to Elizabeth Warren, Bernie Sanders, Joe Biden and one or two others — possibly Kamala Harris, Cory Booker and Julián Castro. Each is a potential US commander-in-chief.

But the early overcrowding points to two structural problems with the future of the Democratic party. The first is what I call the "West Wing syndrome" after the hit television series. Every Democrat wants to be president. No one wants to be elected senator or governor. Those who have been still appear to want to be in the White House.

Democrats are far more obsessed than Republicans by who captures the presidency than by who runs the rest of America. This is one reason Republicans control more state legislatures than Democrats even though they poll lower as a party nationwide. It is also why Republicans have a strong chance of retaining their grip on the US Senate after 2020. Beto O'Rourke, the former Texan congressman, would do a greater service running for a Texas Senate seat next year. Yet he thinks he was "born" to run for president. More likely, he watched too much *West Wing* in his formative years. It is no coincidence that Jed Bartlet, the show's fictional president, was a Democrat.

The second Democratic headache is related to the first — the "Mitch McConnell problem", named after the Republican Senate majority leader. Mr McConnell has the skills to stop a Japanese bullet train. Against him, no Democratic president would have much chance of pushing through the healthcare bills, green new deals, progressive judges or other pledges on which the candidates were trying to outbid each other.

Tellingly, none gave credible answers as to how, as president, they would get around Mr McConnell. One candidate said he would end the Senate filibuster. But that would only work if Democrats controlled the Senate.

The correct answer would have been too self-effacing. At least half those on stage should have said they would quit the race to run as senators. That way the party could put more talent into regaining control of the US legislature.

Barack Obama, the last Democratic president, might have reminded them that America's first branch of government is Congress, not the executive. Mr Obama spent three quarters of his presidency watching his initiatives run aground on Capitol Hill. Barring one fleeting mention, his name did not arise during the debate. There may be a lesson in that.

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Belt and Road Initiative

China-backed Kenya power project blocked

TOM WILSON — LONDON
CHRISTIAN SHEPHERD — BEIJING
DONALD MAGOMERE — NAIROBI

A Kenyan court has blocked the country's first coal-fired power station on environmental grounds in a blow to the $2bn project's Chinese backers and the green credentials of Beijing's Belt and Road Initiative.

Owned by Amu Power and funded with export credit from the Industrial and Commercial Bank of China (ICBC), the project has sparked heated debate about the potential impact of coal-based power on Kenya's ecosystem.

Located on the Indian Ocean coast about 14 miles north of Lamu town, a tourist destination and Unesco World Heritage site, environmentalists said the plant would pollute the air and destroy mangroves and the breeding grounds of endangered species. The project's backers say its planned capacity of 1,050MW would boost Kenya's power output almost 50 per cent, helping address frequent blackouts while cutting costs for consumers.

The decision by the National Environment Tribunal to revoke the project's environmental licence means Amu Power must complete a new environmental and social impact assessment before regulators will consider authorising construction.

The project's existing licence, issued by the National Environment Management Authority, was invalid because Amu had failed to adequately consult the population when completing its first study, the judges said.

Beijing has pledged that infrastructure projects under its Belt and Road Initiative, such as the Lamu power plant, would be designed to limit their environmental impact, but critics say there is little evidence that such policies are implemented at the project level.

Environmental activists described the Kenyan court ruling as an important victory but promised to fight on to prevent the project from breaking ground.

"It is not Lamu that will be poisoned alone, it's the rest of Kenya, Africa and the Indian Ocean," said Njeri Kabeberi, executive director for Africa at Greenpeace International. Zhou Jinfeng, head of the China Biodiversity Conservation and Green Development Foundation, said: "Only green development can [allow] the Belt and Road to develop in a more sustainable way. Dialogue and communication with local communities . . . are essential."

Amu Power and ICBC could not be reached for comment.

Illegal mining

Dozens die in accident at Glencore Congo site

HENRY SANDERSON AND NEIL HUME
LONDON

Dozens of illegal miners were killed at Glencore's largest copper and cobalt mine in the Democratic Republic of Congo yesterday when terraces overlooking the main pit collapsed.

Thousands of so-called artisanal miners have recently entered the site outside the city of Kolwezi, in the south-east of the country, and Glencore warned that there might be more fatalities. Reuters reported that at least 39 people had died.

The miners were working on two areas overlooking the main open pit at the Kamoto Copper Company, the Switzerland-based company said. Shares in Glencore closed down 5 per cent at 264p in the FTSE 100.

"KCC is currently engaged in assisting search and rescue operations with the local authorities," Glencore said.

Illegal mining has become a growing problem in the Katanga region of the Congo. Local miners in Kolwezi are mining within concessions owned by large companies, threatening their operations as well as their ability to expand to mine new deposits.

Last week, the Congolese army was sent to the Tenke Fungurume copper and cobalt mine with a deadline of July 2 to evict thousands of miners.

The DRC produces more than 60 per cent of the world's supply of cobalt, a crucial metal for electric car batteries. But last year as much as 30 per cent of cobalt was estimated to have come from miners who dig the metal from the earth without any safety equipment.

The deaths add to the woes of Glencore's African copper business. Katanga Mining, the company's DRC subsidiary, was fined by Canadian regulators last year for issuing false statements. It recently lowered production guidance after a new management team launched a wide-ranging review operations.

Katanga, which controls KCC, was also forced to halt sales of cobalt late last year after discovering traces of uranium in its supplies. Glencore said yesterday's incident was not linked to KCC and it would have no effect on production.

Katanga mining is forecast to produce almost 270,000 tonnes of copper this year and 24,000 tonnes of cobalt.

"KCC urges all illegal miners to cease from putting their lives at risk by trespassing on a major industrial site. KCC is doing what it can to inform the communities of the dangers associated with illegal trespassing on major industrial concessions," Glencore said.

Hollowness at the heart of fame

THEATRE

Present Laughter
Old Vic, London
★★★★★

Sarah Hemming

Andrew Scott knows a fair few things about fame. He has long been loved by theatregoers — he gave a superb, fresh Hamlet in 2017 — but recent screen performances, first as silky psychopath Moriarty in *Sherlock* and latterly as the "hot priest" in *Fleabag*, have propelled him into a new sphere of celebrity. Pre-publicity interviews for *Present Laughter* at London's Old Vic theatre lingered on how it feels to be a sex symbol in a cassock.

It's pleasingly apt, then, that he returns to the stage in Noël Coward's blistering 1939 takedown of fame, and delightfully ironic that his superlative performance is bound only to add to his stock. It's a brilliant, subtle reading at the heart of a revelatory staging that finds the pathos beneath the patter in this bittersweet play.

Scott plays Garry Essendine, a svelte matinee idol who is handling the advent of his forties with all the grace and restraint of a toddler deprived of a favourite toy. He preens and pouts around the reception room of his London flat (a gorgeous art deco design from Rob Howell), wallowing in self-pity, while around him his long-suffering staff tidy up the residue of his enthusiasms — the dreamily adoring fan who "forgot her latchkey", the earnestly unhinged playwright (Luke Thallon, hilarious) who wants to "save" him through radical art — and try to keep a financially crucial tour to Africa afloat.

Beautifully nuanced: Andrew Scott and Sophie Thompson in 'Present Laughter' — Manuel Harlan

In Matthew Warchus's production, Scott brings to the part the dark mischief, superb comic timing and gleeful outrageousness that made his Moriarty so magnetic. He makes his entrance in a rumpled fancy-dress pirate outfit, swigs water straight from the jug, growls at his reflection, barks at his secretary and dispatches the besotted fan with an orotund rendition of Shelley. He's cutting and charismatic, revelling in the brittle vanity of the character.

But the genius in his performance is its undertow of vulnerability and despair. When he says "I'm always acting", he means it. Scott plays Garry as a man who knows he is performing a part, even to himself, and whose susceptibility to flattery stems from a deep well of loneliness. The more attention he gets, the less he knows who he is. That pirate costume comes to look like more than accident: this Garry is a lost boy who, deep down, knows that the game is up. The most moving moment in the production comes when, as his secretary prepares to leave him alone at the end of a boozy party, Scott's Garry reaches out and takes her hand. It's a rare instance of genuine connection in a hall of mirrors.

Meanwhile, with a neat twist, Warchus flips the gender of one of his lovers — Joanna becomes Joe — adding a queer subtext and new depth both to the play's exploration of performance and truth and to the neediness that drives Garry's hunger for affection. The ripple effect of this is that several of the characters become bisexual, which likewise brings new urgency to Garry's ex-wife Liz's determination that this tight-knit little group doesn't fall apart.

Indira Varma is excellent as Liz, delivering needle-sharp put-downs with effortless style, but also demonstrating quiet care for her messed-up ex; while Sophie Thompson is immensely droll as the blithely eccentric secretary who wades, unruffled, through all the kerfuffle. It's not all plain sailing: there is a frenetic quality to some scenes, as if the company feel the need to push the comedy at you rather than relaxing into it. But overall this is a treat of a production: a timely depiction of the hollow nature of fame led by a virtuoso yet beautifully nuanced performance that reminds us that this play's original title was *Sweet Sorrow*.

To August 10, oldvictheatre.com. Broadcast live in cinemas worldwide from November 28, ntlive.com

DANCE

Birmingham Royal Ballet: [Un]leashed
Sadler's Wells, London
★★★☆☆

Louise Levene

A lesser director might have been tempted to select their last-ever triple bill from their own greatest hits, but outgoing Birmingham Royal Ballet director David Bintley's *Unleashed* is composed entirely of new or very recent work. And, while he hasn't made a huge song and dance about it, all three pieces are by female choreographers.

The material was strongly danced throughout but peculiarly ill-balanced. *Peter and the Wolf*, Prokofiev's popular guide to the orchestra, is a natural matinee-magnet but it sits uneasily in an evening programme. Ruth Brill has updated the action to a cliché-laden modern cityscape by Spike Kilburn: graffiti everywhere, scaffolding for the tree, a baseball cap for Grandad. Peter is female — as if ballet had any shortage of leading roles for women.

The pedestrian delivery of the (taped) narrative does little to enliven Brill's humourless and uninvolving treatment of the tale, which barely sketches the animal characters — the bird jumps, the cat sidles — and has none of the wit and brio of Matthew Hart's adorable 1995 Royal Ballet School version.

The first two courses had more flavour. Jessica Lang's 2012 *Lyric Pieces* uses 10 piano miniatures by Edvard Grieg (nimbly performed by the Royal Ballet Sinfonia's Jonathan Higgins) to fuel a stream of vignettes — folksy, playful, sentimental — which mirror the moods of the music and there is a finely wrought duet to *Phantom* for Céline Gittens and Brandon Lawrence.

Piano ballets offer a simple-seeming synthesis of music and movement but can end up looking a mite anodyne. Elena Comendador's greige costumes — floaty silks for the women, vests and trousers for the men — do little to stave off the twinges of déjà vu but the clever pleated paper sculptures by Molo Design are a joy in themselves.

Design almost overbalances Didy Veldman's *Sense of Time*, which uses six couples and a revolving wall of suitcases (by Joana Dias) to muse on time, stress and the human condition. The commissioned score by Gabriel Prokofiev (grandson of) combines traditional orchestral material with elements of grime, techno and found sound to create a meaty and eminently danceable mix.

Veldman is slightly over-reliant on the set's potential as climbing frame, but her busy-busy ensembles are a good fit with the brash brass and itchy strings. She makes fine use of Gittens and Lawrence in a flirty, sweet-tempered waltz and of the feather-footed Tyrone Singleton as a man frustrated by a world that won't make time to connect.

BRB at Sadler's Wells with 'Hobson's Choice' on June 28 and 29, brb.org.uk

Strongly danced: Brooke Ray, left, and Laura Day in Ruth Brill's 'Peter and the Wolf' — Andrew Ross

Confessions of the 'little Lolita of Luton'

THEATRE

We're Only Alive for a Short Amount of Time
Public Theater, New York
★★★★☆

Max McGuinness

David Cale has what at first seems to be an unremarkable tale to tell. A playwright and jobbing performer who has been on the New York scene since the 1980s, Cale recounts his upbringing in Luton during the 1960s and '70s in this one-man cabaret-style musical, directed on a mostly bare stage by Robert Falls.

To make up for a dreary middle-class existence in "the armpit of England", Cale (born Egleton) nurtured a fascination for exotic birds. He also began to come to terms with his homosexuality. When his mother found him streaking naked around the garden in the hope of attracting the attention of his teenage neighbour, she labelled him "the little Lolita of Luton".

That Nabokovian allusion is one of several hints that life in the Egleton household was more than ordinarily askew. Cale's father Ron was the kind of alcoholic who put whisky in his tea at breakfast. And he would occasionally go out on the town with the Kray twins — the most notorious gangsters in 1960s London. Ron also did time in prison and was deeply jealous of Cale's mother Barbara, whom he insisted had had sex with an ex-boyfriend on their wedding day.

What might have been a humdrum story of youthful awakening duly acquires an aura of suburban perversity reminiscent of Hitchcock and Pinter (who, as Cale notes, cocks a snook at Luton in *The Caretaker*) with a dash of Monty Pythonesque lunacy. Cale's voice is not exactly Broadway standard. But his offbeat numbers, backed by a lively jazzy score co-composed by Cale and Matthew Dean Marsh, wittily convey the strangeness of his adolescent world.

A little over halfway through this 85-minute show, Cale then introduces a ghastly twist. It would be unfair to reveal much more. Suffice it to say that it is little wonder he changed his name and moved to New York as quickly as he could. Revisiting that personal trauma on stage takes real guts. Doing so in a lightly humorous musical is bolder still. The serenity of the form here belies the horror of the subject, as Beckett once said of Kafka.

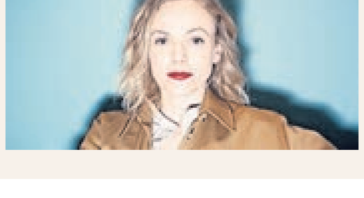
To July 14, publictheater.org

David Cale's one-man show looks back on his strange adolescence — Joan Marcus

FT

Maxine Peake: a reputation for risk and reward

It may be easiest to start with everything Maxine Peake says she is not. "I'm not a real film star," she says, despite appearances in a number of films, among them the shivery new drama *Gwen*. There has been a prodigious career in television; recent credits include *Black Mirror* and the award-winning *Three Girls*. "I don't do much telly any more," she insists. She has written plays about overlooked women: champion cyclist Beryl Burton, aviator Betsie Coleman. And yet, "I don't call myself a writer." In an era of unsleeping self-promotion, she is assertively modest — the most electric stage actor in Britain, a gripping screen presence, ducking out of sight.



She sits in Covent Garden, London, tourists bustling towards the clothes shops of Long Acre. Her manner is sunny. The jitters of *Gwen* feel a distance away . . .

To read the rest of Danny Leigh's interview, go to ft.com/arts

FT INTERVIEW

Putin heralds Russia's return to the top table

The west tried to isolate Moscow after the 2014 annexation of Crimea. But as he heads to the G20 summit in Japan, Vladimir Putin is confident that his country has restored its influence and that history is on his side.

By Lionel Barber and Henry Foy

Vladimir Putin at last year's inauguration ceremony at the Kremlin. Below left: the Russian leader with Xi Jinping in Beijing — Sergei Bobylyov/AFP/Getty Images

Just before midnight, Vladimir Putin perks up at the mention of the word "risk". It encapsulates the man and his 20 years in power.

Latterly, Russia has embarked on a growing number of foreign policy gambles, from the military intervention in Syria, the annexation of Crimea and the attempted meddling in the US presidential election. Is his appetite for risk increasing with each passing year?

"It did not increase or decrease. Risk must always be well-justified," he replies. "But this is not the case when one can use the popular Russian phrase: 'He who doesn't take risks, never drinks champagne'."

His response is classic Putin: elusive and teasing. But on one issue, he is certain he made the right choice: Syria. "I believe that it has been a good and positive return. We have accomplished even more than I had expected."

Aside from the killing of "several thousands" of Islamist militants and the shoring up of Bashar al-Assad's regime, he cites the re-emergence of Russia as a power in the Middle East uniquely able to talk to all parties from Israel to Saudi Arabia and Iran.

"Besides, I would like to openly speak of the mobilisation of the Russian Armed Forces," he adds. "Our Armed Forces have received such practical experience that they could not have obtained during any peacetime exercises."

This matter of fact — some would say cynical — summation of an eight-year civil war that has led to the deaths of half a million people and caused 5.6m to become refugees and millions more to be internally displaced highlights the self-assurance of Mr Putin. Here is a man who believes Russia is back at the

top table and that history is on his side.

Ever since the 2014 Crimea annexation, Mr Putin has faced a concerted attempt to isolate him internationally. But on the eve of the G20 meeting in Osaka, Japan and at a time when the US role in the world has never seemed more uncertain, the Russian leader is still very much at centre stage.

Shifting political balance

During a 90-minute interview in the Kremlin's cabinet office, with statues of four of Imperial Russia's most revered rulers looking on from each corner, the former KGB officer turned statesman took on all subjects. He ranged from the breakdown of the international rules-based order, the rise of China and the end of liberal ideology to the prospect of improved relations with the UK.

Ahead of the G20, Mr Putin highlights multiple risks to global stability. He singles out American unilateralism, starting with the tariff war against China and the threat of conflict in the Gulf. "To put it bluntly, the situation has definitely become more dramatic and explosive," he says.

The Russian leader detects a shift in the political balance of power from traditional western liberalism to national populism, fuelled by public resentment about immigration, multiculturalism and secular values at the expense of religion.

"Have we forgotten that all of us live in a world based on biblical values?" asks Mr Putin, dismissing Karl Marx's dictum that religion is the opium of the masses. Similarly, in the Russian president's view, liberal ideology has "outlived its purpose".

Fragmentation characterises the world of 2019. In response, Mr Putin casts himself as a cheerleader of globalisation alongside his increasingly close ally, President Xi Jinping of China. It is an improbable role for Russia and China, but one vacated by the US under President Donald Trump, who has made "America First" his mantra.

Mr Trump's trade conflict with China, alongside US-led sanctions against Russia, have brought Beijing and Moscow closer together. Once wary neighbours, the two Eurasian powers have formed a strategic partnership based on energy investment, trade and defence co-operation.

Mr Putin has met Mr Xi 28 times since the latter took office in 2012. Is Russia — which has few friends left in the west — putting too many eggs in the Chinese basket?

On Trump . . .
'President Trump is not a career politician . . . [but] he is a talented person. He knows very well what his voters expect from him'

On spying in the UK . . .
'All this fuss about spies and counterspies, it is not worth serious interstate relations. This spy story, as we say, is not worth five kopecks'

On Russia's $500bn reserves . . .
'This money is [not] just sitting on the shelf. No, it creates certain guarantees for Russia's economic stability in the midterm'

On intervention in Syria . . .
'Our armed forces have received such practical experience that they could not have obtained during any peacetime exercises'

"We have sufficient eggs but there are not too many baskets to put those eggs in," he replies. "We always assess the risks . . . Russia and China are not directing their policy against anyone."

Later he praises China for "showing loyalty and flexibility to both its partners and opponents" — an endorsement not extended to the US.

Some believe conflict is inevitable between the US and China. They point to the parallel between a dominant Sparta and a rising Athens, the so-called Thucydides trap.

The Russian leader is circumspect. "It is hard to say whether the United States would have enough patience not to make any rash decisions, but to respect its partners even if there are disagreements."

Mr Putin has plenty of harsh words about America but he is studiously polite about Mr Trump, referring to him as "Donald" several times in the interview. "Mr Trump is not a career politician . . . I do not accept many of his methods when it comes to addressing problems. But do you know what I think? I think that he is a talented person. He knows very well what his voters expect from him."

Mr Putin wearily dismisses charges of orchestrated interference in the 2016 US presidential election campaign. He insists Mr Trump won in his own right by tapping the anti-establishment mood and the backlash against globalisation.

"Russia has been accused, and, strange as it may seem, it is still being accused...of alleged interference in the US election. What happened in reality? Mr Trump looked into his opponents' attitude to him and saw changes in American society," he says.

Mr Trump has reciprocated by not directly criticising Mr Putin. The two leaders are scheduled to meet at the G20 in Osaka. The question is whether they can find any common ground, notably on arms control, where bilateral cold war treaties that have underpinned nuclear stability are being torn up.

The US, accusing Russia of breaching the Intermediate Nuclear Forces treaty, has notified Moscow it will withdraw by August 2 in the absence of compliance. Russia denies it is in breach and accuses the US of counter-breaches though missile deployment in Europe. At the same time, a second treaty (New Start) limiting the number of warheads is nearing expiry in 2021.

Mr Putin tells the Financial Times that Mr Trump intimated in a recent conversation that the US was interested in extending New Start, but no initiative has been forthcoming. "So if this treaty ceases to exist, then there would be no instrument in the world to curtail the arms race. And this is bad."

Fending off criticism

Of the many gambles Mr Putin is accused of taking, the attempted assassination of former Russian double agent Sergei Skripal in Salisbury, England in 2018 ranks high. Even 15 months on from the nerve agent attack which London blames on Moscow, Mr Putin bristles and says it is time to move on.

"Listen, all this fuss about spies and counterspies, it is not worth serious interstate relations. This spy story, as we say, it is not worth five kopecks."

While the nerve agent attack did not kill Mr Skripal nor his daughter, a member of the public died after coming into contact with a perfume bottle containing the nerve agent novichok, which British officials say was manufactured in Russia.

"The list of accusations and allegations against one another could go on and on . . . We need to just leave it alone and let security agencies deal with it," says the Russian leader.

The same disdain in the face of international criticism surfaces in relation to Russia's backing for President Nicolás Maduro of Venezuela who has installed an effective dictatorship. Mr Putin denies that Russia is directly involved in propping up Mr Maduro, arguing this is one more Russophobic conspiracy theory propagated by the west. The only presence of Russians are military contractors servicing defence assets, he says, adding that more could be sent.

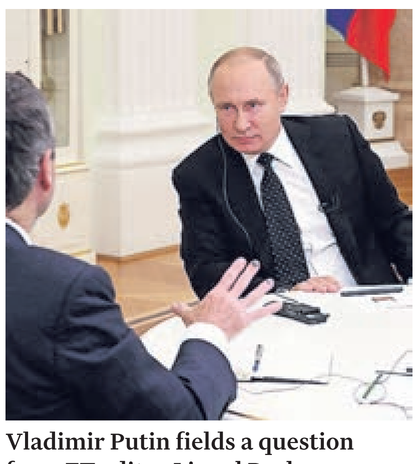
Mr Putin immediately raises the toppling of Libyan leader Muammer Gaddafi by western powers and the ensuing civil war: "So why should we do the same in Venezuela? Do we want to revert to gunboat diplomacy? What do we need it for? Is it necessary to humiliate Latin American nations so much in the modern world and impose forms of government or leaders from the outside?"

The Russian leader insists this is a matter for Venezuelans to resolve for themselves. As for Juan Guaidó, the opposition leader recognised by the US and other western governments as the legitimate president, Mr Putin says: "He may be just wonderful, and his plans are good. But is it enough that he entered a square and proclaimed himself president?"

Domestic weaknesses

A popular uprising in Russia — encouraged by the west — is the stuff of nightmares for Mr Putin.

Having witnessed first hand the collapse of communism in eastern Europe and the fall of the Soviet Union, he has long harboured suspicions of western conspiracies to undermine his regime. The colour revolutions in Georgia and Ukraine, as well as the US-led interventions in Iraq and Libya, have further convinced him of malign intentions.



Vladimir Putin fields a question from FT editor Lionel Barber

For now, Mr Putin looks politically formidable. But his regime's weakness lies in the economy, with stubbornly low growth and years of falling real incomes.

"But the most important task we need to achieve is to change the structure of the economy and secure a substantial growth of labour productivity through modern technologies."

Such a goal has long eluded an economy heavily dependent on oil and gas. Russian citizens are feeling the pinch through higher taxes and an unpopular increase in the pension age which triggered a fall in Mr Putin's trust rating to a 13-year low this spring. But rather than increasing spending, Mr Putin is building a war chest.

International reserves stand at about $500bn, according to the Russian central bank. "We need to create a safety net that would let us feel confident . . . Do not think that this money is just sitting on the shelf. No, it creates certain guarantees for Russia's economic stability in the midterm."

This is an expensive insurance policy, but it comes amid the threat of further US sanctions against Russia, which since 2014 has found itself increasingly cut off from western capital markets.

Just this week the Foreign Affairs Committee in the US House of Representatives approved a draft law that would sanction entities involved in the construction of the Nord Stream 2 gas pipeline being built between Russia and Germany — a move that would be a blow against critical energy exports.

~$500bn	25m
Russia's current international reserves, the central bank says	Ethnic Russians living outside Russia when the USSR collapsed

Historic lessons

Believing himself surrounded by real and potential enemies, Mr Putin has routinely chosen strength and aggression over compromise and restraint. His proudest accomplishment, he admits, is the restoration of the power of the Russian state after the chaotic collapse of the Soviet Union, an event he describes as "one of the greatest tragedies of the 20th century".

Mr Putin has no yearning for the communism of the past, where, he says: "life was difficult". The tragedy, he says, was the dispersal of ethnic Russians across the newly-independent successor states of the USSR.

"25m ethnic Russians found themselves living outside the Russian Federation. Listen, is this not a tragedy? A huge one! And family relations? Jobs? Travel? It was nothing but a disaster,"

Throughout the two decades of his leadership, Mr Putin has expended blood and treasure in efforts to rectify what he sees a historical wrong. His favourite leader, he declares, is Peter the Great. A towering bronze statue of the visionary tsar looms over his ceremonial desk in the cabinet room.

Peter the Great created the Russian empire around the turn of the 18th century with a series of foreign wars that conquered land from Finland and the Baltic states in the north, to the Black Sea in the south.

This is the sphere of influence that Mr Putin believes Moscow must protect at all costs; hence his visceral opposition to Nato's expansion eastward up to Russia's borders.

Of Peter the Great, Mr Putin says: "He will live as long as his cause is alive."

Mr Putin cannot yet claim to be a grand domestic reformer on the scale of his hero. Nor has he shown any sign of developing a clear succession strategy. The constitution requires him to stand down as president in 2024.

The 66-year-old says he has contemplated his succession "since 2000", but if indeed he has, it is the most closely guarded secret in Russia and a matter of some sensitivity for the president himself.

As the clock ticks towards 1am, Mr Putin cannot resist one final jab, this time at the efforts of Britain's ruling Conservative party to choose a new leader to succeed Theresa May. Either Boris Johnson or Jeremy Hunt will then become prime minister without a general election.

"It is different from what you have in Great Britain. We are a democratic country" he says. "The choice is always made by the Russian people."

In fact, Mr Putin inherited the presidency on the stroke of midnight on New Year's Eve 1999, when Boris Yeltsin stepped down from office prematurely and endorsed him as his successor.

When reminded of this, the president shrugs: "So what?"

FINANCIAL TIMES

'Without fear and without favour'

FRIDAY 28 JUNE 2019

G20 cannot run away from climate change

Governments need to be honest about the costs of inaction

Europe is in meltdown. A heatwave spread across the continent this week, thermometers soared past 40C as temperatures broke new records. Schools close to Paris were forced to close; Germany introduced speed restrictions on its autobahns; and a Spanish meteorologist tweeted a map of the country's weather forecast with the caption: "Hell is coming."

Temperatures are likewise running high in the climate change debate ahead of the G20 meeting in Osaka. Japan is set to omit references to "global warming" and "decarbonisation" from a G20 communiqué in a bid to please the US. This comes just days after four central European states — Estonia, Czech Republic, Poland and Bulgaria — stopped the EU from committing to a 2050 net zero carbon emissions target last week. Saudi Arabia, meanwhile, is helping to prevent publication of a report from the Intergovernmental Panel on Climate Change.

Last week Republican senators in Oregon fled the state to block the passage of a landmark bill that would commit the state, like neighbouring California, to ambitious reductions in greenhouse gas emissions. School strikes by teenagers and direct action, such as that by Extinction Rebellion, who demand governments "tell the truth", have become a regular occurrence in recent months. At the same time, so have protests by France's *gilets jaunes*, who oppose increases in fuel taxes.

International progress on fighting climate change is in danger of stalling. Yet bold and decisive leadership is needed if temperatures are to be prevented from rising to catastrophic levels. Countries that depend on fossil fuels will ultimately face a choice between foot-dragging or being left behind by technological progress. Renewables are often beating traditional sources on cost as well as on carbon emissions. Blocking international agreements will not keep coal viable.

Emmanuel Macron, France's president, is rightly making a stand. He has pledged to refuse to sign any G20 communiqué that leaves out a reference to the 2015 Paris agreement on combating climate change. Bottom-up pressure seems to be working where top-down international conferences stumble. Green parties were big gainers in last months' European Parliament elections. France and Britain are pushing ahead on their own with net zero targets; Bavaria, a German state not usually known for its radicalism, is going further than the national government to end the use of coal. In the US, city mayors and state governments are stepping in to compensate for the lack of federal government action.

Britain, France and California are all relatively large economies but ultimately tackling climate change will depend on action by the largest emitters — China, the US, India and the EU. That makes global co-operation essential even if a few holdouts have blocked progress since the Paris accord.

Governments will need to step up to meet even the Paris targets in coming years. That will mean levelling with companies, workers and taxpayers about the costs. Spain's programme to phase out coal, which involved early retirement for miners and payments to coal-dependent regions, provides one model for a so-called "just transition" which spreads costs fairly.

Frustrating international agreements can do nothing but delay the inevitable. The reality of climate change will catch up with politicians. That may be in the form of angry voters on the streets, or of extreme weather that makes cities uninhabitable and crops fail. As fugitive Oregon senators and G20 leaders in Osaka will eventually find, running away is not an option.

ECJ ruling shows how to tackle autocrats

Poland's purge of its supreme court undermined judicial independence

Autocrats seeking to rig democracy in their favour so it is no longer truly contestable tend to start by hobbling the referee — their top courts. Hungary's Viktor Orban did so starting in 2012. Poland's ultra-conservative Law and Justice (PiS) government followed suit last year. That is why a landmark ruling from the European Court of Justice this week was so important. It will help buttress the rule of law in the EU against authoritarian leaders who have been chipping away at democratic checks and balances with impunity.

The union's highest legal body has this week concluded that Poland breached the EU's treaties with a 2017 shake-up of the Polish supreme court, ostensibly to align the judges' retirement age with the rest of the public sector. The overhaul of the supreme court would have obliged its justices to retire at 65 rather than 70 unless granted an extension by Poland's president, currently a PiS ally. It would have affected a third of the supreme court's judges, including its chief.

When the case came to court in November, the Polish government, realising it had over-reached, suddenly backtracked and amended the law. Nonetheless, the European Commission, which brought the case, rightly maintained its action.

In its far-reaching judgment, the ECJ dismissed Poland's assertion, backed by Hungary, that the judiciary is a purely national matter in which EU institutions have no business. On the contrary, the ECJ established that although governments are responsible they have to ensure their courts meet EU standards of independence because courts at all levels apply EU law. It is not just individual cases that have to be fair but the whole system, it added.

Establishing the ECJ's oversight of national courts to ensure respect for the rule of law is an important advance. When Hungary was taken to court over its 2012 assault on the judiciary, it was on the basis that it had breached EU employment law. With this case, the ECJ has begun to set out an instruction guide for complying with fundamental but vaguely expressed values such as the rule of law.

The ECJ concluded that Poland's reform was illegitimate and disproportionate. A sweeping overhaul affecting a third of sitting judges coupled with Warsaw's own explanation attached to the original bill that the judiciary had never been "decommunised" created serious doubts, the ECJ noted, about the government's true motives. This was a purge that violated the principle of the irremovability of judges and undermined judicial independence together with the appearance of it.

The ECJ's advocate general on Thursday issued an interim judgment in a separate but related case, saying a new disciplinary chamber and the body that oversees the Polish judiciary compromised its independence.

These judgments underline how the only effective, albeit piecemeal, way of disciplining errant member states is an ECJ case. The commission should bring more of them. Governments tend to comply with ECJ rulings and can face big fines if they do not. A country that defies the court puts its membership of the EU in jeopardy. Voters will not support it. Poland's government was rattled by opposition claims last year that it was heading for "Polexit".

The effectiveness of the ECJ remedies stands in sharp contrast to the pusillanimity of national governments when dealing with errant members. The EU needs more effective disciplinary procedures for systemic threats to democracy. Tying EU funding to respect for the rule of law is the way to go. These ECJ rulings should embolden EU leaders to take the necessary steps.

Letters

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Japan Inc should hold firm against short-term investor pressure

The FT View equates the increase in shareholder activism in Japan with improved corporate performance. I hope Japanese management teams resist that easy equation (June 26).

Corporate Japan currently treats shareholders as the least of their stakeholders — customers, staff and society at large taking priority over financial investors. That is bad for stock prices, as you say. But it is pretty good for society — unlike their western counterparts, Japanese firms pay full taxes, are loyal to employees, engage in long-term thinking with policymakers and customers, and refrain from paying bosses entrepreneurial rewards for employee risk. In short, they do many of the things that the survival of capitalism may require in the west.

Not all — possibly not even most — shareholder activists are motivated by the betterment of society, or even pension returns. Most belong to a growing asset class that is out for short-term returns for their own investors, and some of the more aggressive are little better than greenmailers. All are motivated by their own remuneration which, like investment bankers in the past, is effectively an option annually resettable to zero. Faced with this, I hope Japanese managers, shareholders and regulators hold their nerve and navigate towards a happy medium in which they heed shareholder interests without surrendering all power to short-term financial investment firms.

Keith Craig
London SW7, UK

EU co-operation is a given in a free trade process

The FT View ("The latest Brexit fantasy is the most absurd of all", June 26) was needlessly dismissive. Boris Johnson quite accurately states that the withdrawal agreement is dead and the choice facing the EU is no deal or else some alternative arrangement. The arrangement he suggests is a free trade agreement backed up by alternative arrangements on the Irish border. The latter are currently under investigation by a Department for Exiting the European Union inquiry.

The added suggestion, so derisively dismissed by the FT, is that Article 24 of the General Agreement on Tariffs and Trade be invoked to bridge the gap between leaving and finally arriving at a mutually advantageous free trade agreement. Article 24 exists to allow countries to treat each other differently in trade terms from other trade partners if they are in process of implementing (not necessarily finalising) a free trade deal. In this case it would allow a zero-tariff regime to continue until a full FTA emerges.

Much attention has been given to the points made by Mark Carney and Liam Fox that the agreement of the EU would be needed to invoke Article 24. These points are silly since it is obvious to all that EU co-operation is needed in initiating an FTA process and then using the Article 24 route. No one to my knowledge has suggested that an FTA can be initiated unilaterally, the clue is in the word "agreement". The EU may of course refuse to go down this path, thus harming many of their own firms as well as ours. In this case, if no agreement is possible then no deal would be forced upon the UK. Not our preferred outcome, but equally not the end of the world.

Graham Gudgin
Chief Economic Advisor, Policy Exchange, London SW1, UK

Facebook's currency bet is a risk worth taking

Regarding the Facebook-led digital currency Libra, Martin Wolf argues that "regulators should not allow [it] to go ahead without fully understanding the implications" (Opinion, June 26). Yet our modern financial system would hardly have come into existence under such a regulatory philosophy.

We still struggle to comprehend the economic implications of decades-old inventions like the internet and solar power, let alone nascent ones such as machine learning. Halting Libra because of a fear of change would be a mistake and a disservice to the 1.7bn of global unbanked who stand to benefit from access to a cheap payment system through their smartphones.

Diego Zuluaga
Policy Analyst, Cato Institute, Washington DC, US

'By 2050 this will seem a bit chilly'

Moscow exerts pressure on Council of Europe

The Financial Times reports that Russian parliamentarians will return to the Parliamentary Assembly of the Council of Europe in Strasbourg ("Ukraine angry as rights body readmits Russia", June 27) understates the effect of blackmail by Moscow.

As the leader of the UK delegation in Strasbourg [official seat of the European Parliament], I led the moves to sanction Russian members of parliament in 2014 after they had unanimously supported President Putin's annexation of Crimea. They were never suspended from the body, but their voting rights were restricted as a response to Russia's illegal actions in Ukraine.

Although parliamentarians from the other 46 member states were open to continuing dialogue, it was the Duma that decided that Russia should make its MPs absent from meetings. As if to reinforce this policy the Russian Federation also blacklisted me from visiting their country.

What has happened more recently is that the Russian government has withheld its €32m annual contribution to the Council of Europe budget until their MPs are unconditionally given back their voting rights. Although this represents more than 10 per cent of the budget, the UK government has been in the forefront of those resisting this blackmail.

The original 2014 motion stated that the sanctions would not be lifted until Russia respected the territorial integrity of its neighbour. Sadly, without any sign of remorse from the members of the Duma, the assembly has given in to Moscow's blackmail. The president of Ukraine is right to be angry.

Robert Walter
MP (North Dorset), 1997-2015, Leader of the UK delegation to the Parliamentary Assembly of the Council of Europe, 2010-15, Shaftesbury, Dorset, UK

Securitisation led to rise in global house prices

Your recent video ("What led to the huge rise in property prices?", FT.com) attributes the rise in UK house prices to easy monetary policy. This is partly true, at least for recent increases in prices. However, it has not been during the 2010s that house prices have risen the most, as the video's presenters imply. The most substantial rises were much earlier, when rates were nearer to 5 per cent. Indeed, the fastest growth was in the 2000s, when annualised year-over-year increases were very often 10 per cent, sometimes nearly triple that.

Conversely, increases in the 2010s have never exceeded 10 per cent and have hovered closer to 5 per cent, at best. The data showing this are readily available. Your presenters almost reach the real answer in your comment about investors wanting "new sources of income".

This is true. But the financialisation of real estate began earlier than 2009-10. It is globally-mobile-capital investors' pursuit of reliable income streams, and the increased perception — and securitisation — of real estate assets as fungible and liquid that has driven housing prices up, from London to Sydney to Vancouver.

Quinn Kuiken
Assistant Vice-President, Oaktree Capital Management, London SW1, UK

Trump's China strategy belies long-term approach

Although portraying the US president as an impulsive narcissist has become de rigueur among out-of-office public officials, Robert Zoellick fails to see the strategy motivating Mr Trump ("Donald Trump's impulsive approach to China makes US vulnerable", June 27). Promoting economic growth in China is not in the long-term strategic interest of the US. In granting favoured nation status under the World Trade Organization it was imagined by liberal-minded elites that it would help to transform the People's Republic of China into a democracy. History has not ended and instead it has promoted and facilitated the strength of its one-party authoritarian state.

Once the gross domestic product of China exceeds that of the US, the latter will need to devote an increasing proportion of resources to maintaining the strategic military balance.

Mr Trump is weighing the long-term benefits against the short-term costs of more expensive electronic gadgets or trainers. It was Napoleon who first suggested that the sleeping giant of China should be left to sleep. Mr Trump knows it has awoken but sees no logic in nurturing it.

Lawrence Haar
Senior Lecturer, Oxford Brookes Business School, Oxford, UK

Hong Kong business must step up to prevent exodus

Alice Woodhouse's report from Hong Kong ("Hong Kong sees surge in people looking to leave, agents report", June 24) highlights a key theme that has run through the British transfer to China of Hong Kong. I write as the co-ordinator of the Honour Hong Kong Campaign, set up by major Hong Kong businesses in the wake of the 1989 Tiananmen Square massacre to secure the right of abode in the UK for Hong Kong citizens in the event of China breaching the terms of the 1984 handover agreement.

Both businesses and their employees were scared that, in the wake of June 1989, China would renege on the deal and they needed a rapid bolt-hole if they were to feel secure to remain in Hong Kong (we called them "passports to stay") and the then British government, over strong opposition, granted the new rights to up to 50,000 Hong Kong families in 1990. Over 45,000 families eventually took up these new rights. The threat that China will renege on the deal has returned — more subtly than in 1989 but no less starkly for that. This time, the guarantees of the UK-China deal that Hong Kong's independent judicial system is secure until 2047 is directly threatened, not just by the proposed extradition law, but also by the false Chinese assertion that the 1984 Joint Declaration is merely a historical document and has no current validity.

The 1990 passport deal played an important part in securing a smooth run-up to the 1997 handover. You have reported previously that many of the same businesses have again exerted serious pressure on both the Hong Kong and Beijing governments to reverse course on the extradition issue — already, when combined with the mass demonstrations, with considerable success. Business quite understandably likes to leave politics to others most of the time. In 1989 it stepped, successfully, up to the plate and stopped the mass exodus of the people Hong Kong needed for its continued success. It can take up this role again and stop a similar threatened exodus. I urge it to continue to do so.

Tony Halmos
Co-ordinator, Honour Hong Kong Campaign (1989-90), Visiting Professor, Policy Institute, King's College London, UK

Mother of parliaments in existential crisis

Boris Johnson or Jeremy Hunt, regardless, the United Kingdom, the self-styled mother of democracy, will elect the country's next leader (FT View, June 27) with fewer votes than those chosen to elect Xi Jinping!

Mark Peaker
The Peak, Hong Kong

Brexit stimulates vexed questions on Irish reunification

Notebook

by Frederick Studemann

I recently returned to a house outside Dublin that loomed large in my childhood. Playing with cousins alongside the canal that once kept supplies of Guinness flowing through the Irish midlands; illicit mouthfuls of the grown-ups' Bewleys fudge; the day we torched the abandoned, rundown stables in the bonfire to end all bonfires. Happy times.

Or that is how it seems decades later. The less misty-eyed reality was no doubt different. For a start there was a lot of rain, and central heating was slow in coming to that particular part of county Kildare. In the 1970s, the Republic of Ireland was also a troubled place. Economically weak, socially repressed and politically fraught, it was very different to the dynamic, open country of today.

Those profound changes were one of the subjects of discussion the other evening when I caught up with some of these cousins. Ireland's transformation during our lifetime was visible all around — from the opportunities in the growing technology sector to the super-sizing of the villages to which we once cycled to buy sweets, now new satellites of Dublin. It was a poignant backdrop to another, predictable, topic: Brexit.

The sorry mess that is the debate about the UK's departure from the EU has, as we all know, become bogged down on how to keep Ireland's land border with the UK open. The issue thwarted Theresa May's attempts to get parliamentary approval for the withdrawal agreement she struck with Brussels and terminated her premiership. Meanwhile the search for a solution — technological, legalistic or mythological — has yet to be found. Its absence may still blow the next premiership apart.

Brexit's disruptive force has stimulated another vexed discussion: Irish unification. With the integrity of the UK at stake, what does the future hold for Northern Ireland, and with that the whole of the island of Ireland? Nationalists have used Brexit to call for a "border poll" on unification, a move others see as premature at best.

The view around the table in Kildare was equivocal. Some saw unification as more probable, fuelled by changing demographics and surveys that suggest rising support for a united Ireland. Yet the inherent problems — political, economic and social — are considerable; the upsides questionable. As one relative, until recently one of Dublin's senior barristers, put it: having spent decades making Ireland a more modern and tolerant place who would want to import the tense, regressive sectarianism that has so disfigured the North? The discussion might have best been left for another day — or decade.

And yet it is increasingly on the agenda, as was made clear when I swapped the fields of Kildare for the coast and the Dalkey Book Fair. "Who's afraid of a United Ireland?" was the title of one notable session. Judging from the panel in the packed church venue, not many people. What was striking to an outsider was the advanced state of thinking about the prospect of unification, from the need for a regional assembly in the north and representation for what would then be a minority Protestant community, to a flag for the unified entity. And the small matter of money.

Also remarkable was the apparent role reversal of recent decades. Whereas once Northern Ireland was the prosperous, more industrially advanced part of the island, it is now the republic that enjoys economic success. Dublin is being rewired to make way for US tech companies and banks; Belfast is still blighted by "peace walls" separating nationalists and unionist communities.

One should not read too much into one event. There are other views — as was made clear to me after the event by a member of the ruling Fine Gael party and a leading business lobbyist. Talk of unification was mistimed and potentially dangerous, they warned. The 1998 Good Friday peace agreement worked for all parties, rendering the border irrelevant. The focus should be on maintaining that. True and admirable, no doubt. But Brexit threatens to destabilise that settlement, and has unleashed discussions, unwelcome or not.

On one thing, however, all were able to agree: beware referendums. If there is one lesson to take from Brexit it is the pernicious and divisive effects of putting major constitutional questions to a binary vote with a narrow result.

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Opinion

Negative rates take markets into surreal territory

FINANCE

Gillian Tett

This summer, Germany's housing market has turned into *Alice in Wonderland*: the yield on five-year bonds issued by mortgage banks slid to minus 0.2 per cent, compared with a level of plus 5 per cent a decade ago. That means investors are essentially paying for the privilege of lending money into Europe's largest property sector. Economic logic — or gravity — has been turned on its head.

If that were not bizarre enough, consider this: in Denmark, some financial institutions are offering borrowers "negative" mortgages that pay interest; treasurers of large German companies are muttering about their bonds trading with negative yields; and yields on 10-year government bonds in France and Sweden have fallen into negative territory too, joining Germany and Japan.

Overall, the global pile of negative yielding debt has swelled above $12.5tn, breaking the record set in 2016. Even in America, the yield on 10-year Treasuries recently fell below 2 per cent. That might not look dramatic since it is still positive in nominal terms. But when adjusted for core inflation (about 2 per cent) it equates to a near-negative real rate. This is remarkable given that the US just notched up an economic growth rate of 3.1 per cent in the first quarter.

Some investors might feel tempted to shrug their shoulders. When negative rates first appeared two decades ago in Japanese yen money markets, they triggered so much shock that local bank computing systems went haywire. But they are now cropping up so frequently that investors have become almost inured to the surreal. There has been extraordinarily little public debate about the record levels of negative yielding debt. Neither politicians — nor many voters — appear to really care.

However, it would be a profound mistake for investors to ignore what is now under way or simply presume that they have seen it before.

One obvious reason to pay attention is that sinking bond yields, and an inverted yield curve — where short-term bonds have higher yields than long-term ones — have previously been good recession predictors.

Another is that there appears to be a subtle shift in investor psychology. The issue revolves around the explanations for negative rates. When these first appeared, investors and economists tended to assume that the pattern reflected idiosyncratic events, such as the 1997 Asian financial crisis, the 2008 financial crisis and eurozone debt dramas — and "emergency" (supposedly temporary) central bank easing.

> Investors and public sector institutions will be exposed to nasty potential losses if rates suddenly rise

Today it is hard to blame negative rates on a specific "event", with the possible exception of those who believe that Donald Trump's threatened trade war will now deliver a devastating breakdown in global trade.

Instead, the investors, economists and policymakers are increasingly pointing to long-term structural explanations for the shift to negative rates. They cite demographics, specifically that the ageing of developed world populations may be suppressing demand, and speculate that technological innovation may be dragging prices down. Some also argue for secular stagnation, which is when low demand and a reluctance to invest creates a self-reinforcing downward loop.

It is hard to prove — or disprove — just how much these structural factors are to blame. Opinions at the US Federal Reserve and the European Central Bank are mixed. No wonder: another factor driving interest rates lower is the ultra accommodative stance of the central banks. The ECB and the Bank of Japan have bought so many government bonds in an effort to stimulate growth that there is almost a shortage of safe assets for ordinary investors.

The bottom line is this: the more that the economic consensus quietly starts to attribute negative rates to structural issues, rather than idiosyncratic shocks or the economic cycle, the more likely they are to assume that this pattern is here to stay. They feel a diminishing sense of urgency about the need to hedge against future rate rises.

That might not matter in the short term. Rates seem likely to stay very low for the foreseeable future given rock-bottom inflation in many places and dovish central banks. However, it leaves investors and public sector institutions exposed to nasty potential losses if rates suddenly rise due to unforeseen economic or political shocks.

That might seem hard to visualise now. But a decade ago it was even harder to imagine negative rates in Germany's mortgage bond market. Now more than ever, politicians and investors need to talk about this growing risk — and retain their sense of imagination in this *Alice in Wonderland* world.

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Small nations are being sacrificed at climate talks

Lois Young

The world is at a tipping point. We are at a moment in history where we can and will go one of two ways: towards climate disaster or a safer planet for all.

Which path we take is determined at meetings like the one in Bonn, Germany, where I have been for the past week — sweltering in a record-breaking European heatwave. Nearly 200 countries attended at this round of UN climate talks, aimed at implementing the 2015 Paris agreement, which seeks to keep the average global temperature increase below 2C.

All these countries agreed in 2015 to that deal, and yet here — nearly five years on — there are a few who wish to quietly use procedural measures to rip it up away from the public gaze.

For the 44 countries that I represent as chair of the Alliance of Small Island States, this represents a direct threat to our security, our economies and our cultures. For us, the science of climate change underpins everything we are working towards. It is the core of the Paris agreement, the foundation of a commendable, but so far inadequate, global response.

The science is important because it illustrates just how fine a line we are now treading. Last year's special report by the Intergovernmental Panel on Climate Change lays out the stark and bleak realities of a warming world. Even if we keep the average temperature rise to 1.5C, we will see brutal damage to coral reefs, global crop failures, sea level rises locked in for centuries, and significant economic impacts.

> With only a decade left to act, a vocal contingent of states is scuttling efforts to secure a safe future

The IPCC work had global input: the US, Saudi Arabia, India and China all contributed to the report, alongside the EU, Africa, Latin America and my small island colleagues. Yet, this week, I witnessed envoys from countries with significant oil, gas and coal interests — many who have shown no interest in planning for a low carbon future — saying that they reject that science. They obviously believe that with the current instability in the world no one would notice, and no one would care if they tried to exorcise the IPCC conclusions on 1.5C warming from UN climate talks and take it off the agenda.

This is not inconsequential, coming days before leading countries meet at the G20 in Osaka. The move essentially declares that small islands and low-lying coastal developing states like my home, Belize, are disposable global zones to be sacrificed amid unprecedented climate change.

Their refusal to formally consider the IPCC report, which was established as a critical next step in the Paris agreement, undermines the basis on which the community of nations engages on and respond to climate change-induced challenges.

It is a rejection of multilateralism and the 1990 UN climate framework, which was originally agreed by a Republican US president, George H W Bush, in a more hopeful era when we envisaged the start of a new history.

If we had time to waste, and if the science was still unclear, perhaps this refusal to accept the conclusions of the report would not be such a problem. We could sit down, negotiate and eventually move on. We do not have time, and the science is stark.

With only a decade in which to act decisively, a small yet vocal contingent of states — some of which have historical responsibility for excessive emissions and a commitment to protecting vested interests — is effectively scuttling global efforts to secure a safe future.

Do the world leaders really mean to tell us, the most vulnerable nations on the planet, that this is the new reality we must accept? This is an emergency and we will stand up and fight for what we know is right.

Our alliance is firm. The time for climate denial and incremental action is long over. This is a crisis that affects our security, and we call on those blocking at the UN to step aside.

The writer is Belize's permanent representative to the UN

Dysfunction in Italy has deep roots

EUROPE

Tony Barber

This month, Italy's national statistics agency estimated that 1.8m households were living in "absolute poverty". These families accounted for about 5m people, or 8.4 per cent of the population.

One can quibble about how European definitions of poverty compare with those used in less prosperous parts of the world. But Italy is a country where average wages are stagnant, some public services are crumbling and per capita income slips year after year behind that of its western European neighbours.

Next to this unhappy picture is another, more dynamic side to Italy. It helps to explain why, despite routine predictions that Italy will fall into extreme crisis, the country never actually slides over the edge.

Net of energy, of which Italy is a large importer, the national trade surplus rose last year to 4.6 per cent of annual economic output from 1.4 per cent in 2010. The trade figures mainly reflect the exporting prowess of northern Italian industry. This part of the economy boasts world-class companies and delivers, for the most part, a high quality of life for the region's inhabitants.

Yet even this success story cannot suppress rising apprehensiveness in financial markets, EU capitals and Italian circles critical of the unconventional, populist coalition government that took power just over a year ago. The primary focus of concern is Matteo Salvini, deputy prime minister and leader of the hard-right, anti-immigration League, which after its victory in the European Parliament elections is indisputably Italy's dominant political party.

Mr Salvini delights in cocking a snook at Brussels. He scorns the eurozone's budget deficit rules and vows repeatedly to ignore or overturn them. He refuses to drop the League's interest in small-denomination bonds called mini-BoTs which, if ever they were introduced, might look suspiciously like an attempt to prepare Italy's exit from Europe's currency union.

But just as Italy repeatedly defies forecasts of imminent doom, so Mr Salvini is unlikely to turn into the demon of the EU's nightmares. In any case, Italy's problems have such deep roots, culturally and institutionally, that it is misleading to concentrate on the policies and pronouncements, no matter how provocative, of one politician.

Tommaso Padoa-Schioppa, the late central banker and economist, had some excellent insights on this second point. He once remarked that, to overcome its woes, Italy might wish to adopt either free-market Thatcherism or the state-directed economic policies associated with Jean-Baptiste Colbert, Louis XIV's finance minister. But Thatcherism was ruled out because Italian politicians lacked the courage to carry out such policies against bitter opposition. Colbertism was ruled out because the Italian state was too inefficient.

Since the return of democracy after the second world war, the weakness of the Italian state has taken some bizarre forms. Tax collection in Sicily was rarely more efficient than in the period up to 1984 when it was run by a firm controlled by the Salvo cousins, members of a mafia family. They took a 10 per cent commission and paid bribes to politicians to keep the contract. Eventually they were brought to account, but Sicilian tax revenues collapsed after the state resumed control.

Under a charitable interpretation, Mr Salvini has not held power long enough to be judged on whether he is capable of improving the state's efficiency. But as with all Italian politicians, there are grounds for doubt. In its latest economic survey of Italy, the OECD urged reforms of the public administration and justice system, saying these would have the greatest impact of all its proposals because they would strengthen the rule of law, support investment and raise productivity growth.

> Public administration and judicial reforms would support investment and raise productivity growth

The evidence of Mr Salvini's year in office suggests that his priorities lie elsewhere, in consolidating his mastery of the right wing of the Italian political spectrum and in maximising his influence on the EU stage. To achieve the first end, he needs to complete the task of driving a stake into the heart of Forza Italia, the once all-conquering party of former premier Silvio Berlusconi.

To fulfil his second goal, Mr Salvini needs to earn a certain respectability in the EU's halls of power. This may seem an outlandish prospect, but there is a precedent. Gianfranco Fini, Mr Berlusconi's deputy prime minister, led a party with neo-fascist roots, but he moved decisively to the centre right under the influence of moderate European politicians he met in Brussels.

The possibility that Mr Salvini will travel the same road may be one reason why the European Commission, guardian of the eurozone's fiscal rules, is signalling its reluctance to pick a fight with Rome over Italy's debt. It calculates that, as happened last year, financial markets can exert the discipline needed to keep the populist government's fiscal stance in check. Before the League and the anti-establishment Five Star took office, Italy's borrowing costs were similar to Spain's but the spread on 10-year government bonds has widened.

Italy's difficulties are a slow-burning fuse, set alight decades ago, rather than an act of arson by its present rulers. Encouraged in a pragmatic direction by Brussels and by the League's northern Italian business allies, Mr Salvini may turn out to be less threatening to the EU political and economic order than his rhetoric suggests.

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Democratic government shows strains in the US and UK

ECONOMICS

Martin Wolf

Britain seems likely to have Boris Johnson as its prime minister. Max Hastings, previously his editor at The Telegraph newspaper, wrote of him this week: "There is room for debate about whether he is a scoundrel or mere rogue, but not much about his moral bankruptcy, rooted in a contempt for truth." I find it hard to think of a less suitable prime minister in UK history.

Mr Johnson is not alone. The UK's most influential political figure is Nigel Farage. Mr Johnson's rival for the role of prime minister will be Jeremy Corbyn, a 70-year-old left-winger who admired Hugo Chávez. The US is ahead of the UK. Donald Trump's failures of character, not least his pathological lying, put him in a class of his own among presidents.

The two countries that saved liberal democracy in the 20th century have lost their moral compasses. Many citizens no longer seem to care whether their leaders are scoundrels. Not long ago, people viewed these nations as models of successful democracy. Now the US is viewed as a bully and the UK as a fool. Messrs Trump and Johnson are seen as contemptible, ludicrous, or both.

The question is: why should the people of such stable and prosperous countries select such leaders? Why do many British people trust in Mr Johnson's preposterous lies? Why do so many Americans ignore Mr Trump's stupidities?

I do not know. But I have a few ideas.

Success fails. In the long run entropy sets into any successful political system, as people take its successes for granted and forget what actually made it work.

Fear fades. Of the big high-income democracies, the US and UK alone survived the traumas of the first half of the 20th century undefeated and unoccupied. The damage was far deeper in France, Germany, Italy and Japan. The former have lost fear; the latter less so.

Memory fades. As generations pass, the memory of disasters fades and politics ceases to be seen as a matter of life and death. It turns into a reality show. If so, why not have clowns as leaders?

Greatness calls. Older people remember when the US dominated the world and the UK had recently saved Europe. Many such people want their country to be "great again", the way it used to be.

Cultures fight. There have been huge cultural changes: especially mass immigration, the transformed role of women and equality for minorities. This has been associated with the rise of identity politics and led to a cultural backlash.

> Why are prosperous countries selecting leaders who appear contemptible, ludicrous, or both?

Middle hollows out. Aristotle suggested a stable constitutional order depends on the existence of a large middle class. The US and UK have the most unequal distributions of income of the large high-income democracies.

De-industrialisation hits. The old jobs of the industrial working class have disappeared, depriving many men of stable incomes, even marriageability.

Incomes stagnate. In the US, median real wages have stagnated since the 1980s. They have done so in the UK since the 2008 crisis. In the US, "deaths of despair" have risen and life expectancy has fallen for the white working class.

Reagan and Thatcher failed. Both countries went through radical policy changes in the 1980s, towards free markets. This did not work out as well as had been hoped. Nationalism duly became a way to mobilise support on the right.

Finance collapses. For these countries, the financial crisis was an ideological shock, not just an economic one.

Austerity bites. In both countries, the crisis bequeathed huge structural fiscal deficits. This encouraged politicians of the right to cut public spending.

Elites decline. Democracies require respected elites. But, in both countries, the ideal of public service has corroded, while people increasingly think of their elites as incompetent, or crooks.

Plutocracy rises. Public service elites have steadily declined, to be replaced by a largely indifferent plutocracy.

Media corrodes. Much attention has been devoted to social media. As important is the regular media: that destructive genius, Rupert Murdoch, in the US and UK; and the Daily Mail in the UK.

Political systems malfunction. An important element in the outcomes may be defective political institutions: first-past-the-post voting; gerrymandering and the electoral college in the US. Also noteworthy is the decline of loyalty to parties and its replacement by the search for charismatic leaders.

So where might this race to the bottom end? In 1952, Lillian Hellman wrote of an earlier *Scoundrel Time* — the era of Joseph McCarthy's witch hunts. That passed. So a return to a more adult style of politics could take place. But McCarthy was never US president. The UK and US need to recover the belief that character does matter in leaders. Without it, democracy itself might founder.

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Bayer/glyphosate: clearing the tracks

The Swiss rail system will test the use of hot water jets to exterminate trackside weeds. The affluent Alpine state wants environmentally friendlier alternatives to glyphosate herbicides. The global backlash against the weed killer has forced a strategy shift at Germany's Bayer.

Roundup, a glyphosate herbicide made by Monsanto, which Bayer acquired for $63bn last year, has been linked by US courts to cancer. Bayer fiercely defends glyphosate as safe. It appears open to a settlement of up to 13,000 related legal cases.

That would be welcome. Bayer would get itself out of immediate hot water. Steep falls in its share price could reverse. The track ahead for the newly formed chemical and healthcare conglomerate is not yet clear, however.

Bayer's new US litigation strategy committee, advised by a top product liability lawyer who has acted for Merck and Johnson & Johnson, is a response to shareholders' mounting anger. Bayer has lost as much as €40bn in market value in the past year. Arguably, it has science on its side. Regulators permit glyphosate's use. Admitting problems with Roundup would challenge the Monsanto deal's logic. Better to wait until later this year for the result of appeals in the US cases, the thinking went.

Sensibly, pragmatism has prevailed. Some credit will be claimed by activist investor Elliott, which simultaneously revealed a 2 per cent interest in Bayer via shares and derivatives.

Lengthy court cases create uncertainty and distract managers. Possible settlement costs of about $5bn have been pencilled in by analysts, based on previous cases. Plaintiffs will want to avoid years of litigation. If so, Elliott's estimate that Bayer could recover about €30bn in lost market value looks reasonable.

The 8 per cent rise in Bayer's share price yesterday was a first step. But the glyphosate debacle has also intensified broader strategic concerns about the group behind Aspirin, including looming drug patent expiries.

Elliott's statement hints that it wants a break-up. The shares are worth 50 per cent more on a sum of the parts valuation, reckons Citigroup. Healthcare and crop sciences have few synergies. Splitting them would remove the discount applied to conglomerates. Before Bayer revamps strategy, however, its herbicide woes need to be hosed down quickly.

BP/fish food: scale business

Any decent-sized company has a research and development effort. Whether it is a large team of scientists or a bit of grey matter inside the chief executive's head, some place will be reserved for new ideas. Oil companies fit the former camp. With lots of cash flow and strong balance sheets, they can afford to take unusual bets. Take BP's decision to make fish food from natural gas by investing $30m in San Francisco-based Calysta.

Cast aside the image of flakes fluttering into a fish bowl. Calysta aims to make sustainable animal feeds on an industrial scale. Initially it will meet the needs of aquaculture without using agricultural land and using little water. Animal feed is already big business.

Global 2016 total turnover was estimated at $400bn by the International Feed Industry Federation. For fish and shrimp, Calysta aims to replace soya as a feedstock, which is not a sustainable source. Demand for this type of feed should grow. Production of aquaculture protein should nearly double by 2050, according to the UN Food and Agriculture Organization.

There is method to all this goodness. Calysta will use BP's natural gas to feed bacteria, which in turn create the feed protein. This reverse engineers the process of adding microbes to biowaste to give off gas. The investment may be a tiddler for BP but it hints at the long-term dilemmas oil companies face.

Companies need to prepare for a time when fossil fuel demand peaks. In Europe, Royal Dutch Shell, Total and Equinor all have venture capital programmes, some recently opened while others are decades old. Most are focused on renewable energies or oil-related enterprises. Shell Ventures falls within its New Energies group, which has plans to invest $1bn-$2bn this year and next.

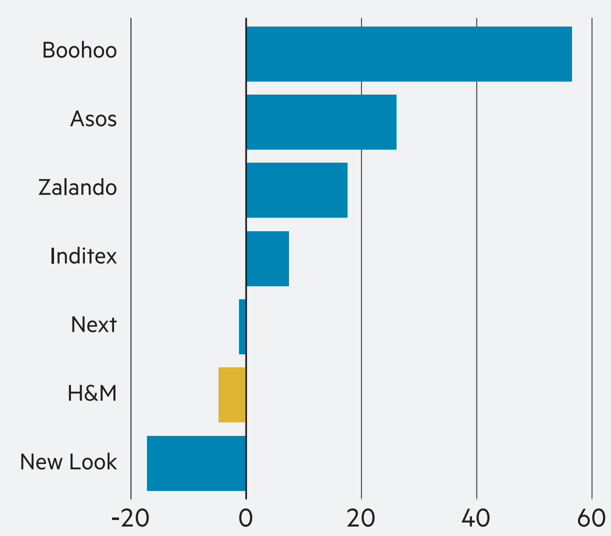
Some may scoff that BP has just thrown its cash into the sea. But in an increasingly carbon-phobic stock market, BP and its cohorts have no choice but to hook some new ideas.

H&M/fast fashion: natural selection

Shares in H&M, the world's second-biggest fashion group, jumped yesterday, after halving in value over the past four years. The Swedish retailer's profits have shrunk in recent years as online competitors have raced ahead. Sales continued to expand but operating margins have tumbled.

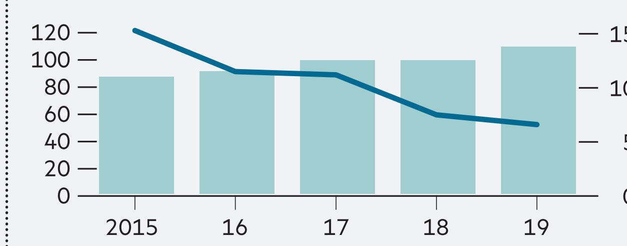
Incumbents like H&M have lost ground

Compound annual ebitda growth rate 2014-18 (%)



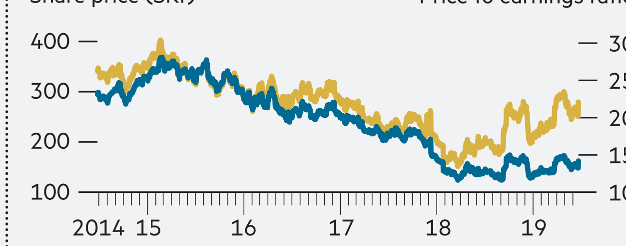
H&M sales and profit margins

Net sales (SKr m) Operating margin (%)



H&M share price and valuation

Share price (SKr) Price to earnings ratio



FT graphic Sources: Moody's; company; Bloomberg

Plant-based food is trendy. Plant-based fashion could be too. Swedish retailer H&M is creating clothes from a fibre made from orange peel. It is just one way the company is addressing the environmental cost of cheap, throwaway garments.

Yesterday, it trumpeted a sustainability labelling initiative, along with news of healthy second-quarter sales.

Shares jumped more than a tenth. H&M now trades at a multiple of forward earnings of 21, nearly as high as Spanish rival Inditex.

That is unusual. Its average multiple over the past five years is 20, compared with 27 for Inditex. Not all investors are convinced. Nearly a fifth of the free float is out on loan to short sellers, up from April's low of 14 per cent.

In recent years, H&M's profits have declined amid growing piles of unsold clothes. Yesterday's mark-up in the share price reflects hopes that markdowns in store are coming under control.

As a proportion of sales, their cost is expected to fall 1.5 percentage points in the third quarter, compared with the same quarter in 2018.

It is also reining back a store expansion programme as it invests more in ecommerce. That is welcome. H&M, which increased its number of stores by 58 per cent in the past five years, has invested too much in bricks-and-mortar at a time when digital competitors are gathering strength.

Using customer data to refine collections seems to be chiming with its customers, including those keen to try out the latest eco-trendy fabrics and sustainable fashion label Arket. But competition remains intense and H&M needs to improve its stock turn.

The inventory outstanding benchmark (measuring how long it holds its inventory before selling) rose more than a quarter to 134 days in the five years to 2019.

For Inditex the measure rose just 5 per cent to 90 days over a similar period. The Spanish owner of Zara is still more responsive to new trends.

H&M needs to be agile too. Fast fashion is under fire. But slowing down is not an option.

Chr Hansen/dairy: grate expectations

Danish bioscience group Chr Hansen is perfectly placed to capitalise on the world's growing appetite for cheese.

The food-ingredients maker counts cultures for cheesemaking and dairy processes among its products. A focus on natural ingredients made it popular with customers concerned with wellness as well as growth-hungry investors. Yet the company warned yesterday of slowing sales growth and lower full-year profits, sending its shares as much as 14 per cent lower.

The company blames a slowdown in emerging markets. It is not alone. Fellow Danish biosciences group Novozymes said this month that slowing EM economies were pressuring its consumer businesses. Expanding middle classes in countries such as China have driven up demand for dairy products. Consumption has grown at high single-digit percentages in recent years. Chr Hansen's sales to the Asia Pacific region rose 80 per cent in the five years to 2018.

But as the trade war with China bites, it has become clear that the stock was riding on overly optimistic hopes for further expansion. Before its shares fell, the price was close to an all-time high. At 40 times forward earnings, the valuation is as stretched as it has ever been, and double the level where shares were trading at five years ago.

Chr Hansen shares have also commanded a widening valuation premium over rival ingredient groups Givaudan and Symrise since listing in 2010. That can be explained by higher earnings margins and a strong pipeline of innovative ideas. Plant health and bioprotection remain promising.

The former aims to replace toxic nematicide use in agriculture with natural alternatives. The latter hopes to lengthen the shelf lives of food using so-called "benevolent" bacteria. Both could add €300m to revenues by 2025, the company says.

Like a fine piece of Danish Danablu cheese, Chr Hansen no doubt has its fans. But at the current valuation it remains too ripe for most tastes.

Private equity: winners cursed

As rigged as the game may be, there are people who somehow fail at private equity. The FT reports that fundraising and buyout activity is at record nominal levels with more than $2tn of "dry powder". Moreover, adjacent alternative asset strategies like real estate and credit investing have also taken off. It is not as easy as it looks.

Private markets continue to strike the fancy of both nascent and mature businesses keen to avoid the glare of retail shareholders, activist investors and passive managers. But the megafunds and megadeals of today reflect a thinner group of managers — the likes of Blackstone and Apollo for example — which have demonstrated they can consistently make money.

As such they can raise $20bn pools that take a disproportionate amount of money from pensions and sovereign wealth funds. The last private equity boom walked right into the financial crisis. Some financial sponsors made enough poor bets to never fully regain the confidence of limited partners. It will take perhaps a decade to find out, but watch carefully for the names that wash out after this latest boom.

Leveraged bets are inherently asymmetrical. Losses are bounded by zero but gains can be multiples of 4-5 times capital, or more. Layer in management and other fees, as well as fund life cycles that last for years, and it should be straightforward to mitigate losses and smash a home run or two. For instance, many buyout funds raised in 2004-05 that bought assets at peak prices in 2006-07 still returned more capital to investors than was deployed. Blackstone's $26bn bet on Hilton Hotels was nearly wiped out in 2010. A debt restructuring kept it on life support and eventually the firm made several billions in profit after the economy roared back.

The big alternative managers today believe their size allows them access to unique transactions that avoid bidding wars and overpaying for assets. Expect some of those writing the big cheques to private equity to get burnt.

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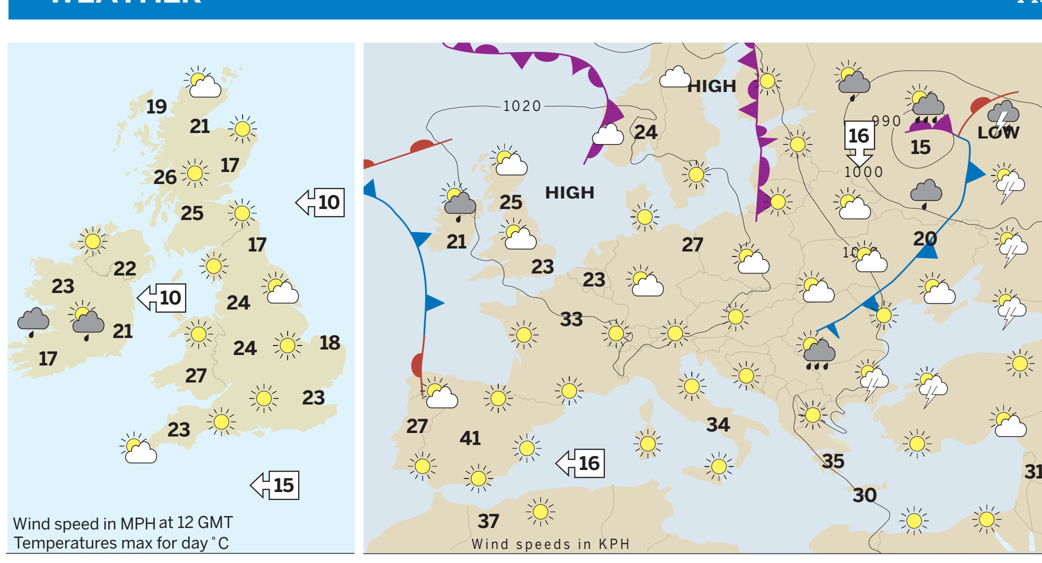
WEATHER

Asia. Insight Out.

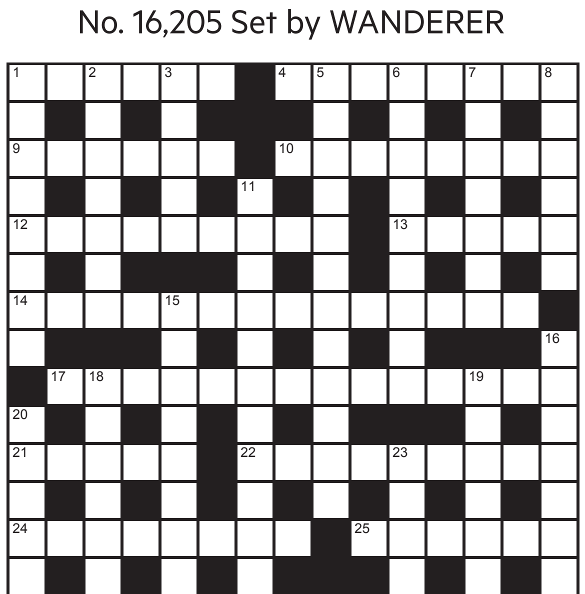


Forecasts by MeteoGroup

Today's temperatures Maximum for day °C & °F Warm front Cold front Occluded front

Amsterdam	Sun	23	73
Athens	Sun	35	95
B'ham	Sun	24	75
Bangkok	Cloudy	33	91
Barcelona	Sun	31	88
Beijing	Cloudy	31	88
Belfast	Sun	22	72
Belgrade	Sun	27	81
Berlin	Sun	27	81
Brussels	Sun	26	79
Budapest	Sun	27	81
Buenos Aires	Rain	15	59
Cardiff	Sun	27	81
Chicago	Fair	32	90
Cologne	Sun	29	84
Copenhagen	Sun	23	73
Delhi	Sun	43	109
Doha	Sun	46	115
Dubai	Sun	41	106
Dublin	Sun	21	70
Edinburgh	Sun	20	68
Frankfurt	Sun	29	84
Geneva	Sun	33	91
Glasgow	Sun	25	77
Hamburg	Sun	23	73
Helsinki	Sun	21	70
Hong Kong	Fair	32	90
Istanbul	Thunder	30	86
Jersey	Sun	27	81
Lisbon	Sun	27	81
London	Sun	23	73
Los Angeles	Fair	25	77
Luxembourg	Sun	29	84
Lyon	Sun	36	97
Madrid	Sun	41	106
Manchester	Sun	24	75
Miami	Shower	32	90
Milan	Sun	38	100
Montreal	Fair	29	84
Moscow	Rain	15	59
Mumbai	Thunder	29	84
Munich	Sun	28	82
New York	Fair	32	90
Nice	Sun	31	88
Paris	Sun	33	91
Prague	Sun	25	77
Reykjavik	Rain	13	55
Rio	Sun	29	84
Rome	Sun	33	91
San Francisco	Fair	19	66
Stockholm	Fair	21	70
Strasbourg	Sun	30	86
Sydney	Sun	20	68
Tokyo	Thunder	30	86
Toronto	Thunder	28	82
Vancouver	Cloudy	20	68
Vienna	Sun	26	79
Warsaw	Fair	22	72
Washington	Fair	34	93
Zurich	Sun	30	86

CROSSWORD
No. 16,205 Set by WANDERER



JOTTER PAD

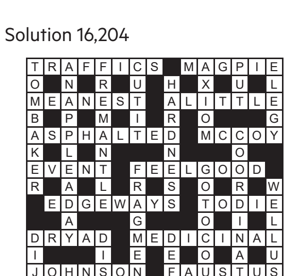
ACROSS

1, 4 Bearing adversity, drink a sort of gin? That's cheating (6-8)
9 Model into safe sex, primarily out in gorges (6)
10 Peg's after a playwright? Not the one who's never arrived (8)
12 No veggie creation ultimately, with Welshman in mind (9)
13 What surgeon might use, cutting opening in unclothed heavenly body (5)
14 Those making maps of Scotland, for starters (8,6)
17 Ascetic lies about state of the Christian church (14)
21 Disease shown by boil – perhaps, on reflection (5)
22 Size of meal I'd put away (9)
24 Prepare to print codicil, mostly with type having being reset (4-4)
25 Happy and carefree as a Round the World sailor, say (6)
26, 27 Wrong grid initially in puzzle – second in a row? (8,6)

DOWN

1 One that's crossed over is not one suffering for deceit (8)
2 A foreign article getting no female sacked, as not publicised (7)
3 Weapon used by police in Eilat, historically (5)
5 Automatically approves Johnny's time when entertaining politician (6-6)
6 Something fishy about someone making over 500 runs? Suspect something is afoot (5,1,3)
7 Keen to show decimal point (7)
8 Young girl's horse? (3-3)
11 Victoria by train, arriving here? Yes and no (5,7)
15 Less advanced slalom race arranged for anyone who wants to enter (9)
16 You're certainly not this stupid! (8)
18 Nymph plays around when in company (7)
19 Group of 50, in general (7)
20 In parliament, even Conservatives attack current leaders – it makes you sick (6)
23 Relative from one city in Merseyside area? (2-3)

Solution 16,204



Companies & Markets

FINANCIAL TIMES

Heating up Dollar bears warm to the prospect of a July rate cut — ANALYSIS, PAGE 25

Joy rider Former Barclays boss hails his fintech 'Uber moment' — LOMBARD, PAGE 18

Buyout groups hold $2.5tn in cash

War chest fuels M&A boom • Volatility fails to curb appetite • Deal values climb

JAVIER ESPINOZA — LONDON
ERIC PLATT — NEW YORK

Private equity dealmaking has soared to its highest level since the lead-up to the global financial crisis and there is no end in sight to the buyout boom as companies chase investment opportunities for a record near-$2.5tn of unspent cash.

The first half of 2019 has seen several $10bn-plus megadeals, with groups undeterred by volatile financial markets, a slowdown in global growth and rising trade tensions.

Deal appetite at leveraged buyout outfits such as KKR, Blackstone and Brookfield has been fuelled by the enormous pile of "dry powder" they have raised from pension and sovereign wealth funds and not yet spent, and by low borrowing costs that make it easy to finance takeovers.

Data provider Preqin estimates $2.44tn of dry powder is available to buy companies, property, infrastructure, natural resources and debt. Tens of billions of dollars more are being raised for new funds, giving buyout groups even more dealmaking ammunition.

The value of leveraged buyouts climbed to $256bn in the first six months of 2019, the second-largest first-half on record, according to data provider Refinitiv, eclipsing even the pace in the boom year of 2006 when private equity groups targeted household names such as casino group Harrah's and US radio operator Clear Channel.

Private equity dealmaking has accounted for 13 per cent of global acquisition activity this year, the highest level since 2013.

"Deal volume in private equity has been very good. A number of transactions have kept the machine going," said Simona Maellare, global head of financial sponsors at UBS. "I expect the second half of the year will follow the same pace of the first half. Deals can be financed, competition for assets is vivid, everyone has a lot of money."

> 'Deals can be financed, competition for assets is vivid, everyone has a lot of money'

The build-up of capital has prompted leveraged buyout shops to be more aggressive. Leverage levels are rising, in part due to a more relaxed attitude from US regulators, and the takeovers themselves have become larger.

Four private equity deals have surpassed $10bn this year, matching the total number of megadeals in 2018. They include Blackstone's $18.7bn takeover of the US warehouses portfolio of Singapore-based GLP, as well as EQT's $10.1bn purchase of Nestlé's skincare unit and the $14.3bn sale of fibre optic cable owner Zayo Group to Digital Colony Partners and EQT.

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US leads charge page 17

Tail Risk

Philip Stafford

Donald Trump arrived in Osaka for the G20 summit firing out barbs at a range of targets, including hosts Japan, India and the head of the EU's antitrust unit, Margrethe Vestager. But other broadsides from Washington this week, aimed at Brussels, also have implications for the world's financial markets.

At a meeting held by the House agriculture committee on Wednesday US lawmakers lined up to tear into plans by the European Union to tighten supervision of its derivatives markets after Brexit. Brussels wants more direct oversight of clearing houses, which safeguard the financial system by acting as counterparties between sellers and buyers of shares or derivatives.

The EU's rules are aimed at London, because the city handles the vast majority of the €450tn market for interest rate contracts, denominated in euros. But the UK capital has become a flashpoint because it handles most US dollar-denominated derivatives too.

As Terry Duffy, the abrasive head of CME Group, the Chicago futures exchange, put it at the hearing: "We are discussing a regulatory over-reach by the EU that is in direct challenge to the authority of the US Congress and the Commodity Futures Trading Commission to set rules and to regulate the US futures market."

> 'We are discussing over-reach by the EU that is a direct challenge to the CFTC's authority to set US rules'

US complaints about over-reach may bring a wry smile to compliance officers around the world, many of whom struggle with US-conceived rules, but there were other frank comments. One proposal to raise fees for supervision, as part of the EU's reform package, "is an egregiously bad infringement under US sovereignty", said Neal Dunn, a Florida Republican.

Brussels has said it is working in good faith and that its proposals would allow local regulators to police their markets. CFTC head Christopher Giancarlo has delivered similarly strong views to Brussels before, on its plans to expand oversight. Given the lack of action from the US so far, EU officials have tended to regard tough talk in public as Trumpian posturing, and the CFTC looking to pick a fight.

But Mr Giancarlo has tried to reset relations in the past, conceding that Obama-era rules for swaps market oversight, for example, had gone too far. The House meeting should therefore send a message to the EU that unease over its plans is felt across Washington. Mr Duffy suggested Congress could stop US investors trading German sovereign debt, if the EU were to follow through.

Calmer heads pointed out that such retaliatory moves hurt all markets. But what the EU proposals lack — two years after they were first aired — is details, especially over who should take charge of a clearing house in a crisis. Providing an answer to that question this summer could cool temperatures down — or possibly raise them further.

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Home work Oxford university in £4bn housing deal with L&G

Legal & General has agreed a £4bn deal with Oxford university to develop thousands of new homes in the city.

The move is the latest sign of commercial interest in UK universities, which have seen billions of pounds of investment in the past decade, fuelling a construction boom.

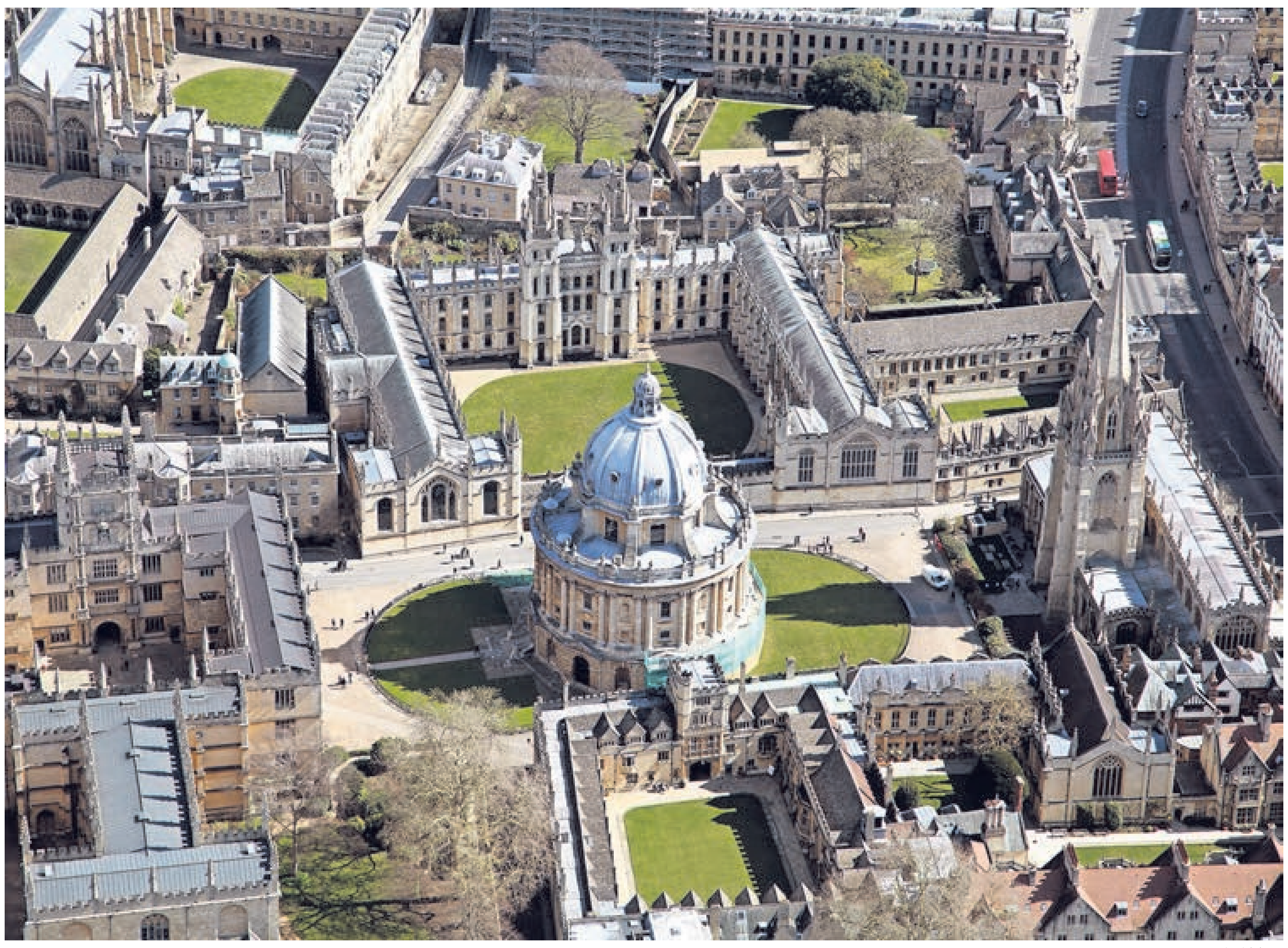
"You're going to see a lot more of this in the next few years," said Nigel Wilson, chief executive of L&G. "If you look at it on a global scale, the UK really punches above its weight in universities."

The university will provide land for the arrangement while L&G will provide the funding.

Mr Wilson said the insurer, which manages about £1tn globally, would embark on similar projects around the UK. "Between the university, the council and the colleges, they own an enormous amount of land — and this is true everywhere," he said. "You almost have to have a helicopter to go over these cities to see all the areas that are not built on, or are run down."

The plans draw on a model pioneered in the US, where higher education institutions act as anchors for private sector investment.

They also reflect the appetite of big investors for alternative sources of income at a time when yields in fixed income markets remain near record lows. As a life insurer, L&G makes long-term promises to its customers and so needs long-term assets to enable it to meet those promises. *Thomas Hale and Oliver Ralph*



APS (UK)/Alamy

Station F puts France on track to emulate US rival

Station F, the disused Paris rail depot reinvented as a start-up incubator, is much touted as a sign of France's tech renaissance. But critics carp that it is no Y Combinator, California's "Harvard of start-ups", whose alumni include Dropbox, Stripe and Airbnb.

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Fresh blow for H2O as Morningstar cuts fund rating over risk control concerns

ROBERT SMITH

H2O Asset Management has seen the rating on one of its funds cut by Morningstar, in a fresh blow to the once high-flying asset manager now battling to restore confidence in its risk controls.

Morningstar, whose assessments are a key guide for investors, cited concern over risk controls and the valuation of a swath of bonds tied to German entrepreneur Lars Windhorst as it cut the rating on the Allegro Fund to "neutral".

Years of double-digit returns turned H2O into one of the most highly sought fund managers in recent years. But a Financial Times report last week revealing that H2O had an outsized bet on bonds connected to Mr Windhorst, who has a history of legal troubles, has prompted investors to pull billions of euros from its funds.

Investing "a sleeve of Allegro's portfolio in illiquid, high-risk corporate bonds, all linked to [Mr Windhorst] raises concerns about the robustness of the security selection process applied here", said Mara Dobrescu, an analyst at Morningstar, which last week suspended its bronze rating on the fund.

Outflows from H2O's funds accelerated on Monday, data showed, with the six funds at the heart of its illiquid bond crisis having lost more than €5bn in assets. The asset manager said on Wednesday it had suffered €450m of fresh redemptions but that there had also been "substantial inflows".

Bruno Crastes, chief executive of H2O, a subsidiary of French bank Natixis, said that Morningstar's decision to resume rating the fund was a "significant vote of confidence" in the measures it had implemented. "We are confident that we will soon regain our prior rating," he added. Morningstar's rating on the fund is now just above its lowest level of negative.

Morningstar balanced its report by praising the excellent returns at the firm. But it added that this "stellar record" came at the "cost of higher risk than investors could have expected".

Mr Windhorst, meanwhile, yesterday splashed out €125m on a large stake in lossmaking and heavily indebted German football club Hertha BSC Berlin.

Companies / Sectors / People

COMPANIES

Chemicals

Bayer shakes up strategy on herbicide

Settlement hopes rise as litigation panel is formed and notable lawyer tapped

TOBIAS BUCK — BERLIN

Shares in Bayer rose more than 8 per cent yesterday after it suggested that it might be open to a settlement aimed at ending its legal battle over glyphosate-based pesticides in the US.

The shift was welcomed by Elliott Management, which on Wednesday confirmed that it had built a stake in Bayer worth €1.1bn as the company grapples with the lawsuits.

The chemicals and pharma group has been under pressure since August last year, when a California jury ruled that a pesticide owned by the group was responsible for causing the plaintiff's terminal cancer. The jury went on to award damages of $289m, a sum that was subsequently reduced but which triggered an avalanche of similar cases.

The German company faces more than 13,000 glyphosate-related cases. US juries ruled against it in two further trials this year, the latest of which involved damages of more than $1bn each for two plaintiffs.

Bayer insists that glyphosate is safe, and until this week ruled out any suggestion that it might be ready to reach a settlement. That stance appeared to shift on Wednesday when it announced that it was setting up a special supervisory board committee to examine its legal strategy, and appointed a high-profile lawyer to advise on trial tactics and mediation.

The statement was understood by analysts and investors to be a clear sign that Bayer is no longer strictly opposed to an early settlement.

"The market hates uncertainty. Investors are thus enthused by the prospect of a quicker than expected settlement to glyphosate cases as this provides certainty around their financial cost," said Sebastian Bray, analyst at Berenberg.

The shares rose as high as €60.70 in Frankfurt. The stock remains down more than 30 per cent year on year, however, a decline that has sparked fury among shareholders and triggered speculation that Bayer might face pressure from activist investors such as Elliott to take steps including appointing new management or breaking itself in two.

Bayer's market capitalisation remains below the $63bn it paid to acquire Monsanto last year, the takeover that landed it with the glyphosate-based pesticide that is at the centre of the legal battle.

13,000
Number of glyphosate cases the group faces

€1.1bn
Value of Elliott's stake in the company

Elliott said that it welcomed the steps taken by the supervisory board, which included the appointment of John H. Beisner as special adviser. Mr Beisner heads the mass tort, insurance and consumer litigation department of law firm Skadden in Washington.

The fund said that it was "confident that today's statement marked a step-change in Bayer's approach to addressing the legal challenges currently facing the company".

It added that "the creation of the special committee will provide a new level of oversight and a fresh perspective to a litigation strategy in need of a radical overhaul, and help guide the company towards a rational, fair and swift settlement".

See Lex

INSIDE BUSINESS
TECHNOLOGY

Richard Waters

Silicon Valley looks for a cure to Wall Street's short-term addiction

This is not an obvious time for Silicon Valley to complain that some of its best ideas are being ignored by Wall Street.

Not since the dotcom bubble two decades ago have lossmaking tech companies found such an easy path to the public markets. Uber and Lyft (combined cash burn over the last three years: $10bn) have been the most visible examples this year, but they are far from alone.

Jay Ritter, a researcher at the University of Florida, calculated that 84 per cent of tech companies doing an IPO in 2018 were lossmaking the year before, up from only 29 per cent a decade ago and only just below the dotcom high.

Of course, the market's current hunger for growth over profits is not the norm. Over the long term, according to AllianceBernstein, the shares of companies with high sales growth underperform the S&P 500 by an annualised 2.9 per cent, while those that generate high profitability (measured by return on assets) outperform by almost as much.

So does that mean Wall Street is rational, voting for positive cash flow over corporate empire-building? Or that it tends to revert towards a short-sighted mean, picking companies that can deliver profits now, rather than build strong market positions for the future?

Some Silicon Valley insiders strongly believe the latter. Their answer — called the Long-Term Stock Exchange — was formally approved by the SEC last month, and has just published its first set of proposed listing rules.

As the name suggests, the exchange hopes to establish a new contract between investors and companies that encourages the pursuit of long-term value creation — measured in "years, decades, and generations" — over short-term profits.

The brainchild of Eric Ries, author of The Lean Startup, it has the backing of venture capitalists like Founders Fund and Andreessen Horowitz. They argue that Wall Street short-termism has discouraged many tech companies from going public.

The rules published this week are a first stab at establishing the general principles that companies would sign up to when listing on the exchange. That makes them necessarily bland. What company wouldn't claim to consider all stakeholders in its decision-making, or invest in its staff for the long term?

> One controversial proposal is to reward long-term investors with voting power

But more detailed listing rules will follow. The most controversial proposal is to reward long-term shareholders with more voting power: the longer shares are held, the greater the voting rights that attach to them.

To critics, this sounds like a twist on the idea of concentrating voting rights to subvert the normal market for corporate control. Silicon Valley's way of doing this — using special classes of founder stock with supervoting rights — has already led to a stand-off with investor rights groups.

Letting more votes accrue over time presents a paradox for investors with a true long-term perspective. They would be rewarded for their patience with higher voting rights. But when the time finally came to sell, the rights attached to the shares would reset, meaning that the long-term investor wouldn't be able to capture some of the value their patience has helped create.

It would also, by definition, concentrate power in the hands of founders and early investors who are in the driving seat at the time of a company's IPO.

Not surprisingly, some corporate governance experts are loath to back anything that detracts from the principle of one share, one vote. The Council of Institutional Investors complains that concentrating power in the hands of a small number of big institutional investors — or governments that hold stock — will not necessarily lead to better decision making. It points to the example of France, where government ownership introduces political considerations not aligned with the interests of other investors.

And investors' time horizons change: just because someone has been a holder for a number of years doesn't mean they are still committed for the long term.

Despite these drawbacks, it is hard to argue with the idea of bringing more competition to listings rules. If enough issuers and investors truly feel that the current arrangements hurt their interests, then it makes sense to offer alternatives.

It will take explicit backing from big investors to give companies the confidence to adopt new listing rules like these. That seems a long shot — but it is worth debating.

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Automobiles

Ford Europe to cut 12,000 jobs and close six plants

PETER CAMPBELL

Ford will shed 12,000 jobs in Europe, launch new models and add electric technology to its vehicles in an attempt to bring the lossmaking region back to profit.

The company announced this year it would overhaul the division and yesterday clarified the scale of job losses and disruption to its plants.

By the end of 2020, the carmaker will have 18 production facilities, compared with 24 at the start of this year, after selling its Slovakian engine site and closing five further facilities including the engine plant at Bridgend in Wales, a transmission plant in France and three Russian sites.

Ford is also reducing shifts at its assembly plants in Saarlouis, Germany and Valencia, Spain, as well as cutting management roles across the region.

Its workforce will reduce by 12,000, including 2,000 salaried roles, as part of a wider move by the company to shed 7,000 salaried employees globally.

Of the 12,000 job losses, some 3,000 come from the UK, 5,000 from Germany, 2,000 from Russia and about 800 from France.

Ford is also undertaking turnrounds in China and Latin America, as it attempts to "redesign" its business under chief executive Jim Hackett.

The US carmaker said it is "on track to significantly improve its financial results in Europe this year".

It has posted losses in the region for the past two years as a result of sliding diesel sales, softening demand and foreign exchange rates, principally the fall in the pound. Last year, losses in Europe hit $400m and the company's aim is to report a 6 per cent profit margin for the region.

"Ford will be a more targeted business in Europe, consistent with the company's global redesign, generating higher returns through our focus on customer needs and a lean structure," said Stuart Rowley, Ford of Europe president.

"Our future is rooted in electrification," he added. "We are electrifying across our portfolio, providing all of our customers with more accessible vehicle options that are fun to drive, have improved fuel economy and are better for our environment."

Two of the new models it is launching will be manufactured in Europe, while the company is also looking at importing more models into the region.

Travel & leisure

On the ball: Hertha Berlin's goalkeeper Rune Jarstein (right) in Bundesliga action against Stuttgart — Axel Schmidt/Reuters

Windhorst buys stake in Hertha BSC Berlin

OLAF STORBECK — FRANKFURT

German businessman Lars Windhorst has splashed out €125m on a 37.5 per cent stake in lossmaking and heavily indebted German first-tier football club Hertha BSC Berlin, in one of the largest equity transactions in the history of the Bundesliga.

Mr Windhorst, a flamboyant entrepreneur with a history of legal troubles, is at the centre of a controversy over illiquid and high-risk corporate bonds held by H2O Asset Management's funds, a subsidiary of French bank Natixis.

The funds suffered outflows of more than €5bn since the Financial Times reported on the exposure last week.

Mr Windhorst has bought the Hertha stake through his investment vehicle Tennor Holding and has the option to acquire another 12.4 per cent stake in the club over the coming years at a higher valuation, the club and Tennor said in a joint statement yesterday.

Tennor said it was a "global investment holding company" with a focus on "special situations where its entrepreneurial innovation provides support and expertise to rapidly create value".

A spokesman told the FT that it has "several billion euros" of assets, with the money coming from "private pools, sovereign and institutional investors".

The deal values 100 per cent of Hertha's equity at €333m; that is a 70 per cent premium on the price the club paid to private equity group KKR seven months ago, when Hertha bought back its 36.3 per cent stake for €71.2m.

The club's president Werner Gegenbauer said the transaction put Hertha in a "much stronger financial position and preserves its culture". The club said it would lead to "increased investment in the team and its players, an enhanced digital strategy and better marketing of the club around the world".

Late last year, Hertha had interest-bearing debt of €119.6m, according to an investor presentation by the club.

Tennor said that the acquisition was not a trophy. "It would be too expensive for that," a spokesman said, adding that it was driven by financial considerations as Hertha's business potential was large.

> The deal puts the business in a 'much stronger position and preserves its culture'
>
> Werner Gegenbauer, club president

"The sports market in general and Hertha in particular will grow strongly," he said, adding that Hertha had a "well-proven business model" and a very professional management.

Tennor declined to comment on funding for the deal. In the past six months, three of the group's portfolio groups have issued €2.75bn in bonds at yields of between 5 and 8 per cent. Three of the bonds were earmarked for investments in oil and gas projects and a German medical tech group. Tennor Finance BV issued a €1.5bn bond this month.

Hertha finished 11th in the Bundesliga in the 2018-19 season. Revenues rose 23 per cent in the 2017-18 season to €129.6m while net losses narrowed by a third to €4.1m. The previous year was the fourth consecutive lossmaking season with cumulative losses since the 2014-15 season adding up to €24m.

Additional reporting by Cynthia O'Murchu in London

See City Insider

Technology

Huawei poised to ramp up licensing fees in US

SUE-LIN WONG — SHENZHEN

Huawei has said it wants to charge more US companies for using its intellectual property, after asking Verizon to pay more than $1bn in royalties for using about 230 of its patents.

But the Chinese telecoms equipment company, which is at the heart of the US-China trade war, insisted that the demands should not be seen as political, and were simply "common" business.

"Huawei's fundamental principle of intellectual property rights is that they should be defensive not offensive in nature so we won't weaponise our patents," Song Liuping, Huawei's chief legal officer told reporters yesterday, adding that the company opposed charging "exorbitant licensing fees". When asked which other US groups it had approached for payment, Huawei said it was "all the companies you can think of" but declined to name specific businesses, citing ongoing negotiations.

Huawei has already signed patent agreements with companies including AT&T, Qualcomm and Apple.

The company has been on a PR blitz since it plunged into crisis late last year and analysts say it is looking for new ways to retaliate and raise revenue after being squeezed by the US.

Huawei says its patent negotiations with Verizon, which were first reported by the Wall Street Journal and Reuters, are normal business activity and it has existing licensing agreements with companies including Nokia, Ericsson, BT, Siemens and Samsung. Since 2015, Huawei says it has earned more than $1.4bn in licensing revenues.

Earlier this month, Senator Marco Rubio of the US filed an amendment to the National Defense Authorisation Act, which would prevent Huawei from seeking damages for its patents in US courts. "With regards to what some US politicians have proposed, the suggestion of banning Huawei from enforcing its intellectual property rights is an extremely dangerous signal," said Mr Song, adding if the proposal passed, it would be "catastrophic for global innovation".

Additional reporting by Qianer Liu in Shenzhen and Louise Lucas in Hong Kong

Banks

JPMorgan eyes stake in Jenkins' fintech group

ROBERT ARMSTRONG — NEW YORK
NICHOLAS MEGAW — LONDON

JPMorgan Chase is in talks to purchase a stake in 10x Future Technologies, the banking technology start-up founded by former Barclays chief Antony Jenkins, according to a person close to the situation.

Founded in 2016, 10x develops technology that allows banks to retrieve customer data more quickly, supporting faster, cheaper banking services. Many banks around the world still depend on core processing technology that was developed decades ago.

The size, terms and timing of any potential deal remain unclear. The talks were first reported by Sky News on Wednesday. Both JPMorgan and 10x declined to comment.

A deal with JPMorgan, the largest bank in the US, would represent a major vote of confidence in 10x, which only recently had looked to have an uncertain future after losing its largest client, the UK bank Virgin Money. The company was designing a new system for Virgin, but the project was abandoned after the bank was taken over.

10x has since started working on a project for Nationwide Building Society, which also took a £15m stake in the business in March. The Nationwide project is focused on a digital platform for business current accounts. Rebecca Skitt, chief executive of 10x, said that investment "validates our potential".

Other investors in 10x include Ping An, the Chinese financial services group, and consultancy Oliver Wyman.

JPMorgan, which has an internal technology budget of more than $10bn a year, has made a series of investments and acquisitions in the fintech sector. The bank invested in InvestCloud in 2016, and in 2017 it bought both WePay, a business payments technology provider, and a mobile payments technology developed by MCX. Last month the bank bought the healthcare payment company InstaMed for $500m.

The bank also announced last year that it was building a "fintech campus" in Palo Alto in Silicon Valley that will house more than 1,000 employees.

See Lombard

Apple at a crossroads as maestro of industrial design packs up his iPhone

Ive's departure will reopen debate on how to find a hit product to match smartphone's runaway success

TIM BRADSHAW
GLOBAL TECHNOLOGY CORRESPONDENT

Jony Ive with Steve Jobs in 2005

When Jony Ive became leader of Apple's design studio in 1996, the company was in a precarious state. It was slashing thousands of jobs to cut costs and many on Wall Street thought the "insanely great" company had simply gone insane — and might soon go out of business.

Within just two years, the turnround had begun. With co-founder Steve Jobs back in charge, 1998's release of the candy-coloured iMac, designed by Sir Jonathan, kick-started a prolific and profitable two decades unlike any other in Silicon Valley history. From the revolutionary iPod and iPhone, through the death of Jobs and onwards to its new frontier in wearable devices such as Apple Watch and AirPods, the British designer has sat serenely at the centre.

That era, however, is drawing to a close as Sir Jonathan prepares to move on from Apple to launch his own new venture, LoveFrom.

"Jony is one of a kind," Tim Cook, Apple's chief executive, told the Financial Times in an interview this week. "The work on the original iMac was sort of the point at which people began to pay attention to Apple again on something other than how badly economically the company was doing."

As a company worth nearly $1tn, Apple today is financially secure. But Sir Jonathan's looming departure will once again raise questions about its future.

This is not the first time that Sir Jonathan's role has evolved during his seminal career. In recent years, his design expertise has extended beyond

crafting Apple's pocketable devices. He helped retail chief Angela Ahrendts overhaul its stores, from fixtures such as its tree-lined "Genius Groves", down to simplifying product packaging.

More significantly, he oversaw the company's long-planned move to its new headquarters, Apple Park, which was first conceived with Jobs back in 2004 and designed in partnership with British architects Foster + Partners.

In 2015, Sir Jonathan handed off managerial responsibilities for the design team to focus on Apple Park. At the time, the move prompted some speculation that he was preparing for his exit, but in 2017 he took back those duties again. Speaking at a Wired magazine event last year, he appeared to suggest that he was back for the long haul, saying: "There's an awful lot to do and an awful lot of opportunity."

The move to Apple Park, he had said then, was a big part of that "energy and vitality".

Watershed moment

Last month, Apple held a garden party for its staff to mark the completion of the move to its new spaceship-like headquarters; Lady Gaga performed a private concert. Sir Jonathan was due to give a short speech at the event but at the last minute had to fly back to the UK to visit his father, who had just suffered a stroke.

Though Sir Jonathan was absent and most of the employees attending were unaware, the event inaugurating the new HQ would prove to be a watershed moment for the head of Apple's design team.

"[Apple Park] was a really significant project that was unlike many of our others, because it was for us," Sir Jonathan said. It also brought Apple's entire design team together for the first time into one purpose-built studio, with industrial designers sitting side by side with font and interface designers.

"With the completion of Apple Park, that also meant in a way that the vision for this quite extraordinary team was finally enabled," he said. "Part of the timing for LoveFrom is in some ways connected to having that very clear sense about the health and vitality of the design team."

Mr Cook agreed: "Perhaps the most important legacy that he leaves . . . is the team."

The power of the design lab

Jobs was a frequent visitor to Apple's design lab, according to his biographer Walter Isaacson, and ate lunch with Sir Jonathan most days.

Asked how often he visits the design studio, Mr Cook said: "I have a lot of pressures on my time, as we all do, but as often as possible — and certainly in the key moments."

By Apple's outsized standards, the tight-knit group of people who work on product design is small. It runs to just a few dozen people out of an organisation that employs some 132,000 staff.

Yet the team wields a disproportionate influence inside the Cupertino-based company. With an extensive array of tooling and fabrication equipment that is rarely found outside a manufacturing plant, the studio explores new product categories and the materials that might build them, from unique blends of aluminium to ceramics.

They define not only a product's appearance but how its software looks and feels, how it responds to gestures, even how an iPhone or Watch gently vibrates to give a user "haptic feedback".

"No group within Apple has more power than the industrial designers," said Neil Cybart, an independent Apple analyst with Above Avalon, in a research report on the group's leadership structure in November. "Jony's contributions are found in literally every product Apple has shipped during the past 20 years. He oversees the vision guiding the largest design company in history."

What can match the iPhone?

Sir Jonathan has thousands of patents to his name, encompassing the original iPod and iPhone to more obscure innovations, including the iPad's magnetic cover, the Apple Store's wooden tables and a lanyard used to attach an iPod to a wrist.

The names that sit alongside Sir Jonathan's on those design patents have become familiar to close Apple watchers. For decades after it was created in the late 1980s, Apple's core industrial design team saw hardly any departures.

But there has been a noticeable uptick in turnover within the "ID" ranks.

Recent losses included Daniele De Iuliis, who had worked at Apple for almost 30 years, and Rico Zorkendorfer, the Wall Street Journal reported in April, while veterans Christopher Stringer and Danny Coster both left in 2016.

Sir Jonathan's departure is likely to reopen a debate that has been simmering for several years: how Apple comes up with a new hit product that can match the unprecedented success of the iPhone, whose record-breaking profits propelled Apple to become the first trillion-dollar company last year.

He dismissed such concerns. "Numbers have never been the measure that I turn to, to affirm or describe the success of a product," he said. "There's no motivation that I derive from being different. I'm interested in trying to make things better . . . in trying to develop and craft products and experiences that are characterised by their care and not of carelessness."

In any case, it may be that no single product ever will top the iPhone — for any tech company, not just Apple. It is a question that hangs over Silicon Valley as the industry casts around for a new platform, be it virtual reality or smart speakers, that might become as ubiquitous and essential as the smartphone.

The shift to services

Despite a slow start for the Watch in 2015, Apple has begun to find real success with its accessories, including its wireless AirPods, while it is also putting greater attention on an expanding portfolio of online services, including games, news and video. "We are operating at a breadth and depth level that we've never operated at before," Mr Cook said.

Mr Cook and Sir Jonathan have both pointed to healthcare as a potential new market for Apple, building on the Watch's new capabilities for detecting heart irregularities. Mr Cook told CNBC earlier this year that health could become Apple's "greatest contribution to mankind".

When he rushed to his father's hospital bedside, Sir Jonathan said, "yet again I got a glimpse into an environment and set of products that I think could be so much better and clearly there are so many problems to be solved."

But the structure of the healthcare industry presents even more daunting barriers to transformation than the music or mobile phone businesses that Apple has upended under Sir Jonathan's guidance.

Healthcare is just one example of how the battleground has changed for Apple in recent years. Despite pioneering virtual assistants with Siri, Apple found itself outflanked by Amazon's Alexa and Google Assistant in both sales of smart speakers and artificial intelligence capabilities. As Silicon Valley looks to smart glasses and autonomous cars as new frontiers, it is unclear whether its continued reliance on the iPhone for two-thirds of its revenues will prove an asset or a distracting liability.

New blood at Apple

Some analysts believe that new blood could invigorate Apple's response to these challenges. Alongside the high-profile departures of Ms Ahrendts and Sir Jonathan, Apple poached John Giannandrea from Google to become its head of machine learning and AI strategy, as well as Hollywood veterans Jamie Erlicht and Zack Van Amberg from Sony Pictures Television to run its push into original video.

"The apparent acceleration in the pace of change within Apple at the executive level reflects the paradigm shift the company is undergoing from a hardware-driven story to 'Apple as a service'," said Gene Munster, a former Wall Street analyst turned tech investor with Loup Ventures, in a note earlier this year. "To successfully capitalise on new opportunities, Apple needs a very different set of skills."

Just this week, Apple continued to scoop up talent in new areas with the acquisition of Drive.ai, a self-driving car start-up. Sir Jonathan may have served several times as a member of the jury at the Goodwood Festival of Speed, an annual vintage car rally in the English countryside, but rethinking the "human-computer interaction" between a robot driver and its passengers is completely new territory for just about everyone in Silicon Valley.

> 'Jony's contributions are found in every product Apple has shipped during the past 20 years. He oversees the vision'

'No one person' decides on products

Perhaps the most significant concern for investors will be that Sir Jonathan's move will take away another arbiter of focus and product direction that Apple had already lost with the death of Jobs.

In their separate interviews with the FT this week, Mr Cook and Sir Jonathan insisted that no single person at Apple decides which innovations graduate from its R&D labs and which are sent back to the drawing board.

"The company runs very much horizontally," said Mr Cook. "The reason it's probably not so clear about who [sets product strategy] is that the most important decisions, there are several people involved in it, by the nature of how we operate."

Meanwhile, Sir Jonathan's focus is already starting to look beyond the steel and glass borders of Apple Park, saying he wants to "solve some complicated problems".

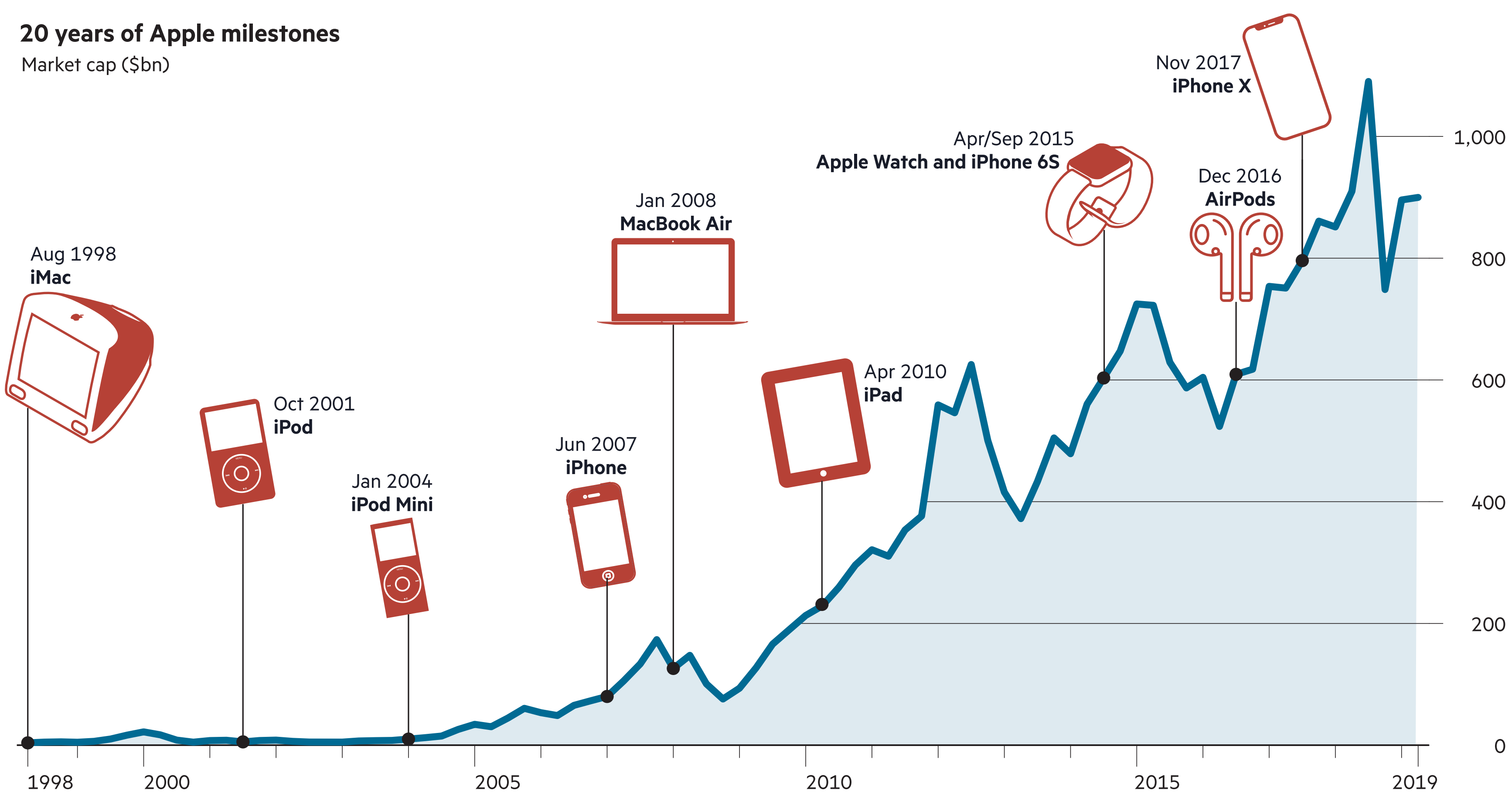
He also hinted at an impatience to broaden his horizons after almost 30 years at Apple.

"One of my defining characteristics is almost a fanatical curiosity," he said. "But if you don't have the space, if you don't have the tools and the infrastructure, that curiosity can often not have the opportunity to be pursued."

LoveFrom itself defies traditional categorisation. "I have no interest in creating yet another design agency," he said firmly. "What's important is the values and what motivates that collection of people . . . Small groups of people, I think as Apple has demonstrated over the years, can do some extraordinary things."

Additional reporting by Martin Coulter

See Lex



Source: Bloomberg

Jony Ive with one of the company's iPod range in 2013. Above left, Sir Jonathan with Apple's then senior vice-president of engineering Jon Rubinstein, with the first iMacs in 1999 — Patrick Fraser/Corbis/Getty Images

CV

1967 Born in Chingford, London
1989 Graduates with a first in industrial design from Newcastle Polytechnic
1992 Joins Apple as a full-time employee in its industrial design group
1998 Release of the iMac, the first major success of his tenure as head of Apple's design team
2001 iPod released
2007 iPhone released
2011 Steve Jobs, Apple chief executive and co-founder, dies
2014 Apple Watch unveiled
2019 Leaves Apple to start new creative venture LoveFrom

Ive's big hits

- **The iMac G3** The blue Bondi iMac sold 800,000 units in 1998
- **iPhone** Brought smartphones to the mainstream
- **iOS 7** A flat, minimalist redesign
- **Apple Watch** Found its market by focusing on health and fitness
- **Apple Park** The company's new headquarters, opened in 2017
- **Apple Card** A titanium credit card linked to the iPhone's wallet app

... and the misses

- 'Puck' mouse
- iPhone 5c
- Macbook's 'butterfly' keyboard

COMPANIES

Aerospace & defence

Boeing investors spooked by 737 Max test setback

US group's shares slip after potential flaw brings risk of relaunch delay

SYLVIA PFEIFER, KIRAN STACEY AND ANDREW EDGECLIFFE-JOHNSON

Investors in Boeing were struggling to digest the latest setback for the group's 737 Max aircraft yesterday after it emerged that test pilots had found a new potential flaw in its flight control system, heaping further scrutiny on the company's safety culture.

Shares in the aerospace group fell almost 3 per cent in an otherwise positive morning for the US equity market, amid signs of a further delay to getting the plane back into the skies. It has been grounded worldwide since a second deadly crash in March.

Southwest Airlines yesterday said it would push back the reintroduction of the Max into its flight schedules until October 1, a month later than previously planned, cancelling about 150 daily flights, citing the "uncertain" return to service of the plane. Before the revelation of the second potential flaw, United Airlines had on Wednesday said it would pull the Max from its schedules until September 3, having already done so for June and July.

Analysts at Jefferies said they would revise their previous assumption as to when Max deliveries would restart from the third quarter to the fourth.

"The recent request by the FAA for additional software changes before submission of the Max for certification adds a delay," they said, adding they were removing the 126 Max aircraft they had previously forecast would be delivered in the third quarter.

Boeing and the FAA remained in talks yesterday about the new flaw. The problem is understood to be separate from the MCAS anti-stall system implicated in the two crashes that killed 346 people. It surfaced when FAA test pilots were trialling Boeing's updated system during simulator exercises. Pilots were trying to follow a set emergency procedure to bring the plane out of a steep dive triggered by MCAS.

The regulator told the company it wants it to correct the additional problem before it allows the aircraft to embark on a precertification flight — a formal test run that would allow the plane to be cleared to fly passengers.

Two people briefed on the most recent development said during one exercise the on-board computer appeared to become overwhelmed, and it took too long for the pilots to be able to regain control.

Another person said the test pilot decided commercial pilots would need "a few more seconds" to stabilise the aircraft.

Boeing is understood to be assessing whether it can be rectified through a software update or whether it would require a change in the hardware, which could lead to a further significant delay.

The FAA said it "will lift the aircraft's prohibition order when we deem it is safe to do so . . . On the most recent issue, the FAA's process is designed to discover and highlight potential risks. The FAA recently found a potential risk that Boeing must mitigate."

Technology. Start-ups

Station F touted as emblem of French tech revival

Investors say incubator has a long way to go and the quality of enterprises picked is mixed

HARRIET AGNEW — PARIS

Two years ago, a disused rail depot in the south-east of Paris became Station F, the world's largest start-up incubator and a much-touted symbol of France's tech renaissance.

Funded with €250m from telecoms entrepreneur Xavier Niel, Station F "put France on the map," said Oussama Ammar, co-founder of The Family, an accelerator for new companies. "The most important thing is that Xavier Niel showed everyone that France is not scared of doing something bold."

Today, over 1,000 tech start-ups have taken advantage of Station F's cheap workspaces, where desks cost from €195 a month. To mark the anniversary, yesterday Station F published its top 30 start-ups, including Foodvisor, a food journal and nutrition app; Daco, a retail analytics company; wilov, a pay-when-you-drive car insurance app; and Mimesys, which builds a hologram teleconferencing software.

Station F said that it chose the top 30 based on criteria including achieving growth, securing funding and getting acquired. Yesterday it also announced that it would this week open a co-living space for 600 entrepreneurs, a short walk from Station F.

"French tech is a great advertising success, which shows both its pride and identity," says Cédric Villani, an MP for the ruling La République en Marche party. "Station F has played an important part in this."

But investors said there was a long way to go and the quality of the companies selected for its start-up programmes was mixed.

Unlike Y Combinator in California, the seed accelerator that is dubbed the Harvard of start-ups and whose alumni include the likes of Dropbox, Stripe and Airbnb, investors said that being selected for a Station F programme was not a stamp of quality in itself.

"Station F is not the response for every entrepreneur and it doesn't cater to every kind of start-up," said Roxanne Varza, an Iranian-American who Mr Niel hired a few years ago as Station F's director.

'We wanted to make something accessible. We're offering an alternative'

"We wanted to make something accessible. We're offering an alternative to the entrepreneur who would pay nothing and work at home. We would compare our services more to a university, although some people do compare us to WeWork."

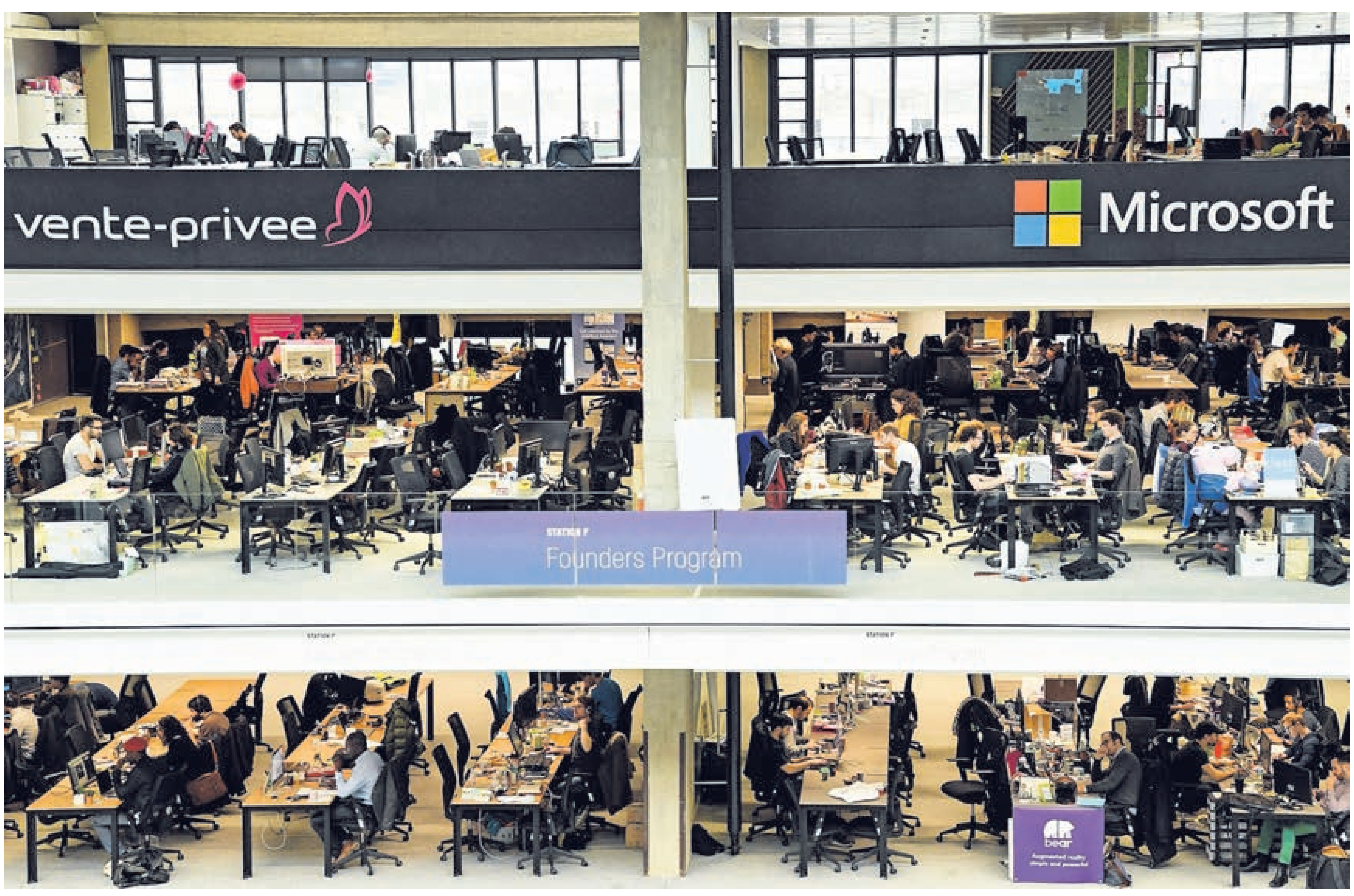
Marketing has attracted a stream of visitors to Station F, including Twitter co-founder Jack Dorsey and the president of Ukraine, Volodymyr Zelensky, this month alone, as well as top executives and politicians ranging from Facebook's Sheryl Sandberg to the president of Argentina and Emmanuel Macron, who declared to cheers at Station F's inauguration two years ago that "entrepreneur is the new France".

Pia d'Iribarne, a partner at venture capital firm Stride, said: "Station F is the start of an ecosystem in itself. I try to go to Station F at least once a week. There is a serendipity there of running into founders and investors informally."

As one might expect with a building that spans the length of the Eiffel Tower lying down and greets 5,000 people through its doors every day, there have been logistical hiccups. These range from grumblings over patchy internet coverage (prompting the installation of 1,500 new routers) to complaints about the number and size of meeting rooms.

Others criticise the time it takes to get to Station F from central Paris, while some founders said that they would choose not to be based there for fear of having their staff poached.

Ms Varza, who moved from Silicon Valley to Paris, was adamant that the official language at Station F should be English. This reflects how French tech companies are keen to be perceived as international. Station F has also been praised for its diversity — a third of its residents are women and 45 per cent of the companies in its flagship programme have female founders.



The Station F campus. The director, Iranian-American Roxanne Varza, has insisted that English be the official language
Bertrand Guay/AFP

The international nature of its intake reflects the success that France is increasingly having in luring young entrepreneurs, notably through a special visa programme that it unveiled earlier this year.

Station F is just one physical manifestation of the work that has been doing to raise the profile of French tech. Another is the annual VivaTech conference, which this year in May received a record 124,000 visitors from 125 nationalities.

While both Station F and VivaTech have generated a buzz around France's start-up scene, few start-ups have yet become the internationally competitive companies that fulfil Mr Macron's pledge to make France a "nation of unicorns" (private companies valued at more than $1bn). Last year Station F's start-ups raised a total of €317m.

Meanwhile, there are signs that France's ecosystem is moving in the right direction: 2018 was a record year for French tech fundraising, and in 2019, funding is set to grow by more than $1bn beyond the 2018 total of $3.5bn, according to CB Insights.

Last week Paris-based Meero, an artificial-intelligence-enabled online platform for professional photographers, raised $230m in one of the largest funding rounds for a French tech company.

"Europe needs to focus on helping the start-ups to scale up, and then instead of creating 15-20 unicorns a year we'll have 100 or 200," said Maurice Lévy, chairman of Publicis Groupe and co-founder of VivaTech with Groupe Les Echos.

"And we need to put more money into research and development at both a government and a company level, and then commercialise it."

Jean de La Rochebrochard, a partner at Kima Ventures, Mr Niel's venture capital arm that aims to back two start-ups a week, said: "In two years Station F has become the place that people remember when they visit Paris — and the place that gives entrepreneurs the hope to try.

"Now it needs to continue to improve its start-up selection and help people understand what it really means to be an entrepreneur."

Retail

Retailer Casino to revamp Latin American business

HARRIET AGNEW — PARIS

French retailer Casino is to restructure its Latin American operations in a long-awaited move to simplify its complex cross-holding structure and improve the value of its assets in the region.

Under the multi-part transaction, Casino's Brazilian subsidiary Grupo Pão de Açúcar plans to launch an all-cash tender offer on 100 per cent of Éxito, its Columbian subsidiary, to which Casino would tender all of its 55.3 per cent stake, the French retailer said yesterday.

A series of steps will result in Casino controlling its entire Latin American activities across Brazil, Colombia, Uruguay and Argentina through a 41.4 per cent stake in GPA, which would itself control Éxito and its subsidiaries.

The final stage would be to migrate GPA's shares to the Novo Mercado stock exchange, a deeper and more liquid market, which would mean it must comply with stricter governance standards. Casino said the move would also "give GPA access to an extended base of international investors".

According to bankers and analysts, this would also make it easier for Casino to sell shares in GPA in the public markets, or to dispose of its entire stake.

Casino shares closed 5.37 per cent higher in Paris at €31.59.

The move comes as Casino, led by its chairman, chief executive and controlling shareholder Jean-Charles Naouri, is trying to shore up its financial position, improve profitability and address investor concerns about its complex and opaque structure.

Last month, Casino's parent companies including Rallye announced they had entered a court-led bankruptcy protection process, which allows them to freeze debt payments and take up to 18 months to propose a restructuring.

Casino's performance in Latin America has helped it offset difficulties in its home market of France, where a multi-year price war with its rivals Carrefour, Auchan and E. Leclerc has dragged on profitability.

GPA this month raised roughly $600m when it sold its 36 per cent stake in Via Varejo, a Brazilian appliance and electronics retailer.

Meanwhile AMF, the French regulator, is nearing the conclusion of a long-running investigation into Casino and short-seller Muddy Waters, following a report by the activist back in 2015 that wiped a fifth off Casino's share price.

A report in French business newspaper Les Échos yesterday said AMF's preliminary findings criticise Casino for failures in its financial communications.

Muddy Waters was not immediately available for comment. Casino declined to comment on "an ongoing procedure".

The AMF warned publication of the findings hampered the "smooth progress of the investigation procedure."

Automobiles

Macron says Paris does not need to reduce Renault stake

PETER CAMPBELL — LONDON
LEO LEWIS — TOKYO

Emmanuel Macron said there was no need for Paris to cut its stake in Renault, weeks after finance minister Bruno Le Maire said the state would be open to selling shares in the group.

The statement by the French president has thrown up more worries over the stability of the French group's alliance with Nissan, where its outsized control with a 15 per cent holding is resented by the Japanese side.

It comes in the wake of the collapse of merger talks between Renault and Italian-US carmaker Fiat Chrysler.

French president Emmanuel Macron, left, with Renault chairman Jean-Dominique Senard in Tokyo yesterday

Tensions between Renault and Nissan have heightened in recent months since the arrest of Carlos Ghosn, the former chairman of the Japanese group whose business and political skills held the alliance together for almost two decades.

During a trip to Japan for the G20, Mr Macron said: "Nothing in this situation justifies changing the cross-shareholdings, the rules of governance, and the state's shareholding in Renault, which has nothing to do with Nissan."

Mr Macron's comments come against a background of rising internal pressure on Nissan's chief executive, Hiroto Saikawa, to address the perceived imbalances of the alliance.

Earlier this week, Mr Saikawa told investors at the company's annual shareholder meeting that the structure of the alliance would need to be reconsidered if the "imbalance became a factor of instability".

The perception in Paris, said people close to senior Renault management, was that Mr Saikawa was increasingly influenced by a group of "nationalists" at Nissan who believed the Japanese company must defend its corner harder against its alliance partner.

The scale of French holding in Renault became a block to merger talks with Fiat Chrysler, which broke down 10 days after becoming public once the group withdrew its offer in frustration over the behaviour of Paris during talks.

Following the collapse of the talks, France's finance minister Mr Le Maire indicated the government would be willing to reduce its stake in order to solidify the relationship with Nissan.

"We can reduce the state's stake in Renault's capital," Mr Le Maire said two weeks ago in Japan. "This is not a problem as long as, at the end of the process, we have a more solid auto sector and a more solid alliance between the two great car manufacturers Nissan and Renault."

Mergers & acquisitions. Protectionism

Trump's US leads charge in global dealmaking

Nation wins largest share in 20 years but cross-border tie-ups have fallen victim to trade war

ERIC PLATT — NEW YORK
ARASH MASSOUDI — LONDON
DON WEINLAND — BEIJING

Donald Trump likes to claim that the US is always winning. But when it comes to the business of dealmaking, there is no dispute.

The record-breaking boom in global mergers and acquisitions has extended in to the first half of 2019, and unlike the past five years, bankers in Europe and Asia have been left as envious observers while the US takes a dominant role.

Ambitious deals by large companies ranging from drugmaker AbbVie to defence contractor United Technologies, to oil group Occidental Petroleum, have driven US activity. Buoyant stock markets and cheap financing in the debt markets have helped oil the wheels of a record first half in which $1.1tn worth of US corporate takeovers have been struck.

The volume of deals, up almost a fifth from a year ago, accounts for more than half of the activity this year, according to data provider Refinitiv. America's share of the global takeover pie has not been this big since before the dotcom boom and bust.

The striking concentration of M&A within US borders — at the expense of cross-border deals — was in part a consequence of the Trump Administration's more protectionist approach, including its trade war against China, multiple top M&A advisers told the Financial Times.

"We are heading into a more mercantile world, with protectionism [and] the trade dispute with China," said Mark Shafir, the co-head of global M&A at Citigroup. "It is logical the transactions you see are more local in nature. It is not the most hospitable environment for cross-border deals."

Although the level of global dealmaking in the first half was still the third-highest on record, the $2tn total was down 13 per cent from last year and saw a sharp slowdown outside the US. European transactions tumbled 57 per cent to $287bn, marking the weakest first half in six years. Activity in Japan dropped 23 per cent to $38bn, with the value of deals in the rest of Asia coming in at $342bn, down 28 per cent from the first half of 2018.

Africa and the Middle East was the only region outside of the US to see a pick-up in activity. A single $69bn deal engineered by Saudi Arabia to bolster the prospects of its state oil company Saudi Aramco was chiefly responsible, underlining the outsized impact large deals can have.

Across the world, companies are increasingly steering away from deals that are likely to face scrutiny from newly emboldened national security panels in the US that last year blocked several high-profile transactions.

Less than a quarter of the $2tn worth of deals struck this year have been cross border, the lowest level in more than two decades. By contrast, the 10 largest transactions have all been between companies located within the same country. The US has accounted for eight of them.

The trend has been a boon for American investment banks, with JPMorgan, Goldman Sachs, Citigroup and Bank of America all gaining market share over Asian and European rivals, the Refinitiv data showed.

Deutsche Bank, Barclays and UBS all saw their share of M&A fall in the first half of the year, with Deutsche failing to make the top 10 merger advisers as boutiques such as Evercore and PJT Partners muscled in.

If Mr Trump has cast a shadow over global dealmaking, the US administration faces a different test of its enthusiasm for blockbuster deals when the Justice department will rule on the merger of wireless carriers Sprint and T-Mobile. Approval of the deal, M&A advisers say, will send a signal that competition authorities in the US are willing to wave through deals over fierce competition concerns.

A green light for the Sprint-T-Mobile combination would stand in contrast to outcomes in the UK and across continental Europe, where regulators have blocked several deals in the first half. UK supermarket chain J Sainsbury's planned £7.3bn takeover of its Walmart-owned rival Asda was blocked by the Competition and Markets Authority, while a proposed tie-up of the train manufacturing arms of Germany's Siemens and France's Alstom was scuppered by Brussels.

"The number-one question we get asked is will my deal even get approved?" says Hernan Cristerna, global co-head of M&A at JPMorgan.

"If the trend of North American companies announcing most of the largest deals so far this year continues, European companies will need to react, including creating European champions to challenge an 'America First' policy and the threat of an expansionist China strategy," he added.

Efforts to kick-start dealmaking in Europe have run into roadblocks. An attempted €33bn tie-up between Fiat Chrysler Automobiles and France's Renault that would have created the third-largest automaker, was abandoned after FCA's chairman grew frustrated with delays from the board of the French carmaker.

A long hoped for merger between Deutsche Bank and its domestic rival Commerzbank collapsed after weeks of talks, with the two German lenders warning there were too many hurdles to justify such a complex deal. And one of the biggest attempted leveraged buyouts of a German company unravelled in May, after shareholders blocked the takeover of Scout24 by Hellman & Friedman and Blackstone on concerns over the price.

Cathal Deasy, head of European M&A at Credit Suisse, said: "When you look at $10bn or less, the activity in Europe is healthy. But the big cross-border European deals over that size just are not there. If you look at cross-border M&A over the past few years, it's been dominated by inbound deals into the region by Japanese and US buyers. They just are not there right now."

A pick-up in activist hedge funds targeting Europe has been one impetus for deals in the region, as companies pursue simplification plans to either address or head off attacks. In Germany, Siemens and Volkswagen both announced plans to hive off large units of their business, while in Switzerland, Novartis did the same. Nestlé sold its skin health business to private equity group EQT for over $10bn.

> 'The trade dispute with China . . . is not the most hospitable environment for cross-border deals'

The deglobalisation of dealmaking has played out in Asia, too, as activity within the region has increased. M&A between countries, including Japan and Australia has remained solid, helped by Nippon Paint's $2.7bn buyout of Dulux Group in April. Japanese companies have also been active across south-east Asia.

"One segment of Asia Pacific M&A activity that's up is in-region cross-border M&A, while Asia outbound activity has been impacted by a heightened level of cautiousness," said Tom Barsha, co-head of Asia Pacific M&A at Bank of America Merrill Lynch.

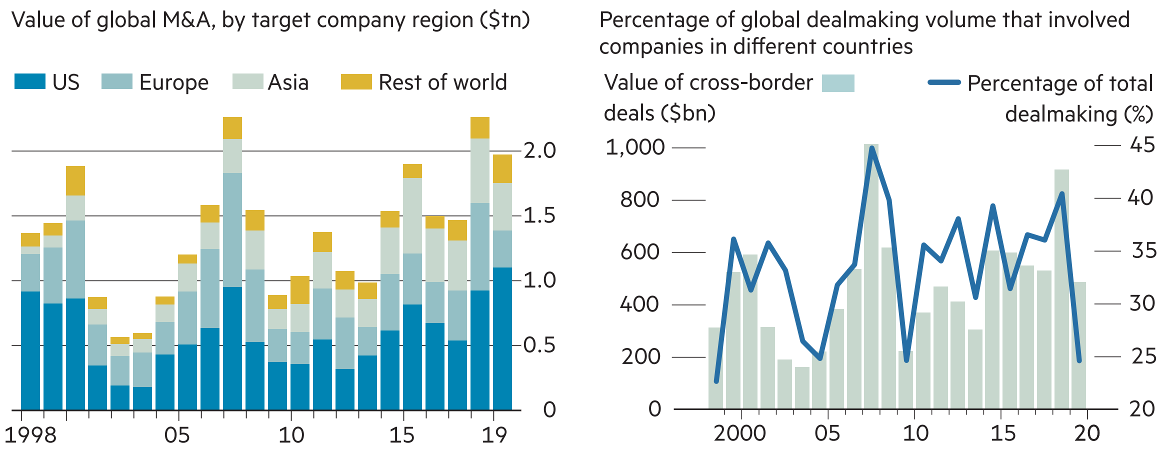
Having led Asian M&A as recently as 2016, the overseas ambitions of Chinese companies have been blunted. The trade war, increasing scrutiny of Chinese technology deals in the US and tougher financing conditions at home have all been headwinds.

"Many Chinese corporations are being very cautious and the credit lines have not been as strong," said Philip Li, a partner at Freshfields Bruckhaus Deringer in Hong Kong.

All American

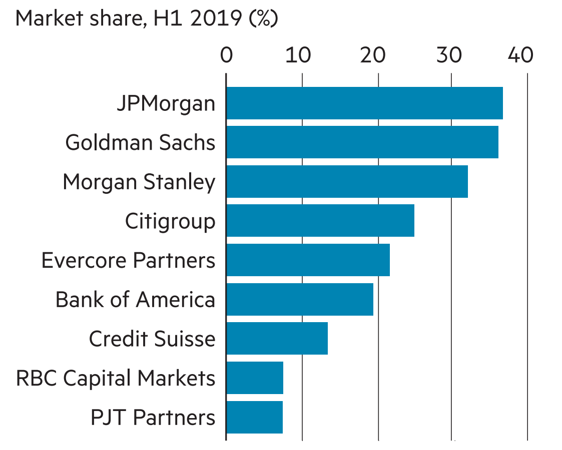
United Technologies, which makes engines for the F-35 fighter jet, has announced a tie-up with defence group Raytheon that bolsters the tally of US deals — David Alexander/Reuters

US dealmaking surges as cross-border mergers dry up



Source: Refinitiv (formerly Thomson Reuters) All figures year-to-date

JPMorgan leads M&A advisory race



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Banks

Ex-UBS compliance officer and friend jailed for insider trading

ANNA GROSS AND CAROLINE BINHAM

A former UBS compliance officer and her day trader friend who were both convicted of insider trading this week have been sentenced to three years' imprisonment.

A jury at London's Southwark Crown Court yesterday delivered guilty verdicts on two outstanding counts against Fabiana Abdel-Malek and Walid Choucair, bringing the eight-week trial — and more than four years of investigation and prosecution by the Financial Conduct Authority — to a conclusion.

The retrial, which followed a hung jury in December, featured evidence detailing pay-as-you-go phones with multiple SIM cards and the pair meeting at Tramp, the West End nightclub where Choucair was a member.

"It is clear that you took every opportunity to enjoy entry into the rather louche lifestyle that was being led by Choucair," said Judge Korner of Abdel-Malek. "You were a gamekeeper, using the knowledge you had gained from your employment to become an efficient and accomplished poacher."

The case is the FCA's only big insider trading trial to reach a jury in the past three years. In that time, suspicious trades ahead of public takeovers, which can be a red flag, have risen to their highest level in the UK since the financial crisis. That has led to worries that a lack of high-profile enforcement against insider trading is partly to blame.

The regulator alleged that Abdel-Malek passed confidential tips on deals that UBS was working on to Choucair, who would trade using contracts-for-difference, netting himself £1.4m profit between 2013 and 2014.

This figure has been disputed, though Judge Korner noted that overall profits amounted to "somewhere over £1m".

While the prosecution did not claim Abdel-Malek received any money for passing on inside information, it said Choucair in return gave her access to his gilded lifestyle by taking her to Tramp.

"Having had the opportunity to hear the evidence twice over, it is clear that it was you, Choucair, who managed to persuade a woman who lived a hard-working and virtuous life . . . to be a willing participant in these crimes," said Judge Korner in her judgment. "Your motive was straightforward greed."

"The truth as to why you agreed to this may never be known," she said of Abdel-Malek.

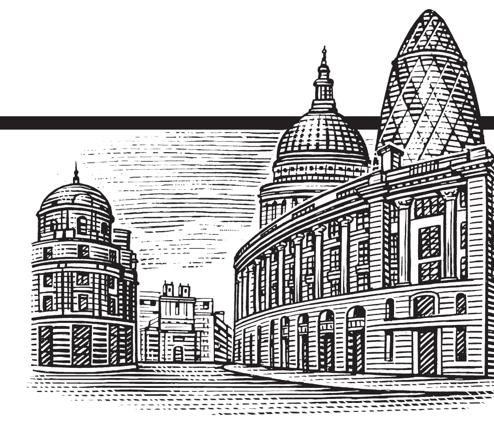
The defendant began to cry when her barrister, Julian Christopher, said, "For Abdel-Malek, the lasting impact will be profound. At the age of 36 now, her career is at an end. She has gained very little and she has already . . . lost a lot."

In her sentencing, the judge noted both defendants' good characters and determined there was no reason to make a distinction between the sentences of each.

They each received three years' imprisonment, half of which will be spent in custody.

UK COMPANIES

Lombard



Barclays boss turned fintech pioneer hails his 'Uber moment'

Matthew Vincent

Why is the arrival of a quantum leap in technology called an "Uber moment"? For all the ride-hailing app's whizzy interface, all it arguably does is contact a nearby taxi and have it wait at your location — sometimes even long enough for you to find it and get in.

Yet that is how former Barclays boss Antony Jenkins has described the coming of digital banking services that can collate gigabytes of fragmented customer data, to transform the user experience — and disrupt every lender from Walsall to Wall Street.

No wonder this paper dubbed him "as British and understated as any banker one can meet".

Now, though, news that JPMorgan is in talks to take a stake in Mr Jenkins' fintech business suggests the time for understatement is over. When the biggest US bank with the biggest IT budget buys into a pioneering technology, the moment is perhaps not so much Uber as SpaceX.

For Mr Jenkins — who was ousted from Barclays in 2015 for caring more about retail customers than investment bankers — it is a vindication of his view that lenders cannot afford to let better data aggregators disintermediate their relationships, and push them down the value chain, into more regulated and less profitable activities. Just ask a London black-cab driver what that feels like. His company, 10x Future Technologies, provides ways for banks to stop this happening to them: by taking customer data from multiple, museum-piece, product-led systems and having it exist in only one place without duplication or fragmentation — speeding up interactions, service provision and decision-making.

For Barclays and other banks on both sides of the Atlantic, JPMorgan's move may also bring a speeding up of decisions. Rather like a commuter on a rainy night, institutions must choose which technology solution to ride with.

Competing fintech services exist. US group Nice, for example, already helps 25,000 retail-focused organisations provide a better service by using artificial intelligence to analyse customer data. It can even match bank clients to the call centre staff they are most likely to get on with.

Data analytics expertise can also be brought in house. Sky News, which first reported JPMorgan's interest in 10x, suggested Mr Jenkins would recruit "hundreds more" analysts. A bank could do easily do the same.

Investment and partnership with 10x itself remains a possibility in other territories. In the UK, 10x lost its first major client, Virgin Money, when the challenger brand was taken over by CYBG and made to take its acquirer's IT platform. Soon after, Nationwide Building Society invested £15m with 10x to serve small business customers — but that still leaves scope for another bank to take a retail customer solution. Could that bank be Barclays? It would be quite an irony but — with current chief executive Jes Staley needing to fix legacy systems and boost returns — it might prove a necessity. One more mis-step and his Uber moment could be a taxi out of Canary Wharf.

Kingfisher's new power

According to one of Kingfisher's rivals, when the B&Q owner decided to unify its product lines it caused frustration among battery buyers. They would spend ages searching every department for Duracells, only to find the company's in-house choice of Varta everywhere they looked — and end up going to another shop. Now, it seems that directors of the DIY group have had a similar experience. They have spent months seeking a high-powered chief executive, only to find a choice of former in-house execs everywhere they looked — and ended up going to French supermarket Carrefour.

Ever since March, when Véronique Laury — author of the ONE Kingfisher unification plan — stood down, press speculation over her likely successor has focused mainly on company alumni: Régis Schultz, now of Monoprix; Kevin O'Byrne, now of J Sainsbury; and Euan Sutherland, latterly of Superdry. But it seems a desire for someone of proven endurance led the board to pick Thierry Garnier, currently head of Carrefour's Asian business. And he is certainly not lacking in stamina. Stints in France, Latin America and China have seen him overhaul supply chains, streamline purchasing units, invest in own-brand products, and maximise online sales penetration — everything that Kingfisher's own plan is attempting to do. One insider described him as "battle-hardened" but suggested he would also have scope to adjust the pace and extent of the unification process. So he may be something of a Duracell bunny, but he can decide how Varta go . . .

Not betting on Boris

After would-be prime minister Boris Johnson said the chances of a no-deal Brexit were "A million to one", bookies were quick to respond. "Boris' 'million-to-one' no-deal actually 3/1" pointed out Betway. "Won't be offering this guy a job," quipped Ladbrokes. But the only trouble is, 160,000 Tory party members still might.

matthew.vincent@ft.com

Retail

Pendragon chief lasts less than three months

Differences over strategy of focusing on second-hand cars leads to departure

PETER CAMPBELL

The chief executive of UK car dealer Pendragon is leaving the business less than three months after joining following a fallout over the company's strategy of focusing on used cars.

Mark Herbert's departure comes after clashes with the board over how to fix Britain's largest car dealer, which has projected a loss in the first half after overstocking second-hand cars.

His departure leaves the company facing a new search for a chief executive who it can tie to the strategy set by his predecessor Trevor Finn, who had run the business since the 1980s, while improving performance.

> 'We think it unlikely a CEO from a listed peer would want to make the move'
> Sanjay Vidyarthi, Liberum

Under Mr Finn, the decision was taken to loosen ties with carmakers and push further into the used sector, allowing Pendragon to have more autonomy over its plans and cut its exposure to fluctuations in the new car market.

The strategy made Pendragon an outlier among franchise dealer groups in the UK, which focus on working closely with manufacturers to sell new cars.

"The board remains fully committed to realising the long-term strategy," chairman Chris Chambers said yesterday, adding that Mr Herbert's departure was "by mutual agreement".

The decision to maintain the current course would hinder the company's search for a replacement, according to several people in the industry.

"We think it unlikely that a CEO from a listed peer would want to make the move, particularly without a mandate to review the whole strategy," said analyst Sanjay Vidyarthi at Liberum.

Pendragon's share price, which has dropped by a third in the past year, fell 5.5 per cent yesterday.

Mr Herbert, whose background was in new car sales, only joined in March, replacing Mr Finn.

Less than two months into the role he issued a profit warning after finding basic operational failings across the company, including widespread overstocking of used cars. The company's share price fell by a fifth after Pendragon said it would record a "significant loss" in the first half of the year.

The company's chief operating officer Martin Casha, a longtime lieutenant of former boss Mr Finn, and chief financial officer Mark Willis will lead the business until a new chief executive is appointed. A review of the business launched by Mr Herbert has been postponed.

While the company will focus on finding someone to push its strategy, it also needs to secure a leader who can manage the day-to-day car business.

"We maintain our view that Pendragon's problems are multiple and deep rooted, and any management team will face an uphill challenge in the current trading environment," said Mr Vidyarthi at Liberum.

Carl Court/AFP

Chain reaction
Starbucks says it paid $23.6m in UK tax

Starbucks increased the amount of tax it paid on profits from its European arm last year, despite revealing a loss in the UK for the first time in five years.

The coffee chain has been under scrutiny for its tax affairs since it was revealed in 2012 that it had paid just £8.6m of corporation tax in the UK over a 14-year period. It subsequently moved its European headquarters from Amsterdam to London to quell the public outcry, but the company's complicated corporate structure has drawn criticism from tax campaigners.

Starbucks revealed in its accounts that it had paid UK corporation tax of $23.6m across its European companies in the year to September 2018, from profits of $99.5m. That was an effective rate of 23.7 per cent — higher than the UK's corporate tax rate of 19 per cent — and compared with $13.9m in 2017.

However, the amount the business paid in royalties to its US parent in Seattle — $448m — dwarfed its UK tax bill.

Revenues were £387m for 2018, up from £372m the year before. But because of a 10 per cent increase in costs relating to renegotiating leases and closing stores, it fell to a loss before tax of £17.2m, from a £4.5m profit in 2017. *Alice Hancock*

Retail

Carrefour veteran to take helm at Kingfisher

NAOMI ROVNICK AND JONATHAN ELEY

Kingfisher has hired a veteran Carrefour executive to replace its outgoing chief executive Véronique Laury, who stepped down earlier in the year after ditching profit targets linked to the DIY group's transformation programme.

Thierry Garnier, who heads Carrefour's Asian business and has spent more than 20 years at the supermarket group, will join Kingfisher later this year.

Mr Garnier was given the top job at the owner of B&Q, Castorama and Screwfix, the group said yesterday, because of his credentials building up Carrefour's business in China, a competitive and politically challenging market where the French supermarket group had stood out as one of very few western retailers to have stayed the course.

Last week, Carrefour said it had agreed to sell a majority stake in its China business to Suning for €620m in order to focus on its domestic market, where it faces intense competition.

Kingfisher's shares closed up 4.1 per cent in London trading yesterday, marking a third day of gains as they headed for their biggest daily advance since April 1.

Mr Garnier was a technical adviser to Michel Barnier in the 1990s, when the EU's chief Brexit negotiator was Jacques Chirac's European affairs secretary.

He joined Carrefour in 1997 and ran its hypermarkets and supermarkets in France before moving to its international arm. Unlike many of the other executives who have been linked to the post, he has not worked at Kingfisher or any of its subsidiaries before.

He is joining after a period of mixed fortunes at the DIY group, whose British B&Q brand has struggled with householders increasingly hiring tradesmen to do home improvements, along with weak consumer confidence.

Mr Garnier will also have to rebuild a senior team depleted by departures.

But Kingfisher's most pressing problems are in France. Castorama and Brico Dépôt, which it acquired in 2002, have experienced stagnating sales amid strong competition from Leroy Merlin.

"Extremely poor French execution has been the main issue at Kingfisher," said Jefferies analysts James Grzinic and Frederick Wild in a note. "We presume Mr Garnier will move rapidly to assess what went wrong and take corrective action."

See Lombard

Food & beverage

Revenue up at Greene King

ALICE HANCOCK

Greene King, the pub group, said yesterday that it had returned to "market outperformance" in 2018 but that poor weather and consumer uncertainty would hit sales in the forthcoming year.

The Suffolk-based pubs company reported an increase in revenues for the year to the end of April, up 1.8 per cent to £2.2bn. However, profit before tax dropped 12.5 per cent to £173m, down from £197m, due to financing and pension costs.

Shares in the FTSE 250 group ended the day's trading up more than 5 per cent at 611p.

Stripping out the effect of the extra costs, profits fell within the company's forecast range at £246m, up from £243m last year.

The group, which operates more than 2,700 pubs across the UK, struggled in the first half of 2018 weighed down by a difficult trading environment and continued debt refinancing from its 2015 deal to buy Spirit pubs for £744m.

But Greene King said a focus on reducing its pub brands — down to four from 14 — and servicing the debt, helped by the boost from last summer's heatwave and football World Cup, had returned it to outperforming the market.

The company has repaid just over half of the debenture owed for the Spirit deal and said it had managed to limit cost inflation to around £14m — much less than the £45m to £50m it had forecast at its last full-year results.

Nick Mackenzie, chief executive, said he was "confident in delivering another year of progress"

City Insider

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Martin Gilbert
Private investor

Veteran investor Martin Gilbert, pictured below, recently moved from co-chief exec of Standard Life Aberdeen to be vice-chairman. With more time on his hands, he decided to branch out. Last month he popped up on the advisory board of Tennor, the rebranded Sapinda, aka the holding company of maverick German entrepreneur Lars Windhorst. Bad timing. The clutch of illiquid private debt issued by Tennor-owned companies has been in the limelight following an FT exposé. Asset manager H2O was plunged into crisis over its

exposure to the bonds. Windhorst, a wunderkind with a history of legal troubles, has been keen to reinvent his image. Hence the star-studded advisory board. Gilbert won't be drawn on whether he'll stay. But, according to recent comments to Citywire, it fits with his more liberated existence. "I do what I really enjoy . . . speaking to the big asset owners of the world," he said. SLA was, he added, moving into private debt investments "as quickly as we can". H2O, also represented on the Tennor board, is now a seller of Tennor-linked bonds. Perhaps Gilbert is a buyer.

Namal Nawana
Competitive spirit

UK medical devices maker Smith & Nephew seems keen to shift its listing to the US. That would give it a freer rein to raise the pay of chief exec Namal Nawana. In his previous US-based job, Nawana was paid $8.6m; last year at S&N his pro forma rate was barely half that. Being underpaid hasn't gone down well. But, as the listing idea shows, Nawana's ability to stay competitive shouldn't be underestimated. Back in March, S&N bought Germany's Brainlab, in part drawn by its robotic arm technology. Johnson & Johnson (where Nawana once worked) was showcasing this technology at a conference on the day that news of the S&N-Brainlab acquisition broke. "J&J were nonplussed," one surgeon present at the conference told City Insider. "Namal makes smart acquisitions but he also does ones that screw the competition."

Katharine Birbalsingh
Quite contrary

To the Bernard Jacobson Gallery in Piccadilly where Jeremy Paxman was handing out Britain's biennial "contrarian prize".

The gong, which rewards those who "put their head above the parapet", was won by Katharine Birbalsingh, a teacher who criticised the softness of the modern education system, lost her job and went on to launch her own school. She narrowly fended off other candidates, including Theresa May, who, in a final contrarian flourish, declined to turn up to the ceremony. The prize was founded by Ali Miraj, a former Tory councillor. Miraj is a banker at ING by day and a DJ by night, aping the contrary ways of David Solomon, the Goldman Sachs CEO who is also a DJ. The event itself embodied a contradiction.

The judges (including FT Alphaville's very own Izabella Kaminska) agreed upon the winner, despite being selected because of their capacity to resist the tyranny of group consensus.

Tina Green
Liquid assets

The pensions regulator revealed this week that Tina Green's Monaco base was no protection against being pursued by the UK if she fails to honour a £210m security pledge for the Arcadia pension scheme that she and husband Philip struck this month.

Presumably the assets at risk include the bottle of 1869 Lafite that City Insider revealed she bought in a charity auction for an estimated €220,000 in April. Gulp.

MARKET DATA

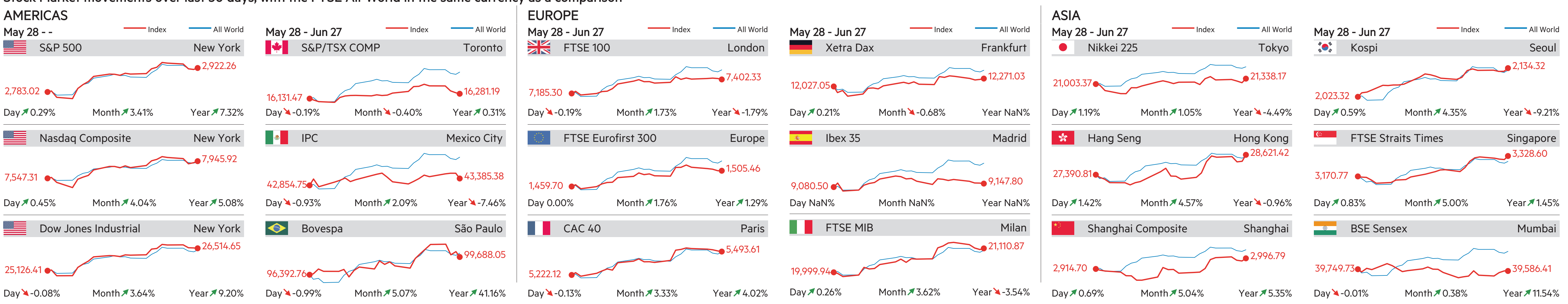
WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.29%	0.45%	-0.08%	-0.19%	No change	1.19%	1.42%	0.41%	-0.088%	No change	0.125%	No change	-0.42%	-1.92%

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	40726.76	39916.77
Australia	All Ordinaries	6743.00	6716.10
	S&P/ASX 200	6666.30	6640.50
	S&P/ASX 200 Res	5068.10	4986.40
Austria	ATX	2945.57	2946.95
Belgium	BEL 20	3513.47	3497.32
	BEL Mid	7418.85	7392.90
Brazil	Bovespa	99688.05	100688.63
Canada	S&P/TSX 60	973.63	974.89
	S&P/TSX Comp	16281.19	16312.22
	S&P/TSX Div Met & Min	861.07	872.42
Chile	S&P/CLX IGPA Gen	25787.88	25837.47
China	FTSE A200	10275.73	10154.06
	FTSE B35	9000.71	8988.96
	Shanghai A	3138.80	3117.30
	Shanghai B	297.07	295.85
	Shanghai Comp	2996.79	2976.28
	Shenzhen A	1649.85	1632.00
	Shenzhen B	964.39	957.08
Colombia	COLCAP	1549.72	1557.86
Croatia	CROBEX	1877.73	1899.65
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1037.94	1034.74
Denmark	OMXC Copenhagen 20	996.97	1005.30
Egypt	EGX 30	14006.99	13831.23
Estonia	OMX Tallinn	1253.11	1246.09
Finland	OMX Helsinki General	9340.11	9345.07
France	CAC 40	5493.61	5500.72
	SBF 120	4329.87	4331.53
Germany	M-DAX	25341.18	25294.77
	TecDAX	2836.35	2816.94
	XETRA Dax	12271.03	12245.32
Greece	Athens Gen	859.12	852.27
	FTSE/ASE 20	2192.83	2179.53
Hong Kong	Hang Seng	28621.42	28221.98
	HS China Enterprise	10897.13	10766.06
	HSCC Red Chip	4449.31	4394.25
Hungary	Bux	40440.51	40064.92
India	BSE Sensex	39586.41	39592.08
	Nifty 500	9692.35	9682.80
Indonesia	Jakarta Comp	6352.71	6310.49
Ireland	ISEQ Overall	6107.37	6128.16
Israel	Tel Aviv 125	1458.11	1458.11
Italy	FTSE Italia All-Share	23022.58	22965.49
	FTSE Italia Mid Cap	36787.51	36710.57
	FTSE MIB	21110.87	21057.14
Japan	2nd Section	6563.89	6504.20
	Nikkei 225	21338.17	21086.59
	S&P Topix 150	1283.75	1267.83
	Topix	1553.27	1534.34
Jordan	Amman SE	1862.31	1852.86
Kenya	NSE 20	2649.11	2639.22
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1023.24	1027.94
Lithuania	OMX Vilnius	666.99	667.97
Luxembourg	LuxX	1299.52	1286.41
Malaysia	FTSE Bursa KLCI	1672.70	1674.49
Mexico	IPC	43385.38	43792.08
Morocco	MASI	11303.82	11346.76
Netherlands	AEX	557.53	558.24
	AEX All Share	826.49	827.56
New Zealand	NZX 50	10431.22	10408.05
Nigeria	SE All Share	29668.68	29809.20
Norway	Oslo All Share	967.21	964.39
Pakistan	KSE 100	33774.43	34088.56
Philippines	Manila Comp	8057.64	8013.57
Poland	Wig	60294.79	59852.70
Portugal	PSI 20	5102.75	5079.44
	PSI General	3139.50	3131.60
Romania	BET Index	8749.34	8649.80
Russia	Micex Index	2780.09	2775.14
	RTX	1388.11	1386.63
Saudi-Arabia	TADAWUL All Share Index	8687.08	8649.88
Singapore	FTSE Straits Times	3328.60	3301.25
Slovakia	SAX	345.27	345.27
Slovenia	SBI TOP	887.83	890.23
South Africa	FTSE/JSE All Share	58066.65	58421.72
	FTSE/JSE Res 20	47730.32	47820.73
	FTSE/JSE Top 40	52056.36	52407.30
South Korea	Kospi	2134.32	2121.85
	Kospi 200	277.75	275.53
Spain	IBEX 35	9147.80	9157.40
Sri Lanka	CSE All Share	5345.13	5348.57
Sweden	OMX Stockholm 30	1616.94	1604.23
	OMX Stockholm AS	611.35	609.18
Switzerland	SMI Index	9859.76	9838.13
Taiwan	Weighted Pr	10773.90	10652.55
Thailand	Bangkok SET	1731.64	1722.21
Turkey	BIST 100	116840.94	116315.98
UAE	Abu Dhabi General Index	4955.94	4989.41
UK	FT 30	2949.30	2954.40
	FTSE 100	7402.33	7416.39
	FTSE 4Good UK	6801.44	6799.05
	FTSE All Share	4041.72	4046.05
	FTSE techMARK 100	5137.21	5127.20
USA	DJ Composite	8735.65	8713.11
	DJ Industrial	26514.65	26536.82
	DJ Transport	10302.95	10176.79
	DJ Utilities	804.63	804.66
	Nasdaq 100	7646.98	7627.05
	Nasdaq Cmp	7945.92	7909.97
	NYSE Comp	12946.38	12912.01
	S&P 500	2922.27	2913.78
	Wilshire 5000	30012.12	29892.22
Venezuela	IBC	16630.39	16311.48
Vietnam	VNI	943.11	959.13
Cross-Border	DJ Global Titans ($)	330.57	330.43
	Euro Stoxx 50 (Eur)	3443.40	3442.95
	Euronext 100 ID	1062.38	1063.81
	FTSE 4Good Global ($)	7049.99	7031.65
	FTSE All World ($)	343.47	342.07
	FTSE E300	1505.46	1505.44
	FTSE Eurotop 100	2936.20	2936.20
	FTSE Global 100 ($)	1823.19	1819.71
	FTSE Gold Min ($)	1683.81	1688.73
	FTSE Latibex Top (Eur)	4440.00	4440.00
	FTSE Multinationals ($)	2041.71	2042.98
	FTSE World ($)	609.97	607.66
	FTSEurofirst 100 (Eur)	4170.33	4175.44
	FTSEurofirst 80 (Eur)	4734.24	4731.62
	MSCI ACWI Fr ($)	518.81	519.78
	MSCI All World ($)	2158.41	2163.73
	MSCI Europe (Eur)	1584.04	1587.17
	MSCI Pacific ($)	2658.99	2679.41
	S&P Euro (Eur)	1569.54	1569.37
	S&P Europe 350 (Eur)	1545.34	1545.43
	S&P Global 1200 ($)	2409.40	2401.51
	Stoxx 50 (Eur)	3158.42	3160.78

(c) Closed. (u) Unavailable. † 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
Amazon.com	20.6	1903.93	6.10
Apple	18.4	199.80	0.00
Boeing (the)	16.4	365.90	-9.04
Advanced Micro Devices	10.3	30.47	0.55
Nvidia	9.6	161.69	2.43
Micron Technology	9.2	37.81	0.77
Microsoft	9.1	133.93	0.00
Abbvie	8.8	69.62	1.62
Facebook	8.7	188.59	0.93
Netflix	7.4	366.79	4.59

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Tripadvisor	46.47	2.42	5.49
Centurylink	11.48	0.57	5.18
Walgreens Boots Alliance	54.78	2.40	4.58
L Brands	25.83	1.03	4.15
Macerich (the)	33.20	1.00	3.11
Downs			
Conagra Brands	25.19	-3.74	-12.93
Ross Stores	99.53	-2.87	-2.80
Nordstrom	31.33	-0.88	-2.72
Campbell Soup	39.37	-1.10	-2.71
Lamb Weston Holdings	61.42	-1.58	-2.51

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Glencore	179.9	263.90	-13.50
Rio Tinto	152.9	4828.50	0.50
Royal Dutch Shell	148.0	2582.50	-29.50
Bp	109.7	550.70	-3.80
Astrazeneca	100.0	6409.00	44.00
Hsbc Holdings	95.6	654.80	5.10
Royal Dutch Shell	90.8	2594.50	-27.50
Provident Fin	90.4	403.40	-15.00
Diageo	89.3	3369.00	-19.50
Lloyds Banking	88.2	56.86	-0.05

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Just	56.30	4.30	8.27
Saga	39.66	2.76	7.48
Vivo Energy	137.00	9.00	7.03
Kier	111.90	6.80	6.47
Royal Mail	212.10	11.80	5.89
Downs			
Senior	207.00	-23.80	-10.31
Plus500 Ltd	529.00	-43.80	-7.65
Glencore	263.90	-13.50	-4.87
Indivior	40.51	-1.55	-3.69
Provident Fin	403.40	-15.00	-3.59

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Bayer Ag Na O.n.	579.2	60.86	4.87
Heineken & Maatsc Hdg N.V. & M.Sat. B	234.9	15.66	1.88
Sap	228.2	118.00	0.96
Basf Se Na O.n.	220.5	63.08	0.96
Unicredit	196.9	10.75	0.22
Allianz Se Na O.n.	192.0	210.65	-1.95
Intesa Sanpaolo	188.2	1.88	0.00
Total	188.0	49.12	-0.40
Daimler Ag Na O.n.	183.7	23.81	-0.65
Ing Groep N.v.	181.9	10.19	0.19

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Heineken & Maatsc Hdg N.V. & M.Sat. B	15.66	1.88	13.67
Bayer Ag Na O.n.	60.86	4.87	8.70
Seadrill	3.61	0.24	6.99
Casino Guichard	31.59	1.61	5.37
Grifols	25.21	0.88	3.62
Downs			
Red Ele.	18.68	-0.98	-4.99
Alstom	41.21	-1.33	-3.13
Vivendi	23.81	-0.65	-2.66
Adidas Ag Na O.n.	265.70	-5.20	-1.92
Carlsberg B A/s	115.81	-2.22	-1.88

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Softbank .	532.0	5201.00	174.00
Sony	448.0	5662.00	29.00
Toyota Motor	363.1	6674.00	61.00
Fast Retailing Co.,	335.1	65390.00	-10.00
Kddi	320.0	2753.00	0.00
Tokyo Electron	251.4	15075.00	435.00
Mitsubishi Ufj Fin.,	217.6	512.00	7.20
Nippon Telegraph And Telephone	206.1	5028.00	105.00
Sumco	194.6	1282.00	65.00
Japan Tobacco .	187.9	2413.50	-12.50

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Dainippon Screen Mfg.co.,	4525.00	275.00	6.47
Sumco	1282.00	65.00	5.34
Daikin Industries,	14415.00	720.00	5.26
Yaskawa Electric	3620.00	160.00	4.62
Kawasaki Kisen Kaisha,	1319.00	58.00	4.60
Downs			
Tokyo Dome	1035.00	-61.00	-5.57
Chiyoda	302.00	-17.00	-5.33
Keio	7120.00	-160.00	-2.20
Nippon Suisan Kaisha,	659.00	-14.00	-2.08
Nippon Meat Packers,.	4600.00	-80.00	-1.71

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Jun 27 price(p)	%Chg week	%Chg ytd
Winners			
Ocado	1165.50	5.7	196.9
Ashtead	2263.00	5.7	15.1
3i	1108.00	4.9	20.6
Admiral	2180.00	3.9	11.9
Anglo American	2210.00	3.3	38.6
Rio Tinto	4828.50	3.1	21.1
Kingfisher	214.30	2.8	-37.6
Johnson Matthey	3285.00	2.6	7.1
Tui Ag	755.60	2.6	-51.2
Antofagasta	911.80	2.5	-8.9
Informa	827.80	2.4	14.8
Bhp	2010.00	2.4	31.5
Losers			
Rolls-royce Holdings	844.20	-7.5	0.2
Rightmove	535.20	-6.2	18.7
Flutter Entertainment	5700.00	-5.6	-36.0
Glencore	263.90	-5.4	-33.1
Tesco	227.20	-4.0	9.0
Croda Int	5150.00	-3.4	14.2
Carnival	3436.00	-3.2	-29.9
Auto Trader	548.00	-3.1	55.2
Experian	2350.00	-2.9	46.9
Lloyds Banking	56.86	-2.6	-16.0
British Land	526.00	-2.6	-23.1
Sainsbury (j)	191.40	-2.5	-20.6

FTSE 250	Jun 27 price(p)	%Chg week	%Chg ytd
Winners			
Renishaw	4240.00	8.1	-18.1
Polymetal Intl	997.60	7.7	8.2
Wood (john)	446.80	7.2	-31.8
William Hill	153.10	6.8	-52.2
Hastings Holdings	191.00	6.5	-39.6
Rhi Magnesita N.v.	4820.00	6.2	25.5
Spirent Communications	156.00	5.8	52.9
Sig	683.00	5.6	-7.7
Woodford Patient Capital Trust	57.50	5.5	-31.8
Sirius Minerals	14.63	5.4	-36.7
Losers			
Funding Circle Holdings	188.20	-24.7	-
Amigo Holdings	204.50	-14.6	-
Kier	111.90	-11.4	-89.6
Future	937.00	-11.1	279.5
Plus500 Ltd	529.00	-10.2	-40.0
Indivior	40.51	-9.9	-89.9
Senior	207.00	-9.8	-20.4
Drax	264.40	-9.5	-2.9
Bakkavor	117.40	-9.4	-39.2
Bank Of Georgia	1504.00	-8.2	-34.3
Dixons Carphone	110.70	-6.3	-45.5
Provident Fin	403.40	-6.1	-39.6

FTSE SmallCap	Jun 27 price(p)	%Chg week	%Chg ytd
Winners			
Saga	39.66	11.7	-68.0
Rdl Realisation	438.00	10.6	-37.8
Northgate	339.00	9.5	-11.7
Xaar	83.00	8.1	-77.0
Sportech	33.00	6.5	-58.8
Civitas Social Housing	83.50	6.0	-26.1
Oxford Instruments	1284.00	5.4	55.4
Bluefield Solar Income Fund	136.50	5.4	16.2
Headlam	485.00	5.3	-14.6
Lamprell	65.00	5.2	-16.0
Porvair	598.00	4.9	28.6
Securities Trust Of Scotland	195.00	4.8	13.2
Losers			
Nanoco	15.65	-51.8	-39.1
Xps Pensions	95.00	-40.1	-49.9
Rps	110.40	-36.4	-59.9
Lookers	52.40	-27.8	-49.8
Nostrum Oil & Gas	45.20	-18.7	-86.0
Dialight	486.00	-13.2	-10.0
Renewi	28.35	-12.1	-72.5
Kier	111.90	-11.4	-89.6
Consort Medical	840.00	-10.4	-28.2
Biffa	205.00	-10.3	-20.1
Indivior	40.51	-9.9	-89.9
Carpetright	15.55	-9.9	-62.7

Industry Sectors	Jun 27 price(p)	%Chg week	%Chg ytd
Winners			
Technology Hardware & Equip.	1230.40	6.4	32.4
Oil Equipment & Services	9649.03	5.0	-7.6
Electronic & Electrical Equip.	8326.13	1.6	31.6
Industrial Engineering	13112.32	1.6	24.9
Mining	20405.35	1.2	19.5
Industrial Metals	6193.60	1.2	37.6
Software & Computer Services	2359.84	1.0	35.9
Food Producers	7493.16	0.8	16.1
Real Estate & Investment Serv	2495.70	0.6	6.6
Mobile Telecommunications	2933.90	0.5	-
Oil & Gas Producers	9396.13	0.5	11.5
Losers			
Aerospace & Defense	4584.32	-2.7	5.2
Fixed Line Telecommunication	2337.32	-2.3	-
Real Estate Investment Trusts	2790.15	-1.7	6.2
Food & Drug Retailers	3795.26	-1.5	15.6
Pharmaceuticals & Biotech.	15446.85	-1.5	7.3
Gas Water & Multiutilities	4669.01	-1.4	1.5
Household Goods	15673.59	-1.2	5.2
Health Care Equip.& Services	7663.04	-1.1	10.7
Media	8739.57	-1.1	14.2
Support Services	8547.27	-1.1	17.6
Tobacco	30420.65	-0.9	1.7
Personal Goods	40641.52	-0.8	15.7

Based on last week's performance. †Price at suspension.

CURRENCIES

Jun 27	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	42.8640	0.1484	48.7301	0.1344	54.3366	0.1839
Australia	Australian Dollar	1.4279	-0.0043	1.6233	-0.0060	1.8100	-0.0056
Bahrain	Bahrainin Dinar	0.3770	-	0.4286	-0.0003	0.4779	0.0000
Bolivia	Bolivian Boliviano	6.9100	-	7.8557	-0.0055	8.7595	-0.0007
Brazil	Brazilian Real	3.8647	0.0183	4.3935	0.0177	4.8990	0.0228
Canada	Canadian Dollar	1.3116	-0.0024	1.4911	-0.0038	1.6627	-0.0032
Chile	Chilean Peso	680.4100	0.1700	773.5272	-0.3522	862.5232	0.1500
China	Chinese Yuan	6.8770	-0.0085	7.8181	-0.0152	8.7176	-0.0114
Colombia	Colombian Peso	3197.6850	24.5050	3635.3034	25.3137	4053.5523	30.7575
Costa Rica	Costa Rican Colon	582.6450	-1.3000	662.3826	-1.9462	738.5912	-1.7042
Czech Republic	Czech Koruna	22.3864	0.0425	25.4501	0.0305	28.3782	0.0518
Denmark	Danish Krone	6.5653	0.0037	7.4638	-0.0010	8.3225	0.0041
Egypt	Egyptian Pound	16.6950	0.0252	18.9798	0.0153	21.1635	0.0303
Hong Kong	Hong Kong Dollar	7.8131	0.0040	8.8824	-0.0017	9.9043	0.0044
Hungary	Hungarian Forint	284.8573	0.5255	323.8413	0.3695	361.0999	0.6388
India	Indian Rupee	69.0725	-0.0838	78.5254	-0.1507	87.5599	-0.1128
Indonesia	Indonesian Rupiah	14140.0000	-35.0000	16075.1287	-51.1725	17924.6162	-45.7399
Israel	Israeli Shekel	3.5723	-0.0162	4.0611	-0.0214	4.5284	-0.0209
Japan	Japanese Yen	107.7750	0.1350	122.5245	0.0672	136.6212	0.1608
..One Month		107.7747	0.1345	122.5245	0.0672	136.6211	0.1605
..Three Month		107.7743	0.1336	122.5246	0.0673	136.6208	0.1600
..One Year		107.7724	0.1298	122.5247	0.0675	136.6211	0.1590
Kenya	Kenyan Shilling	102.3500	0.2000	116.3571	0.1455	129.7442	0.2437
Kuwait	Kuwaiti Dinar	0.3035	-	0.3450	-0.0002	0.3847	0.0000
Malaysia	Malaysian Ringgit	4.1440	-0.0035	4.7111	-0.0073	5.2532	-0.0048
Mexico	Mexican Peso	19.1720	0.0215	21.7958	0.0091	24.3034	0.0254
New Zealand	New Zealand Dollar	1.4927	-0.0041	1.6969	-0.0059	1.8922	-0.0054
Nigeria	Nigerian Naira	360.5000	-	409.8361	-0.2891	456.9886	-0.0348
Norway	Norwegian Krone	8.5121	0.0216	9.6771	0.0178	10.7904	0.0266
Pakistan	Pakistani Rupee	162.7500	0.6250	185.0231	0.5805	206.3104	0.7766
Peru	Peruvian Nuevo Sol	3.2967	-0.0071	3.7478	-0.0107	4.1790	-0.0093
Philippines	Philippine Peso	51.2800	-0.2345	58.2979	-0.3079	65.0052	-0.3022
Poland	Polish Zloty	3.7399	-0.0047	4.2517	-0.0083	4.7409	-0.0063
Romania	Romanian Leu	4.1571	0.0071	4.7260	0.0047	5.2697	0.0086
Russia	Russian Ruble	63.0913	0.0906	71.7256	0.0525	79.9778	0.1088
Saudi Arabia	Saudi Riyal	3.7504	-0.0001	4.2637	-0.0031	4.7542	-0.0005
Singapore	Singapore Dollar	1.3527	-0.0005	1.5378	-0.0016	1.7148	-0.0007
South Africa	South African Rand	14.1463	-0.1238	16.0822	-0.1521	17.9325	-0.1582
South Korea	South Korean Won	1158.2000	1.4500	1316.7051	0.7210	1468.1946	1.7265
Sweden	Swedish Krona	9.2692	0.0117	10.5378	0.0058	11.7502	0.0139
Switzerland	Swiss Franc	0.9774	0.0021	1.1112	0.0016	1.2391	0.0026
Taiwan	New Taiwan Dollar	31.0825	-0.0480	35.3363	-0.0795	39.4018	-0.0638
Thailand	Thai Baht	30.7700	0.0325	34.9810	0.0123	39.0057	0.0382
Tunisia	Tunisian Dinar	2.8764	0.0012	3.2700	-0.0009	3.6463	0.0012
Turkey	Turkish Lira	5.7713	-0.0108	6.5611	-0.0169	7.3159	-0.0142
United Arab Emirates	UAE Dirham	3.6732	-	4.1758	-0.0029	4.6563	-0.0004
United Kingdom	Pound Sterling	0.7889	0.0001	0.8968	-0.0006	-	-
..One Month		0.7891	0.0000	0.8967	-0.0006	-	-
..Three Month		0.7894	0.0000	0.8965	-0.0006	-	-
..One Year		0.7904	0.0000	0.8956	-0.0006	-	-
United States	United States Dollar	-	-	1.1369	-0.0008	1.2677	-0.0001
..One Month		-	-	1.1366	-0.1309	1.2678	-0.0001
..Three Month		-	-	1.1360	-0.1309	1.2682	-0.0001
..One Year		-	-	1.1339	-0.1309	1.2692	-0.0001
Venezuela	Venezuelan Bolivar Fuerte	-	-	-	-	-	-
Vietnam	Vietnamese Dong	23315.0000	5.0000	26505.7942	-13.0037	29555.3690	4.1050
European Union	Euro	0.8796	0.0006	-	-	1.1151	0.0007
..One Month		0.8793	0.0006	-	-	1.1150	0.0007
..Three Month		0.8788	0.0006	-	-	1.1148	0.0007
..One Year		0.8766	0.0007	-	-	1.1138	0.0007

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The exchange rates printed in this table are also available at www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

UK SERIES
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	£ Strlg Jun 27	Day's chge%	Euro Index	£ Strlg Jun 26	£ Strlg Jun 25	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7402.33	-0.19	6431.52	7416.39	7422.43	7615.63	4.35	1.44	15.91	180.32	6711.32
FTSE 250 (250)	19314.46	0.28	16781.38	19260.39	19286.51	20684.16	3.20	1.37	22.76	305.81	14821.78
FTSE 250 ex Inv Co (192)	20292.90	0.40	17631.49	20212.96	20245.99	22231.22	3.40	1.48	19.87	337.39	15912.45
FTSE 350 (350)	4097.05	-0.11	3559.72	4101.73	4105.42	4242.49	4.17	1.44	16.72	94.23	7426.64
FTSE 350 ex Investment Trusts (291)	4050.65	-0.12	3519.41	4055.40	4059.10	4203.88	4.24	1.44	16.39	94.83	3786.79
FTSE 350 Higher Yield (109)	3637.94	-0.29	3160.83	3648.40	3638.49	3871.60	5.85	1.32	12.94	110.10	7097.98
FTSE 350 Lower Yield (241)	4205.96	0.07	3654.35	4202.92	4223.13	4218.03	2.35	1.75	24.37	62.67	4838.22
FTSE SmallCap (282)	5567.47	0.09	4837.30	5562.63	5572.95	5896.15	3.67	0.74	36.92	90.57	8486.70
FTSE SmallCap ex Inv Co (157)	4493.42	-0.10	3904.11	4498.10	4511.96	5099.84	4.11	1.41	17.29	75.97	7207.46
FTSE All-Share (632)	4041.72	-0.11	3511.65	4046.05	4049.83	4188.60	4.15	1.41	17.05	91.97	7402.85
FTSE All-Share ex Inv Co (448)	3967.57	-0.12	3447.22	3972.21	3976.01	4125.22	4.24	1.44	16.41	92.36	3768.17
FTSE All-Share ex Multinationals (564)	1134.47	0.30	816.95	1131.03	1131.75	1250.60	3.98	1.33	18.95	24.55	2181.90
FTSE Fledgling (105)	9411.98	-0.13	8177.60	9424.51	9433.12	11251.73	5.28	-0.21	-91.03	152.93	18658.47
FTSE Fledgling ex Inv Co (48)	11184.74	-0.82	9717.86	11277.63	11292.17	16575.10	13.89	-0.30	-23.98	222.01	21797.07
FTSE All-Small (387)	3862.40	0.07	3355.84	3859.53	3866.48	4115.56	3.76	0.66	40.12	62.82	7555.38
FTSE All-Small ex Inv Co (205)	3353.16	-0.13	2913.39	3357.38	3367.55	3843.18	4.40	1.25	18.22	56.94	6814.00
FTSE AIM All-Share (778)	923.61	-0.04	802.48	924.00	924.97	1073.04	1.65	1.41	43.00	6.97	1044.32
FTSE Sector Indices											
Oil & Gas (13)	**9727.02**	**-0.93**	**8451.32**	**9818.12**	**9746.11**	**10248.39**	**5.29**	**1.37**	**13.78**	**259.75**	**10040.80**
Oil & Gas Producers (9)	9427.21	-0.94	8190.83	9516.27	9455.40	9877.26	5.29	1.38	13.69	250.52	10081.58
Oil Equipment Services & Distribution (4)	10072.44	-0.41	8751.44	10113.47	9418.55	14475.55	5.28	0.76	24.88	355.08	8471.11
Basic Materials (26)	**6813.53**	**-0.74**	**5919.94**	**6864.30**	**6821.62**	**6410.69**	**4.53**	**2.50**	**8.81**	**163.66**	**7611.67**
Chemicals (8)	14767.24	-0.46	12830.52	14835.49	14825.43	16848.70	2.28	2.16	20.30	238.32	13835.29
Forestry & Paper (1)	21791.81	0.00	18933.82	21791.81	21675.11	24875.10	3.73	3.36	7.99	576.00	25323.46
Industrial Metals & Mining (2)	6671.50	-0.90	5796.53	6731.88	6518.61	4987.78	11.86	1.66	5.08	273.23	7467.93
Mining (15)	19467.10	-0.80	16914.00	19623.36	19502.60	17846.07	4.61	2.56	8.48	473.88	11428.60
Industrials (105)	**5407.20**	**-0.07**	**4698.05**	**5411.24**	**5441.13**	**5756.49**	**2.62**	**0.99**	**38.51**	**73.13**	**5857.63**
Construction & Materials (15)	6089.50	0.60	5290.86	6053.35	6039.34	6747.21	2.81	0.32	110.32	110.61	6824.65
Aerospace & Defense (10)	4773.54	-0.60	4147.49	4802.37	4866.74	5626.34	2.84	-0.47	-75.25	63.68	5345.96
General Industrials (7)	4685.85	-0.19	4071.30	4694.62	4672.78	5438.34	3.39	1.24	23.78	67.20	5664.20
Electronic & Electrical Equipment (10)	9740.32	-0.53	8462.88	9791.98	9797.60	8375.48	1.44	2.28	30.41	60.29	9189.29
Industrial Engineering (12)	14415.23	0.21	12524.68	14384.46	14394.91	14399.19	2.28	1.56	28.09	224.00	18422.23
Industrial Transportation (6)	3488.55	2.19	3031.03	3413.81	3389.33	5374.83	6.20	0.91	17.67	56.53	3390.94
Support Services (45)	8250.71	-0.19	7168.63	8266.57	8342.66	8273.15	2.35	1.64	26.06	101.86	8978.80
Consumer Goods (42)	**19289.37**	**-0.51**	**16759.57**	**19389.17**	**19508.37**	**20225.02**	**4.27**	**1.40**	**16.69**	**437.43**	**15452.57**
Automobiles & Parts (2)	6424.46	-0.92	5581.90	6484.18	6554.14	10324.40	1.05	5.11	18.63	71.99	6505.98
Beverages (5)	26797.28	-0.58	23282.82	26954.88	27209.09	21875.33	1.99	1.73	29.03	200.28	19818.80
Food Producers (11)	7516.50	0.75	6530.71	7460.89	7465.42	7898.49	2.41	1.98	20.92	96.53	6800.79
Household Goods & Home Construction (15)	13129.53	0.43	11407.59	13073.87	13202.51	13641.28	4.77	1.83	11.45	415.09	10179.19
Leisure Goods (2)	13882.86	1.64	12062.13	13658.19	13638.00	9131.05	3.31	1.36	22.18	217.80	13965.68
Personal Goods (5)	35370.76	-0.48	30731.89	35541.32	35860.48	32257.48	2.81	0.72	49.05	518.89	25390.88
Tobacco (2)	30420.70	-1.56	26431.03	30902.79	30856.84	43413.96	7.87	1.22	10.37	1219.09	22173.45
Health Care (19)	**11229.27**	**0.25**	**9756.55**	**11201.43**	**11329.31**	**10178.81**	**3.72**	**0.99**	**27.26**	**244.55**	**9321.09**
Health Care Equipment & Services (9)	7738.18	0.78	6723.32	7678.06	7760.22	8034.02	1.76	2.56	22.16	90.60	6954.12
Pharmaceuticals & Biotechnology (10)	15339.28	0.18	13327.53	15312.05	15488.31	13698.23	3.98	0.89	28.13	355.14	11408.26
Consumer Services (91)	**5100.00**	**0.54**	**4431.14**	**5072.41**	**5076.50**	**5462.38**	**3.04**	**1.71**	**19.19**	**95.89**	**5080.39**
Food & Drug Retailers (6)	3946.53	1.45	3428.95	3890.00	3932.28	4397.68	2.48	1.99	20.26	69.54	4822.41
General Retailers (26)	2005.53	1.62	1742.50	1973.48	1973.56	2436.25	3.55	1.75	16.05	30.88	2454.56
Media (20)	8852.46	-0.48	7691.46	8895.04	8923.66	8317.31	2.90	1.71	20.22	170.22	5797.66
Travel & Leisure (39)	8859.62	0.73	7697.69	8795.57	8754.52	9932.64	3.18	1.63	19.32	177.19	8919.29
Telecommunications (6)	**2093.77**	**1.68**	**1819.17**	**2059.19**	**2041.57**	**2696.26**	**6.37**	**0.27**	**57.49**	**38.61**	**2660.31**
Fixed Line Telecommunications (4)	2415.39	0.74	2098.61	2397.70	2390.36	2583.76	7.15	1.42	9.87	0.00	2440.36
Mobile Telecommunications (2)	2929.46	2.16	2545.26	2867.51	2834.90	4096.64	5.98	-0.42	-40.13	81.43	3388.23
Utilities (8)	**6530.57**	**-0.15**	**5674.09**	**6540.19**	**6608.30**	**7292.11**	**6.76**	**0.80**	**18.50**	**249.33**	**8455.95**
Electricity (3)	6563.24	-0.20	5702.47	6576.14	6605.82	7997.36	8.23	0.35	34.25	180.06	10751.30
Gas Water & Multiutilities (5)	6170.57	-0.13	5361.30	6178.82	6253.25	6717.26	6.36	0.96	16.41	253.72	7991.07
Financials (305)	**4888.96**	**0.18**	**4247.77**	**4880.23**	**4876.81**	**5158.20**	**4.23**	**1.49**	**15.85**	**124.64**	**4913.87**
Banks (10)	3773.27	0.56	3278.41	3752.44	3734.67	4212.22	5.22	1.67	11.49	122.86	3070.13
Nonlife Insurance (8)	3765.34	-0.62	3271.51	3788.74	3792.13	3630.38	3.76	1.56	17.08	87.12	7129.82
Life Insurance/Assurance (7)	8003.36	0.56	6953.72	7958.82	7952.50	8460.40	4.61	1.68	12.94	248.62	8555.95
Real Estate Investment & Services (18)	2419.09	-0.13	2101.83	2422.19	2416.89	2780.25	2.39	2.23	18.75	24.38	6781.61
Real Estate Investment Trusts (40)	2540.08	-0.93	2206.95	2563.85	2587.75	2824.19	4.54	0.74	29.89	64.17	3455.92
General Financial (38)	9384.88	-0.22	8154.06	9405.70	9432.44	9176.82	3.56	1.92	14.58	183.94	11537.67
Equity Investment Instruments (184)	10528.92	0.08	9148.05	10520.69	10526.55	10223.22	2.55	0.64	61.59	137.53	6063.36
Non Financials (327)	**4822.89**	**-0.21**	**4190.37**	**4832.89**	**4840.18**	**4966.70**	**4.12**	**1.39**	**17.52**	**105.12**	**7735.05**
Technology (17)	**2328.38**	**0.21**	**2023.01**	**2323.40**	**2336.90**	**1863.14**	**2.72**	**1.23**	**29.88**	**39.36**	**3161.34**
Software & Computer Services (14)	2610.10	0.17	2267.78	2605.73	2622.94	2081.14	2.75	1.20	30.31	44.75	3748.52
Technology Hardware & Equipment (3)	2914.27	1.29	2532.06	2877.28	2841.12	2489.90	1.85	2.39	22.67	32.78	3532.38

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	7424.73	7432.37	7428.81	7398.16	7390.61	7392.49	7399.50	7404.65	7410.61	7439.02	7375.85
FTSE 250	19299.79	19298.02	19299.12	19265.01	19245.92	19236.14	19265.47	19283.01	19312.82	19324.21	19228.82
FTSE SmallCap	5566.85	5559.06	5563.35	5569.41	5564.08	5565.20	5564.87	5566.63	5564.87	5569.90	5558.23
FTSE All-Share	4051.12	4054.23	4052.81	4038.33	4034.23	4034.77	4038.81	4041.70	4045.26	4056.95	4027.34

Time of FTSE 100 Day's high:07:41:45 Day's Low10:04:45 FTSE 100 2010/11 High: 7523.07(23/04/2019) Low: 6692.66(03/01/2019)
Time of FTSE All-Share Day's high:07:43:00 Day's Low10:05:00 FTSE 100 2010/11 High: 4115.59(23/04/2019) Low: 3657.52(03/01/2019)

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FT 30 INDEX

	Jun 26	Jun 25	Jun 24	Jun 21	Jun 20	Yr Ago	High	Low
FT 30	2949.30	2954.40	2952.40	2961.00	2964.20	0.00	3135.80	2704.70
FT 30 Div Yield	1.96	1.95	1.95	1.96	1.95	0.00	3.93	2.74
P/E Ratio net	22.78	22.92	22.93	22.75	22.86	0.00	19.44	14.26

FT 30 since compilation: 4198.4 high: 19/07/1999; low49.4 26/06/1940Base Date: 1/7/35

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2954.4	2952.4	2951.9	2956.9	2954.2	2952.9	2950.1	2949.2	2950.2	2959.3	2944.6

FT30 constituents and recent additions/deletions can be found at www.ft.com/ft30

FX: EFFECTIVE INDICES

	Jun 26	Jun 25	Mnth Ago		Jun 27	Jun 26	Mnth Ago
Australia	-	-	-	Sweden	-	-	-
Canada	-	-	-	Switzerland	-	-	-
Denmark	-	-	-	UK	76.73	76.95	77.80
Japan	-	-	-	USA	-	-	-
New Zealand	-	-	-	Euro	-	-	-
Norway	-	-	-				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Leisure Goods	47.37	Food Producers	14.96	Pharmace & Biotech	7.10
Industrial Metals &	33.54	Tech Hardware & Eq	11.84	Aerospace & Defense	6.77
Software & Comp Serv	32.49	Oil & Gas Producers	11.77	Nonlife Insurance	6.48
Technology	31.47	Oil & Gas	11.37	Chemicals	6.27
Electronic & Elec Eq	27.64	Health Care Eq & Srv	11.33	Household Goods & Ho	5.52
Industrial Eng	22.26	Consumer Goods	11.14	Gas Water & Multi	3.46
Beverages	20.53	Equity Invest Instr	11.05	Banks	2.91
Mining	18.36	General Retailers	10.91	Utilities	2.77
Food & Drug Retailer	17.96	NON FINANCIALS Index	10.59	Tobacco	2.47
Financial Services	17.58	FTSE 250 Index	10.41	Real Est Invest & Se	2.04
Support Services	17.30	FTSE 100 Index	10.10	Travel & Leisure	1.17
Basic Materials	16.99	FTSE All{HY-}Share Index	10.07	Electricity	0.29
Life Insurance	16.93	Consumer Services	9.12	Industrial Transport	-0.02
Construct & Material	16.66	Financials	8.61	Automobiles & Parts	-2.13
Personal Goods	16.47	FTSE SmallCap Index	8.12	Oil Equipment & Serv	-10.31
Industrials	15.35	Forestry & Paper	7.68	Fixed Line Telecomms	-13.15
Media	15.07	Health Care	7.58	Telecommunications	-14.06
		Real Est Invest & Tr	7.40	Mobile Telecomms	-14.53

FTSE GLOBAL EQUITY INDEX SERIES

Jun 26 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	8909	583.53	-0.2	3.2	13.6	871.02	15.2	2.5
FTSE Global Large Cap	1776	519.36	-0.2	3.4	13.7	797.41	15.4	2.6
FTSE Global Mid Cap	2152	764.64	-0.3	3.0	13.6	1076.77	15.0	2.3
FTSE Global Small Cap	4981	794.80	-0.3	2.0	13.5	1078.58	14.6	2.0
FTSE All-World	3928	342.07	-0.2	3.3	13.7	540.05	15.3	2.5
FTSE World	2600	607.66	-0.2	3.2	13.9	1287.89	15.5	2.5
FTSE Global All Cap ex UNITED KINGDOM In	8594	609.48	-0.2	3.3	13.9	894.21	15.4	2.4
FTSE Global All Cap ex USA	7081	484.21	-0.3	3.6	10.5	783.71	12.6	3.2
FTSE Global All Cap ex JAPAN	7570	601.94	-0.1	3.3	14.4	907.24	16.0	2.4
FTSE Global All Cap ex Eurozone	8238	608.87	-0.2	3.1	13.8	889.80	15.2	2.4
FTSE Developed	2177	553.72	-0.2	3.0	14.1	833.66	15.8	2.4
FTSE Developed All Cap	5710	579.61	-0.3	2.9	14.1	860.95	15.7	2.4
FTSE Developed Large Cap	911	514.73	-0.2	3.1	14.2	788.07	15.9	2.5
FTSE Developed Europe Large Cap	238	360.83	-0.3	3.4	12.6	650.41	15.8	3.6
FTSE Developed Europe Mid Cap	348	577.27	-0.4	2.9	11.3	916.55	13.6	3.1
FTSE Dev Europe Small Cap	740	797.59	-0.4	1.9	11.5	1224.07	13.9	3.1
FTSE North America Large Cap	270	626.68	-0.1	3.1	16.2	888.55	17.4	2.0
FTSE North America Mid Cap	408	873.11	-0.2	2.9	17.6	1144.97	18.6	1.8
FTSE North America Small Cap	1355	878.73	-0.2	1.6	16.4	1115.27	17.2	1.6
FTSE North America	678	414.54	-0.1	3.0	16.4	600.90	17.6	2.0
FTSE Developed ex North America	1499	254.09	-0.5	3.1	10.3	443.49	12.7	3.3
FTSE Japan Large Cap	189	357.59	-1.2	1.3	5.7	484.41	7.1	2.6
FTSE Japan Mid Cap	323	564.22	-1.2	0.8	2.0	728.01	3.2	2.3
FTSE Global wi JAPAN Small Cap	827	611.14	-1.7	0.5	3.5	816.55	4.8	2.2
FTSE Japan	512	150.54	-1.2	1.2	5.0	228.48	6.3	2.5
FTSE Asia Pacific Large Cap ex Japan	899	687.29	0.2	4.8	10.1	1143.31	11.6	2.9
FTSE Asia Pacific Mid Cap ex Japan	825	855.42	0.1	4.6	6.7	1362.38	8.0	3.1
FTSE Asia Pacific Small Cap ex Japan	1760	533.13	0.1	4.0	6.8	829.63	7.8	2.9
FTSE Asia Pacific Ex Japan	1724	539.44	0.2	4.8	9.7	953.03	11.2	2.9
FTSE Emerging All Cap	3199	740.82	0.2	5.8	9.4	1169.83	11.0	3.0
FTSE Emerging Large Cap	865	709.01	0.3	5.7	9.5	1127.79	11.2	2.9
FTSE Emerging Mid Cap	886	912.95	0.0	6.9	9.3	1436.57	11.0	3.5
FTSE Emerging Small Cap	1448	720.57	0.2	5.9	8.5	1086.16	9.7	3.2
FTSE Emerging Europe	82	398.47	0.3	8.9	22.1	686.99	25.3	5.4
FTSE Latin America All Cap	235	936.40	0.2	9.7	11.2	1536.35	13.3	3.3
FTSE Middle East and Africa All Cap	335	677.34	0.3	5.6	6.4	1124.10	8.7	3.5
FTSE Global wi UNITED KINGDOM All Cap In	315	331.42	-0.4	1.6	9.8	601.81	12.3	4.3
FTSE Global wi USA All Cap	1828	713.02	-0.1	2.8	16.4	977.87	17.5	1.9
FTSE Europe All Cap	1483	422.78	-0.3	3.3	12.6	733.01	15.5	3.6
FTSE Eurozone All Cap	671	407.04	-0.1	3.5	12.3	708.32	15.4	3.3
FTSE RAFI All World 3000	3299	6695.09	-0.1	2.9	10.1	9412.89	12.2	3.3
FTSE RAFI US 1000	1068	11698.27	-0.1	2.6	13.2	16092.78	14.6	2.6
FTSE EDHEC-Risk Efficient All-World	3928	400.66	-0.3	2.7	11.8	584.25	13.3	2.5
FTSE EDHEC-Risk Efficient Developed Europe	586	312.82	-0.3	2.5	9.6	506.55	12.1	3.2
Oil & Gas	153	369.24	0.9	3.6	11.3	640.67	13.5	4.0

Jun 26 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil & Gas Producers	108	362.36	1.0	1.0	10.4	642.42	12.5	3.9
Oil Equipment & Services	34	259.07	1.0	1.0	16.2	404.46	18.8	4.6
Basic Materials	355	497.12	-0.3	-0.3	11.1	806.22	13.1	3.3
Chemicals	163	722.11	-0.7	-0.7	9.2	1168.16	11.0	2.9
Forestry & Paper	21	248.80	-0.1	-0.1	0.4	453.32	3.2	4.2
Industrial Metals & Mining	94	376.55	0.6	0.6	5.2	610.08	7.1	4.4
Mining	77	708.88	0.0	0.0	21.1	1163.84	23.6	3.6
Industrials	754	415.63	-0.2	-0.2	18.5	623.35	19.9	2.0
Construction & Materials	148	505.81	-0.5	-0.5	14.6	795.23	16.4	2.4
Aerospace & Defense	36	865.32	-0.1	-0.1	22.5	1282.15	23.9	1.9
General Industrials	66	216.58	-0.1	-0.1	14.4	353.53	16.0	2.5
Electronic & Electrical Equipment	133	443.21	-0.1	-0.1	18.1	603.64	19.1	1.6
Industrial Engineering	151	757.82	-0.2	-0.2	14.8	1125.90	16.5	2.3
Industrial Transportation	129	711.44	0.1	0.1	15.5	1071.82	17.0	2.3
Support Services	91	466.47	-0.7	-0.7	26.1	664.48	27.2	1.4
Consumer Goods	549	475.40	-0.8	-0.8	12.3	741.62	14.0	2.7
Automobiles & Parts	136	349.54	-0.2	-0.2	3.3	532.53	5.6	3.5
Beverages	64	693.57	-1.1	-1.1	16.0	1090.81	17.4	2.3
Food Producers	130	645.68	-0.9	-0.9	15.5	1031.18	17.4	2.4
Household Goods & Home Construction	60	447.92	-1.3	-1.3	11.9	694.75	13.7	2.7
Leisure Goods	44	206.19	-0.4	-0.4	11.4	279.19	12.3	1.3
Personal Goods	102	853.63	-0.9	-0.9	19.1	1243.15	20.4	1.8
Tobacco	13	926.60	-1.3	-1.3	3.9	2115.41	6.6	6.4
Health Care	277	541.67	-1.1	-1.1	6.7	812.42	8.1	2.0
Health Care Equipment & Services	92	1024.42	-1.2	-1.2	10.1	1218.50	10.7	1.0
Pharmaceuticals & Biotechnology	185	366.69	-1.0	-1.0	5.1	580.44	6.8	2.5
Consumer Services	453	518.81	0.0	0.0	16.0	714.56	16.9	1.5
Food & Drug Retailers	65	257.54	-0.7	-0.7	-1.8	376.52	-0.3	2.6
General Retailers	150	838.73	0.5	0.5	21.0	1116.09	21.7	1.0
Media	90	366.07	-0.6	-0.6	18.2	506.69	19.2	1.7
Travel & Leisure	148	489.75	-0.3	-0.3	12.1	686.56	13.3	1.9
Telecommunication	92	151.83	-0.7	-0.7	6.0	310.08	8.4	4.5
Fixed Line Telecommuniations	38	124.35	-0.7	-0.7	5.1	282.42	7.9	5.2
Mobile Telecommunications	54	164.54	-0.6	-0.6	7.2	297.64	9.1	3.5
Utilities	190	296.65	-1.5	-1.5	10.4	619.88	12.7	3.5
Electricity	130	331.71	-1.5	-1.5	10.9	682.48	12.8	3.4
Gas Water & Multiutilities	60	300.86	-1.5	-1.5	9.6	650.59	12.3	3.9
Financials	840	245.20	-0.2	-0.2	12.2	426.49	14.4	3.3
Banks	277	197.43	0.3	0.3	7.3	373.57	10.0	4.3
Nonlife Insurance	72	288.92	-0.7	-0.7	12.8	440.66	15.0	2.3
Life Insurance	60	234.15	0.1	0.1	17.1	398.87	19.4	3.2
Financial Services	203	331.20	0.0	0.0	19.4	473.62	20.6	1.8
Technology	265	304.36	0.7	0.7	20.4	383.70	21.3	1.4
Software & Computer Services	135	547.13	0.0	0.0	21.4	649.13	21.9	0.8
Technology Hardware & Equipment	130	217.96	1.7	1.7	19.1	290.19	20.4	2.2
Alternative Energy	11	112.25	-0.6	-0.6	18.9	156.54	20.0	1.4
Real Estate Investment & Services	145	352.53	-0.7	-0.7	10.6	622.69	12.7	3.0

The FTSE Global Equity Series, launched in 2003, contains the FTSE Global Small Cap Indices and broader FTSE Global All Cap Indices (large/mid/small cap) as well as the enhanced FTSE All-World index Series (large/mid cap) - please see www.ftse.com/geis. The trade names Fundamental Index® and RAFI® are registered trademarks and the patented and patent-pending proprietary intellectual property of Research Affiliates, LLC (US Patent Nos. 7,620,577; 7,747,502; 7,778,905; 7,792,719; Patent Pending Publ. Nos. US-2006-0149645-A1, US-2007-0055598-A1, US-2008-0288416-A1, US-2010- 0063942-A1, WO 2005/076812, WO 2007/078399 A2, WO 2008/118372, EPN 1733352, and HK1099110). "EDHEC™" is a trade mark of EDHEC Business School As of January 2nd 2006, FTSE is basing its sector indices on the Industrial Classification Benchmark - please see www.ftse.com/icb. For constituent changes and other information about FTSE, please see www.ftse.com. © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence.

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1108	1.50	Land Securities Group PLC	818.00	-6.40
Admiral Group PLC	2180	-12.00	Legal & General Group PLC	268.90	0.50
Anglo American PLC	2210	14.50	Lloyds Banking Group PLC	56.86	-0.05
Antofagasta PLC	911.80	5.40	London Stock Exchange Group PLC	5450	-60.00
Ashtead Group PLC	2263	29.00	Marks And Spencer Group PLC	210.00	3.90
Associated British Foods PLC	2471	44.00	Melrose Industries PLC	179.25	2.50
Astrazeneca PLC	6409	44.00	Micro Focus International PLC	2050	-5.50
Auto Trader Group PLC	548.00	-18.00	Mondi PLC	1774	-
Aviva PLC	413.10	-1.10	Morrison (Wm) Supermarkets PLC	200.20	2.90
Bae Systems PLC	492.00	0.10	National Grid PLC	833.10	2.90
Barclays PLC	150.00	0.70	Next PLC	5582	96.00
Barratt Developments PLC	564.20	6.40	Nmc Health PLC	2401	35.00
Berkeley Group Holdings (The) PLC	3581	19.00	Ocado Group PLC	1165.5	29.50
Bhp Group PLC	2010	3.50	Pearson PLC	811.80	-2.80
BP PLC	550.70	-3.80	Persimmon PLC	1937.5	7.50
British American Tobacco PLC	2750	-59.00	Phoenix Group Holdings PLC	699.20	-0.80
British Land Company PLC	526.00	-11.40	Prudential PLC	1695.5	16.50
Bt Group PLC	198.74	1.52	Reckitt Benckiser Group PLC	6215	14.00
Bunzl PLC	2115	1.00	Relx PLC	1916	-15.50
Burberry Group PLC	1789	9.00	Rentokil Initial PLC	394.20	-3.10
Carnival PLC	3436	-39.00	Rightmove PLC	535.20	-18.80
Centrica PLC	86.32	-1.08	Rio Tinto PLC	4828.5	0.50
Coca-Cola Hbc AG	2947	-31.00	Rolls-Royce Holdings PLC	844.20	-6.00
Compass Group PLC	1886	2.50	Royal Bank Of Scotland Group PLC	218.30	0.20
Crh PLC	2562	11.00	Royal Dutch Shell PLC	2582.5	-29.50
Croda International PLC	5150	-135.00	Royal Dutch Shell PLC	2594.5	-27.50
Dcc PLC	6978	-84.00	Rsa Insurance Group PLC	570.80	-1.80
Diageo PLC	3369	-19.50	Sage Group PLC	796.80	-2.80
Direct Line Insurance Group PLC	328.70	-1.80	Sainsbury (J) PLC	191.40	2.00
Easyjet PLC	910.00	47.40	Schroders PLC	3051	35.00
Evraz PLC	655.60	-8.80	Scottish Mortgage Investment Trust PLC	528.50	6.50
Experian PLC	2350	-45.00	Segro PLC	718.60	-14.40
Ferguson PLC	5588	-50.00	Severn Trent PLC	2048	-15.00
Flutter Entertainment PLC	5700	4.00	Smith & Nephew PLC	1693	9.00
Fresnillo PLC	866.80	-8.00	Smith (Ds) PLC	358.20	-
Glaxosmithkline PLC	1582	-5.20	Smiths Group PLC	1550.5	4.50
Glencore PLC	263.90	-13.50	Smurfit Kappa Group PLC	2401	-18.00
Halma PLC	2028	-25.00	Spirax-Sarco Engineering PLC	9175	-90.00
Hargreaves Lansdown PLC	1915.5	34.50	Sse PLC	1114.5	-1.50
Hikma Pharmaceuticals PLC	1723.5	8.50	St. James's Place PLC	1084.5	5.00
Hiscox LTD	1676	-20.00	Standard Chartered PLC	710.80	3.40
HSBC Holdings PLC	654.80	5.10	Standard Life Aberdeen PLC	288.50	-1.80
Imperial Brands PLC	1889.8	7.00	Taylor Wimpey PLC	155.45	0.70
Informa PLC	827.80	11.40	Tesco PLC	227.20	3.00
Intercontinental Hotels Group PLC	5229	16.00	Tui AG	755.60	17.40
International Consolidated Airlines Group S.A.	454.30	4.90	Unilever PLC	4862.5	-29.00
Intertek Group PLC	5582	-8.00	United Utilities Group PLC	789.60	-5.20
Itv PLC	107.10	2.40	Vodafone Group PLC	128.66	2.90
Johnson Matthey PLC	3285	41.00	Whitbread PLC	4583	53.00
Just Eat PLC	622.60	-2.20	Wpp PLC	979.00	1.80
Kingfisher PLC	214.30	8.50			

UK STOCK MARKET TRADING DATA

	Jun 27	Jun 26	Jun 25	Jun 24	Jun 21	Yr Ago
	-	-	-	-	-	-
Order Book Turnover (m)	117.11	226.24	134.51	1038.90	1038.90	1038.90
Order Book Bargains	819670.00	793360.00	741203.00	1038989.00	1038989.00	1038989.00
Order Book Shares Traded (m)	1341.00	1257.00	1200.00	3074.00	3074.00	3074.00
Total Equity Turnover (£m)	5239.66	7962.70	4872.15	19455.70	19455.70	19455.70
Total Mkt Bargains	941371.00	907828.00	863632.00	1179692.00	1179692.00	1179692.00
Total Shares Traded (m)	4151.00	4222.00	3552.00	6696.00	6696.00	6696.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
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UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

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

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Aquila Services Group	Pre	**7.656**	5.905	**0.609**	0.528	**1.320**	1.200	**0.00000**	0.55000	-	**0.290**	0.810
Bould Opportunities	Pre	**0.074**	0.293	**1.733L**	1.644L	**0.183L**	0.549L	**0.00000**	0.00000	-	**0.000**	0.000
Gabelli Value Plus+ Trust	Pre			**9.256**	8.735L	**9.010**	8.990L	**0.75000**	0.60000	Aug 9	**0.750**	0.600
Greene King	Pre	**2216.900**	2176.700	**172.800**	197.500	**38.900**	59.100	**24.40000**	24.40000	Sep 13	**33.200**	33.200
Gresham House Renewable Energy VCT 2	Int			**0.394**	0.371L	**1.600**	1.500L	**0.00000**	0.00000	-	**0.000**	0.000
Gresham House Strategic	Pre			**3.253**	4.677	**91.060**	127.700	**0.00000**	17.25000	-	**8.750**	26.000
Harwood Wealth Management Group	Int	**16.116**	15.135	**1.626**	0.932	**1.690**	0.910	**1.17000**	1.08000	Nov 8	**3.590**	3.320
Heavitree Brewery	Int	**3.427**	3.398	**0.705**	1.329	**11.800**	23.400	**3.67500**	3.67500	Aug 2	**7.925**	7.675
Integumen	Pre	**0.274**	0.093	**2.120L**	5.453L	**1.000L**	5.800L	**0.00000**	0.00000	-	**0.000**	0.000
Invesco Income Growth Trust	Pre			**10.097**	7.110L	**17.200**	12.100L	**4.20000**	4.10000	Jul 26	**6.600**	6.400
Itaconix	Pre	**0.660**	0.553	**7.396L**	11.868L	**4.600L**	9.374L	**0.00000**	0.00000	-	**0.000**	0.000
Kromek Group	Pre	**14.517**	11.845	**1.270L**	2.533L	**0.100L**	0.400L	**0.00000**	0.00000	-	**0.000**	0.000
Latham (James)	Pre	**235.132**	214.919	**15.335**	15.216	**63.100**	64.400	**12.90000**	12.10000	Aug 23	**17.900**	16.600
Liontrust Asset Management	Pre	**97.556**	85.785	**19.029**	12.313	**33.720**	17.760	**20.00000**	16.00000	Aug 9	**27.000**	21.000

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

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
06/25	106.00	AIM	AGFX	Argentex Group PLC	132.47	0.53	136.00	126.00	14996.6
06/21	350.00		TRN	Trainline PLC	410.00	-6.80	436.50	400.00	197079.0
06/20	20.50		HTSC	??????????	24.20	0.20	24.79	21.00	21784.0
06/05	1.00		AERI	Aquila European Renewables Income Fund PLC	1.03	0.01	1.03	1.01	158.2
06/05	1.00		AERS	Aquila European Renewables Income Fund PLC	1.03	0.01	1.03	1.01	158.2
05/30	270.00		WOSG	Watches of Switzerland Group PLC	281.00	-4.00	315.00	265.00	67287.0
05/29	151.00			essensys PLC	192.00	-3.07	216.00	175.00	9236.7
05/28	1.00		RCOI	Riverstone Credit Opportunities Income PLC	1.01	-0.01	1.03	0.99	100.5
05/22	115.00	AIM	INHC	Induction Healthcare Group PLC	118.50	-0.50	121.50	118.00	3510.7

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

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
PingAnIns♦	94.05	0.80	96.00	65.95	1.95	11.68	89650.06
PngAnBnk RMB	13.71	0.34	14.84	8.45	0.99	9.70	34230.6
Pwr Cons Corp RMB	5.34	0.04	6.25	4.56	1.73	11.02	8653.63
SaicMtr RMB	25.54	-0.06	35.63	22.69	7.13	8.68	42721.79
ShenwanHong	0.08	0.00	0.16	0.08	-	-2.77	89.69
ShgPdgBk RMB	11.64	-0.02	12.38	9.17	0.86	6.09	47568.43
Sinopec Corp	5.35	0.05	8.03	5.01	11.84	9.88	17470.33
Sinopec Oil RMB	2.57	-0.05	3.35	1.82	-	161.09	4500.46
Denmark (kr)							
DanskeBk	102.80	2.05	202.30	97.58	7.94	7.09	13500.16
MollerMrsk	7950	22.00	10085	6854	3.77	-414.91	12182.36
NovoB	334.40	0.20	349.70	265.15	2.34	21.91	94868.69
Indonesia (Rp)							
Bk Cent Asia	22300	200.00	24700	16800	-	-	38879.26
Israel (ILS)							
TevaPha	30.41	0.22	94.75	28.90	-	-2.48	9244.98
Italy (€)							
Enel	6.08	0.01	6.34	4.22	4.30	13.19	70319.06
ENI	14.47	-0.04	16.71	13.39	5.45	12.65	59766.87
Generali	16.51	-0.05	17.38	13.63	5.15	12.22	29460.58
IntSPaolo	1.88	0.00	2.66	1.80	10.38	8.44	37395.35
Luxottica	49.00	-0.34	59.54	48.62	2.11	22.75	26878.18
Unicred	10.75	0.22	15.37	9.54	2.86	6.15	27294.52
HyundMobis	235500	2500	240500	165000	1.69	11.79	19378.97
KoreaElePwr	25650	-150.00	36000	23850	-	-9.09	14217.21
SK Hynix	70200	1300	91200	56700	2.12	3.64	44125.16
SmsungEl	46500	800.00	48450	36850	3.02	8.51	239677.87
Spain (€)							
BBVA	4.90	0.01	6.44	4.48	1.96	6.90	37166.8
BcoSantdr	4.04	-0.01	4.86	3.80	5.36	9.68	74498.92
CaixaBnk	2.49	0.03	4.23	2.40	5.79	8.29	16918.44
Iberdrola	8.78	-0.04	9.13	5.94	3.69	18.53	65054.86
Inditex	26.31	0.81	30.30	21.85	2.20	24.33	93221.06
Repsol♦	13.71	-0.19	17.34	13.58	6.28	11.77	24297.1
Telefonica	7.21	-0.08	8.06	6.59	5.55	12.65	42582.07

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Allergan	166.68	164.00	2.68	1.63	35.86	27.4	23.05
H & M	165.00	145.16	19.84	13.67	17.84	12.1	9.34
GuosenSec	13.31	13.10	0.21	1.60	1.24	10.3	14.15
Bayer	60.86	55.99	4.87	8.70	5.37	9.7	9.68
ChMrchSecs	17.27	17.20	0.07	0.41	1.44	9.1	13.54
L Brands	25.83	24.80	1.03	4.15	1.91	8.0	3.90
Citic Secs	16.58	15.86	0.72	4.54	1.20	7.8	14.50
SunPhrmInds	402.80	402.80	0.00	0.00	27.60	7.4	-3.11
New Ch Life Ins	38.35	37.90	0.45	1.19	2.50	7.0	9.52
Kweichow	996.35	979.86	16.49	1.68	64.34	6.9	13.41
SBI NewA	362.15	362.15	0.00	0.00	23.30	6.9	1.91
ValeroEngy	84.79	84.93	-0.14	-0.16	5.04	6.3	11.23
Delphi	19.68	19.23	0.45	2.34	1.13	6.1	14.66
Perrigo	46.02	45.67	0.35	0.76	2.54	5.8	-2.87
Marathon Ptl	54.94	54.21	0.73	1.35	2.99	5.8	9.23
Inditex	26.31	25.50	0.81	3.18	1.38	5.5	4.74
HyundMobis	235500.00	233000.00	2500.00	1.07	12000.00	5.4	10.05
AIA	84.20	82.60	1.60	1.94	4.20	5.3	11.33
ShnEtsuCh	9900.00	9570.00	330.00	3.45	488.00	5.2	6.06
ICICI Bk	440.95	440.95	0.00	0.00	21.15	5.0	2.13

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 %
Softbank	5201.00	5027.00	174.00	3.46	-5049.00	-49.3	0.88
Abbvie	69.62	68.00	1.62	2.38	-8.72	-11.1	-12.99
RollsRoyce	844.20	850.20	-6.00	-0.71	-68.80	-7.5	-99.05
BrisMySq	45.36	44.92	0.44	0.98	-3.53	-7.2	-3.11
Kroger	21.46	21.43	0.03	0.14	-1.67	-7.2	-9.57
BkofComm	5.98	5.93	0.05	0.84	-0.46	-7.1	-3.08
Carnival	45.83	45.38	0.45	0.99	-2.97	-6.1	-11.26
EDF	10.95	10.85	0.10	0.92	-0.70	-6.0	-10.39
Formosa PetChem	111.50	111.00	0.50	0.45	-7.00	-5.9	-3.04
Celgene	92.37	92.41	-0.04	-0.04	-5.76	-5.9	-3.02
T-MobileUS	73.41	73.04	0.37	0.50	-4.53	-5.8	-5.03
Daqin	8.15	8.76	-0.61	-6.96	-0.47	-5.5	-0.73
ChMinsheng	5.45	5.40	0.05	0.93	-0.31	-5.4	-3.20
Glencore	263.90	277.40	-13.50	-4.87	-14.95	-5.4	-99.02
Exelon	47.60	47.79	-0.20	-0.41	-2.65	-5.3	-3.91
Ericsson	89.16	89.42	-0.26	-0.29	-4.92	-5.2	-6.42
Ch Rail Gp	5.99	5.98	0.01	0.17	-0.33	-5.2	4.59
Viacom	29.16	29.03	0.13	0.45	-1.55	-5.0	3.81
Salesforce	149.37	149.04	0.33	0.22	-7.83	-5.0	-3.53
Comcast	41.56	42.11	-0.56	-1.32	-2.13	-4.9	-2.78

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKETS

BONDS: GLOBAL INVESTMENT GRADE

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

Euro Euribor	0.001	-0.38800	-0.34300	-0.31100	-0.21100
Sterling CDs	0.000	0.75000	0.77000	0.86500	
US$ CDs	0.000	2.45000	2.56000	2.65000	
Euro CDs		-	-	-	-

Jun 27	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.62	-0.32	-0.61	-0.31	-0.57	-0.27	-0.53	-0.23	-0.53	-0.23	-0.46	-0.16
Sterling			0.45	0.55	0.70	0.80	0.72	0.82	0.79	0.94	0.88	1.03
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	2.60	2.90	2.33	2.63	2.31	2.61	2.26	2.56	2.19	2.49	2.19	2.49
Japanese Yen	-5.10	-4.60	-0.50	-0.20	-0.25	0.05	-0.10	0.20	-0.05	0.25	0.00	0.30

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
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	400.37	-4.24	-	-	9.47	-18.30
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	256.47	-7.41	4.77	-41.26	315.74	243.40
Europe 5Y	53.63	-1.31	-0.36	-15.53	73.15	52.42
Japan 5Y	62.58	-1.11	-0.96	-1.23	72.09	53.60
Senior Financials 5Y	65.98	-1.16	-1.41	-22.81	93.48	64.56
Markit CDX						
Emerging Markets 5Y	174.33	-2.82	-0.36	-37.19	211.60	165.65
Nth Amer High Yld 5Y	333.12	-3.77	4.63	-43.80	396.57	320.13
Nth Amer Inv Grade 5Y	57.37	-0.87	2.14	-9.86	70.26	53.80

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

VOLATILITY INDICES

BONDS: BENCHMARK GOVERNMENT

GILTS: UK CASH MARKET

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Jul	58.98	-0.25	Corn♦	Jul	442.75	-0.25
Brent Crude Oil‡		65.89	-0.36	Wheat♦	Jul	550.50	6.50
RBOB Gasoline†	Jul	1.90	-0.06	Soybeans♦	Jul	895.75	2.00
Heating Oil†		-	-	Soybeans Meal♦	Jul	314.20	0.40
Natural Gas†	Jul	2.29	0.02	Cocoa (ICE Liffe)✠	Jul	1785.00	-17.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Jul	2484.00	0.00
Uranium†	Jul	25.15	0.00	Coffee(Robusta)✠	Jul	1403.00	-15.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Jul	105.00	0.55
Diesel†		-	-	White Sugar✠		329.30	10.30
Base Metals (♠ LME 3 Months)				Sugar 11♥		12.31	-0.01
Aluminium		1792.50	-21.50	Cotton♥	Jul	62.38	-2.08
Aluminium Alloy		1235.00	35.00	Orange Juice♥	Jul	99.20	0.20
Copper		5992.50	-4.50	Palm Oil♣		-	-
Lead		1937.50	15.00	Live Cattle♣	Aug	105.33	0.00
Nickel		12725.00	220.00	Feeder Cattle♣	Aug	135.83	4.18
Tin		18860.00	10.00	Lean Hogs♣	Jul	73.60	0.00
Zinc		2485.50	-15.00				

	Price*	Change		Jun 26	% Chg Month	% Chg Year
Precious Metals (PM London Fix)						
Gold	1403.95	-27.45				
Silver (US cents)	1525.50	-14.50	S&P GSCI Spt	430.14	0.72	-9.06
Platinum	806.00	-6.00	DJ UBS Spot	80.12	1.78	-7.42
Palladium	1536.00	11.00	TR/CC CRB TR	191.21	2.31	-5.38
Bulk Commodities			M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Iron Ore	116.35	1.60	UBS Bberg CMCI TR	14.65	1.79	-5.41
GlobalCOAL RB Index	65.00	1.00	LEBA EUA Carbon	26.08	0.00	17.48
Baltic Dry Index	1317.00	78.00	LEBA CER Carbon	0.21	0.00	-4.55
			LEBA UK Power	1900.00	4.40	-34.48

Sources: † NYMEX, ‡ ECX/ICE, ♦ CBOT, ✠ ICE Liffe, ♥ ICE Futures, ♣ CME, ♠ LME/London Metal Exchange.* Latest prices, $ unless otherwise stated.

BONDS: INDEX-LINKED

	Price Jun 26	Yield Jun 26	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	110.15	0.063	0.063	0.54	5.18	82395.18	8
Fr 2.25%' 20	103.77	-1.202	-1.202	0.09	20.21	259216.37	16
Swe 0.25%' 22	115.98	-2.405	-2.405	0.23	34.16	242706.19	7
UK 2.5%' 22	116.79	-2.794	-2.794	0.72	15.74	709019.77	28
UK 2.5%' 24	370.24	-2.518	-2.518	0.76	6.82	709019.77	28
UK 2%' 35	290.97	-2.172	-2.172	0.82	9.08	709019.77	28
US 0.625%' 21	100.50	0.377	0.377	0.42	35.84	1386886.78	40
US 3.625%' 28	128.17	0.369	0.369	0.89	16.78	1386886.78	40

Representative stocks from each major market Source: Merill Lynch Global Bond Indices † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	1.28	1.68	-0.75	Italy	1.89	2.28	-0.14
Austria	-0.53	-	-	Japan	-0.16	0.24	-2.19
Belgium	-	-	-	Netherlands	-	-	-
Canada	1.48	1.87	-0.55	Norway	-	-	-
Denmark	-0.65	-	-	Portugal	-	-	-
Finland	-0.14	0.26	-2.17	Spain	0.33	0.73	-1.70
France	-	-	-	Switzerland	-	-	-
Germany	-0.39	0.00	-2.42	United Kingdom	0.78	1.18	-1.25
Greece	-	-	-	United States	2.03	2.42	0.00

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company.

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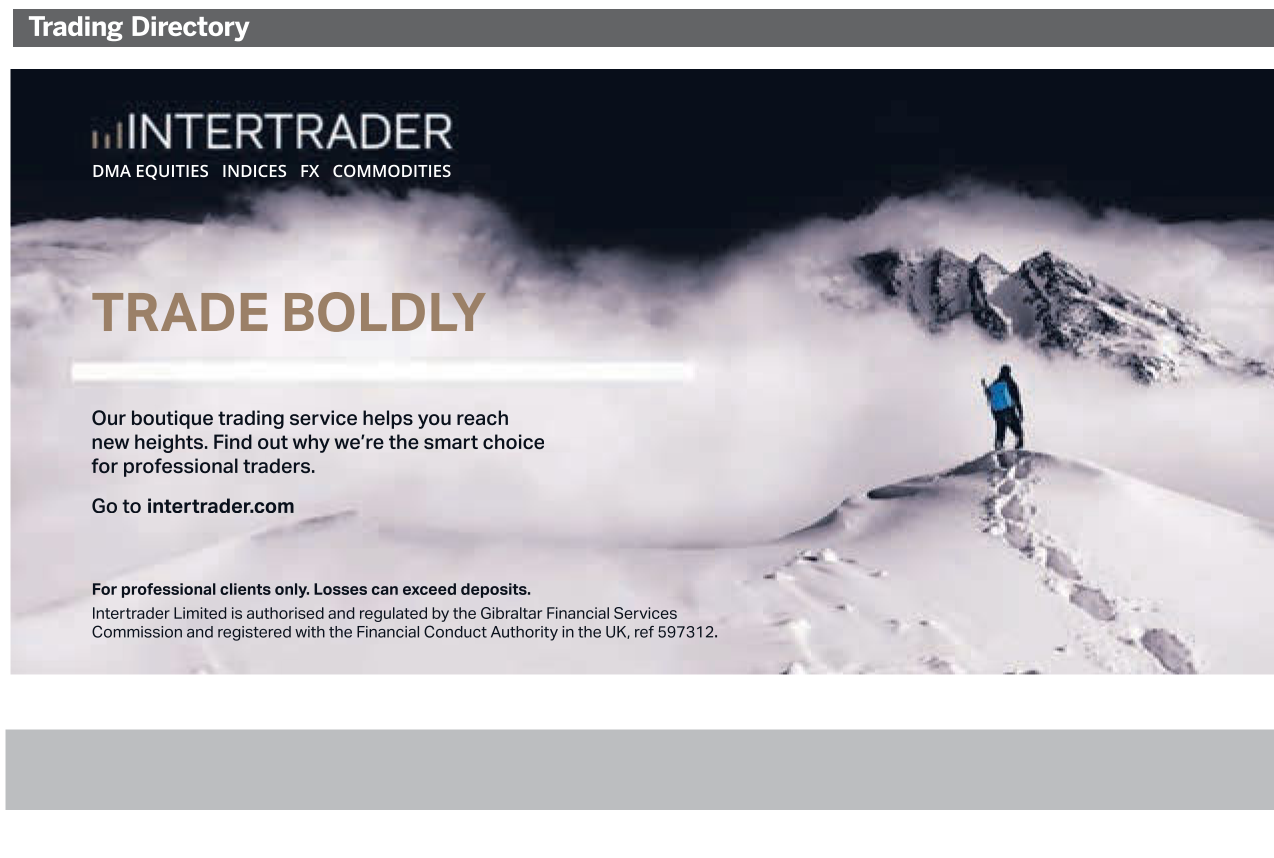
FINANCIAL TIMES SHARE SERVICE

Main Market

AIM

Investment Companies

Trading Directory



Guide to FT Share Service

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All data is as of close of the previous business day. Company classifications are based on the ICB system used by FTSE (see www.icbenchmark.com). FTSE 100 constituent stocks are shown in bold.

Closing prices are shown in pence unless otherwise indicated. Highs & lows are based on intra-day trading over a rolling 52 week period. Price/earnings ratios (PER) are based on latest annual reports and accounts and are updated with interim figures. PER is calculated using the company's diluted earnings from continuing operations. Yields are based on closing price and on dividends paid in the last financial year and updated with interim figures. Yields are shown in net terms; dividends on UK companies are net of 10% tax, non-UK companies are gross of tax. Highs & lows, yields and PER are adjusted to reflect capital changes where appropriate.

Trading volumes are end of day aggregated totals, rounded to the nearest 1,000 shares.

Net asset value per share (NAV) and split analytics are provided only as a guide. Discounts and premiums are calculated using the latest cum fair net asset value estimate and closing price. Discounts, premiums, gross redemption yield (GRY), and hurdle rate (HR) to share price (SP) and HR to wipe out (WO) are displayed as a percentage, NAV and terminal asset value per share (TAV) in pence.

- ✠ FT Global 500 company
- ♦ trading ex-dividend
- ■ trading ex-capital distribution
- # price at time of suspension from trading

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DB PWM
Société d'investissement à capital variable
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L-1115 Luxemburg
R.C.S. Luxembourg B 163.660

Subsequent to the first extraordinary general meeting of DB PWM (the "**Company**"), which has been convened on 27th of June 2019 at 12 p.m. (noon) CET at the registered office of the Company and in which the legally required quorum has not been reached, the shareholders are hereby invited to attend a

Second Extraordinary General Meeting
(the "**Meeting**")

taking place on 15th of July 2019 at 12 p.m. (noon) CET at the registered office of the Company with the following agenda:

Agenda:

1. Changes within the articles 16.1 and 16.2 of the Company´s articles of association implementing additions with regard to the establishment and liquidation of sub-funds with maturity.
2. Deletion of references to specific articles of the Law of 10 August 1915 on commercial companies, as amended.
3. Miscellaneous.

Shareholders who submit the depositary's receipt of a credit institution by 9th of July 2019 at the latest, indicating that the shares are held and blocked until the end of Meeting, are entitled to participate and exercise their voting right at the Meeting. Shareholders may also choose to be represented by a proxy, who is authorised for such purpose in writing.

The items on the agenda of the Meeting do not require a quorum. Resolutions are passed by a two-third majority of shares present or represented.

Shareholders may request the draft of the updated Articles at the registered office of the Company.

Luxembourg, June 2019
The Board of Directors

MANAGED FUNDS SERVICE

Aberdeen Standard Capital (JER)
PO Box 189, St Helier, Jersey, JE4 9RU 01534 709130
FCA Recognised
Aberdeen Standard Capital Offshore Strategy Fund Limited

Fund	Bid	Offer	+/-	Yield
Bridge Fund	£ 1.9505	-	-0.0090	2.00
Global Equity Fund	£ 2.6091	-	-0.0124	1.12
Global Fixed Interest Fund	£ 0.9797	-	-0.0010	4.58
Income Fund	£ 0.5937	-	-0.0035	3.12
Sterling Fixed Interest Fund	£ 0.8779	-	-0.0020	3.20
UK Equity Fund	£ 2.1715	-	-0.0056	3.36

Algebris Investments (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Algebris Financial Credit Fund - Class I EUR	€ 159.10	-	-0.01	0.00
Algebris Financial Income Fund - Class I EUR	€ 134.14	-	0.44	0.00
Algebris Financial Equity Fund - Class B EUR	€ 104.57	-	1.23	0.00
Algebris Asset Allocation Fund - Class B EUR	€ 101.48	-	-0.10	-
Algebris Macro Credit B EUR Acc	€ 107.38	-	-0.45	0.00
Algebris Core Italy Fund - Class R EUR	€ 94.94	-	0.60	0.00

The Antares European Fund Limited
Other International

Fund	Bid	Offer	+/-	Yield
AEF Ltd Usd (Est)	$ 585.55	-	5.16	-
AEF Ltd Eur (Est)	€ 555.50	-	4.50	0.00

Arisaig Partners
Other International Funds

Fund	Bid	Offer	+/-	Yield
Arisaig Africa Consumer Fund Limited	$ 11.08	-	-0.08	0.00
Arisaig Asia Consumer Fund Limited	$ 94.84	-	-0.13	0.00
Arisaig Global Emerging Markets Consumer Fund	$ 11.96	-	-0.01	0.00
Arisaig Global Emerging Markets Consumer UCITS	€ 13.60	-	-0.01	0.00
Arisaig Global Emerging Markets Consumer UCITS STG	£ 15.49	-	0.04	0.00
Arisaig Latin America Consumer Fund	$ 27.68	-	0.02	0.00

ARTEMIS The Profit Hunter

Artemis Fund Managers Ltd (1200)F (UK)
57 St. James's Street, London SW1A 1LD 0800 092 2051
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Artemis Capital R ACC	1558.63	-	1.74	3.34
Artemis European Growth R Acc	329.89	-	-1.32	1.31
Artemis European Opps R Acc	106.60	-	0.19	1.12
Artemis Global Emg Mkts I GBP Acc	145.22	-	0.29	-
Artemis Global Emg Mkts I GBP Dist	129.59	-	0.26	-
Artemis Global Energy R Acc	33.30	-	0.31	0.59
Artemis Global Growth R Acc	269.47	-	-0.55	1.47
Artemis Global Income R Acc	124.38	-	0.54	3.39
Artemis Global Income R Inc	89.60	-	0.38	3.47
Artemis Global select R Acc	117.47	-	-0.52	0.05
Artemis High Income R Inc	74.87	-	0.01	5.72
Artemis Income R Acc	431.34	-	-1.74	4.40
Artemis Income R Inc	217.98	-	-0.88	4.55
Artemis Monthly Dist R Inc	68.16	-	-0.04	4.60
Artemis Pan-Euro Abs Ret GBP	111.89	-	0.51	-
Artemis Strategic Assets R Acc	74.29	-	-0.16	0.00
Artemis Strategic Bond R M Acc	98.35	-	-0.05	3.18
Artemis Strategic Bond R M Inc	56.44	-	-0.03	3.24
Artemis Strategic Bond R Q Acc	98.52	-	-0.06	3.25
Artemis Strategic Bond R Q Inc	56.65	-	-0.03	3.32
Artemis UK Select Fund Class R Acc	517.21	-	1.31	2.06
Artemis UK Smaller Cos R Acc	1620.40	-	-0.36	1.42
Artemis UK Special Sits R Acc	556.97	-	0.65	2.18
Artemis US Abs Ret I Acc	115.18	-	-0.16	0.26
Artemis US Equity I Acc	209.53	-	-0.95	0.29
Artemis US Ex Alpha I Acc	226.89	-	-0.67	0.03
Artemis US Extended Alpha I Hedged Acc	£ 1.49	-	0.00	0.00
Artemis US Select I Acc	220.35	-	-1.05	0.27
Artemis US Select I Hedged Acc	£ 1.55	-	0.00	0.28
Artemis US Select I Inc	195.04	-	-0.94	0.27
Artemis US Smlr Cos I Acc	236.11	-	-1.17	0.00

Ashmore Investment Management Limited (LUX)
2 rue Albert Borschette L-1246 Luxembourg
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Ashmore SICAV Emerging Market Debt Fund	$ 100.49	-	-0.10	-
Ashmore SICAV Emerging Market Frontier Equity Fund	$ 170.74	-	-0.55	0.66
Ashmore SICAV Emerging Market Total Return Fund	$ 87.82	-	-0.07	-
Ashmore SICAV Global Small Cap Equity Fund	$ 143.63	-	1.00	0.00
EM Active Equity Fund Acc USD	$ 130.72	-	0.86	-
EM Equity Fund Acc USD	$ 101.89	-	0.68	-
EM Mkts Corp.Debt USD F	$ 93.27	-	0.09	6.33
EM Mkts Loc.Ccy Bd USD F	$ 81.72	-	-0.04	5.56
EM Short Duration Fund Acc USD	$ 145.37	-	0.01	-

Atlantas Sicav (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
American Dynamic	$ 4820.57	4820.57	-14.86	0.00
American One	$ 4721.69	4721.69	84.00	-
Bond Global	€ 1503.81	1503.81	-0.65	-
Eurocroissance	€ 1082.22	1082.22	22.33	-
Far East	$ 857.71	-	25.26	-

Barclays Investment Funds (CI) Ltd (JER)
39/41 Broad Street, St Helier, Jersey, JE2 3RR Channel Islands 01534 812800
FCA Recognised
Bond Funds

Fund	Bid	Offer	+/-	Yield
Sterling Bond F	£ 0.48	-	0.00	2.49

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Diversified Income 1 Units GBP Inc	£ 1.61	1.61	0.00	2.41
Diversified Income 2 Units GBP Inc	£ 1.55	1.55	0.00	2.42
Diversified Income 3 Units GBP Inc	£ 1.56	1.56	0.00	2.39

The Public Sector Deposit Fund

Fund	Bid	Offer	+/-	Yield
The Public Sector Deposit Fund-share class 1 ♦ F *	100.00	-	0.00	0.82
The Public Sector Deposit Fund-share class 4 ♦ F *	100.00	-	0.00	0.76

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Property & Other UK Unit Trusts
CBF Church of England Funds

Fund	Bid	Offer	+/-	Yield
Investment Inc	1845.92	1854.84	13.58	3.08
Investment Acc	4248.15	4268.67	31.27	0.00
Global Equity Inc	217.73	218.06	2.49	3.42
Global Equity Acc	365.49	366.04	4.19	0.00
UK Equity Inc	189.17	189.69	1.49	3.34
UK Equity Acc	319.49	320.35	2.52	0.00
Fixed Interest Inc	165.78	166.45	0.62	4.02
Fixed Interest Acc	579.39	581.72	2.20	0.00
Property Fund Inc	137.41	142.01	0.25	5.42

CCLA Fund Managers Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Property & Other UK Unit Trusts
COIF Charity Funds (UK)

Fund	Bid	Offer	+/-	Yield
Investment Inc	1637.40	1645.32	-3.30	3.17
Investment Acc	17790.28	17876.24	-35.81	0.00
Ethical Invest Inc	250.30	251.51	-0.63	3.28
Ethical Invest Acc	365.05	366.81	-0.91	0.00
Global Equity Inc	202.83	203.14	-0.83	3.38
Global Equity Acc	344.20	344.72	-1.41	0.00
Fixed Interest Inc	138.18	138.74	0.40	3.24
Fixed Interest Acc	895.64	899.24	2.56	0.00
Property Inc	117.68	121.63	0.03	5.45

Local Authorities Property Fd (LAMIT) (UK)

Fund	Bid	Offer	+/-	Yield
Property	302.64	328.16	0.89	4.81

CG Asset Management Limited (IRL)
25 Moorgate, London, EC2R 6AY
Dealing: Tel. +353 1434 5098 Fax. +353 1542 2859
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Capital Gearing Portfolio Inc	£ 32786.20	32786.20	213.97	0.71

CG Portfolio Fund Plc

Fund	Bid	Offer	+/-	Yield
Absolute Return Cls M Inc	£ 123.37	123.37	0.00	1.23
Capital Value Cls V Inc	£ 162.46	162.46	-0.04	0.85
Dollar Fund Cls D Inc	£ 163.22	163.22	0.32	1.82
Dollar Hedged GBP Inc	£ 98.67	98.67	-0.13	2.02
Real Return Cls A Inc	£ 203.59	203.59	0.47	2.60

Charles Schwab Worldwide Funds Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Schwab USD Liquid Assets Fd	$ 1.00	-	0.00	1.44

Chartered Asset Management Pte Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
CAM-GTF Limited	$ 286880.62	286880.62	1659.05	0.00
CAM-GTi Limited	$ 603.66	-	3.24	0.00
Raffles-Asia Investment Company	$ 1.35	1.35	-0.07	3.02

Cheyne Capital Management (UK) LLP
Other International Funds

Fund	Bid	Offer	+/-	Yield
Cheyne European Event Driven Fund (M)	€ 144.16	-	-0.70	-

price updated (D) daily, (W) weekly, (M) monthly

Consistent Unit Tst Mgt Co Ltd (1200)F (UK)
Stuart House, St. John's Street, Peterborough, PE1 5DD
Dealing & Client Services 0345 850 8818
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Consistent UT Inc	49.18	50.46	-0.11	2.62
Consistent UT Acc	129.00	132.40	-0.30	2.62
Practical Investment Inc	232.90	249.40	0.30	3.20
Practical Investment Acc	1276.00	1367.00	2.00	3.20

DODGE & COX® WORLDWIDE FUNDS

Dodge & Cox Worldwide Funds (IRL)
6 Duke Street,St.James,London SW1Y 6BN
www.dodgeandcox.worldwide.com 020 3713 7664
FCA Recognised
Dodge & Cox Worldwide Funds plc - Global Bond Fund

Fund	Bid	Offer	+/-	Yield
EUR Accumulating Class	€ 13.93	-	0.00	-
EUR Accumulating Class (H)	€ 10.49	-	0.00	0.00
EUR Distributing Class	€ 11.49	-	0.00	-
EUR Distributing Class (H)	€ 8.64	-	0.00	4.44
GBP Distributing Class	£ 12.55	-	-0.01	-
GBP Distributing Class (H)	£ 10.09	-	0.00	4.46
USD Accumulating Class	$ 11.42	-	0.00	-

Dodge & Cox Worldwide Funds plc-Global Stock Fund

Fund	Bid	Offer	+/-	Yield
USD Accumulating Share Class	$ 21.25	-	0.12	0.00
GBP Accumulating Share Class	£ 27.54	-	0.15	0.00
GBP Distributing Share class	£ 19.35	-	0.11	1.37
EUR Accumulating Share Class	€ 28.07	-	0.16	0.00
GBP Distributing Class (H)	£ 10.90	-	0.06	1.54

Dodge & Cox Worldwide Funds plc-U.S. Stock Fund

Fund	Bid	Offer	+/-	Yield
USD Accumulating Share Class	$ 26.26	-	0.01	0.00
GBP Accumulating Share Class	£ 32.20	-	0.02	-
GBP Distributing Share Class	£ 19.92	-	0.01	0.76
EUR Accumulating Share Class	€ 29.97	-	0.03	-
GBP Distributing Class (H)	£ 11.44	-	0.01	0.77

DRAGON CAPITAL

Dragon Capital Group
1501 Me Linh Point, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam
Fund information, dealing and administration: funds@dragoncapital.com
Other International Funds

Fund	Bid	Offer	+/-	Yield
Vietnam Property Fund (VPF) NAV	$ 0.80	-	0.03	0.00

edentree investment management

EdenTree Investment Management Ltd (UK)
PO Box 3733, Swindon, SN4 4BG, 0800 358 3010
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Amity UK Cls A Inc	233.00	-	-0.50	1.53
Amity UK Cls B Inc	232.70	-	-0.60	2.36
Higher Income Cls A Inc	132.60	-	0.10	4.78
Higher Income Cls B Inc	139.00	-	0.00	4.77
UK Equity Growth Cls A Inc	286.80	-	0.20	-
UK Equity Growth Cls B Inc	293.40	-	0.20	-
Amity Balanced For Charities A Inc	110.20	-	-0.10	5.58
Amity European Fund Cls A Inc	264.70	-	-0.90	-
Amity European Fund Cls B Inc	267.90	-	-0.90	-
Amity Global Equity Inc for Charities A Inc	137.60	-	-0.40	3.20
Amity International Cls A Inc	276.90	-	-0.10	-
Amity International Cls B Inc	279.80	-	-0.10	-
Amity Sterling Bond Fund A Inc	105.00	-	-0.10	3.85
Amity Sterling Bond Fund B Inc	116.10	-	0.00	3.85

Electric & General (1000)F (UK)
Stuart House St.John's Street Peterborough PE1 5DD
Orders & Enquiries: 0845 850 0255
Authorised Inv Funds
Authorised Corporate Director - Carvetian Capital Management

Fund	Bid	Offer	+/-	Yield
Electric&General Net Income A	227.20	-	-1.70	1.13

Ennismore Smaller Cos Plc (IRL)
5 Kensington Church St, London W8 4LD 020 7368 4220
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Ennismore European Smlr Cos NAV	€ 141.59	-	-0.03	0.00
Ennismore European Smlr Cos NAV	€ 157.78	-	-0.47	0.00

Ennismore European Smlr Cos Hedge Fd
Other International Funds

Fund	Bid	Offer	+/-	Yield
NAV	€ 580.24	-	-0.64	0.00

Equinox Fund Mgmt (Guernsey) Limited (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Equinox Russian Opportunities Fund Limited	$ 163.78	-	1.94	0.00

Euronova Asset Management UK LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
Smaller Cos Cls One Shares	€ 44.89	-	0.20	0.00
Smaller Cos Cls Two Shares	€ 30.11	-	0.13	0.00
Smaller Cos Cls Three Shares	€ 15.19	-	0.06	0.00
Smaller Cos Cls Four Shares	€ 19.49	-	0.09	0.00

Fidelity INTERNATIONAL

FIL Investment Services (UK) Limited (1200)F (UK)
130, Tonbridge Rd, Tonbridge TN11 9DZ
Callfree: Private Clients 0800 414161
Broker Dealings: 0800 414 181
OEIC Funds

Fund	Bid	Offer	+/-	Yield
Allocator World Fund Y-ACC-GBP	£ 2.03	-	-0.01	1.14
American Special Sits W-ACC-GBP	£ 16.32	-	-0.15	-
Asia Pacific Ops W-Acc	£ 2.10	-	0.01	1.10
Asian Dividend Fund W-ACC-GBP	£ 2.07	-	0.01	2.52
China Consumer Fund W-ACC-GBP	£ 2.98	-	0.03	0.44
Emerging Asia Fund W-ACC-GBP	£ 1.59	-	0.02	0.69
Enhanced Income Fund W-INC-GBP	£ 0.90	-	-0.01	7.58
European Fund W-ACC-GBP	£ 17.68	-	-0.12	-
Extra Income Fund Y-ACC-GBP	£ 1.33	-	0.00	-
FID INST - Emerging Markets Fund W-ACC-GBP	£ 1.62	-	0.00	-
Fidelity American Fund W-ACC-GBP	£ 45.20	-	-0.40	0.66
Fidelity Asia Fund W-ACC-GBP	£ 14.24	-	0.11	-
Fidelity Cash Fund Y-ACC-GBP	£ 1.01	-	0.00	0.55
FID Emerg Europe, Middle East and Africa Fund W-ACC-GBP	£ 2.32	-	0.00	3.21
Fidelity European Opportunities W Acc	£ 4.82	-	0.00	-
Fidelity Global Enhanced Income Fund W-ACC-GBP	£ 1.91	-	-0.01	3.73
Fidelity Global Focus Fund W-ACC-GBP	£ 24.76	-	-0.15	0.40
Fidelity Global High Yield Fund Y-ACC-GBP	£ 14.81	-	0.00	3.27
Fidelity Japan Fund W-ACC-GBP	£ 3.87	-	0.00	-
Fidelity Japan Smaller Companies Fund W-ACC-GBP	£ 3.20	-	0.01	0.47
Fidelity Multi Asset Income Fund N Acc	£ 1.05	-	0.00	-
Fidelity Select 50 Balanced Fund PI-ACC-GBP	£ 1.07	-	0.00	0.60
Short Dated Corporate Bond Fund Y ACC GBP	£ 10.62	-	0.00	3.80
Fidelity Special Situations Fund W-ACC-GBP	£ 36.64	-	-0.06	2.36
Fidelity UK Growth Fund W-ACC-GBP	£ 3.34	-	-0.05	-
Fidelity UK Select Fund W-ACC-GBP	£ 3.20	-	-0.02	2.04
Global Dividend Fund W-ACC-GBP	£ 2.37	-	-0.02	2.74
Global Property Fund W-ACC-GBP	£ 1.99	-	-0.04	1.67
Global Special Sits W-ACC-GBP	£ 40.40	-	-0.23	0.94
Index Emerging Markets P-Acc	£ 1.60	-	0.01	-
Index Europe ex UK P-Acc	£ 1.51	-	-0.01	2.50
Index Japan P-Acc	£ 1.62	-	0.00	2.04
Index Pacific ex Japan P-Acc	£ 1.75	-	0.00	3.30
Index UK P-Acc	£ 1.37	-	0.00	3.56
Index US P-Acc	£ 2.27	-	-0.02	-
Index World P-Acc	£ 1.93	-	-0.01	1.92
MoneyBuilder Balanced Y-ACC-GBP	£ 0.57	-	0.00	-
MoneyBuilder Dividend Y-INC-GBP	£ 1.23	-	-0.01	5.22
MoneyBuilder Income Fund Y-ACC-GBP	£ 13.49	-	-0.03	3.18
Multi Asset Allocator Adventurous Fund Y-ACC-GBP	£ 1.73	-	-0.01	1.37
Multi Asset Allocator Defensive Fund Y-ACC-GBP	£ 1.32	-	0.00	1.19
Multi Asset Allocator Growth Fund Y-ACC-GBP	£ 1.61	-	-0.01	1.27
Multi Asset Income Fund N-INC-GBP	£ 1.09	-	0.00	4.09
Multi Asset Allocator Strategic Fund Y-ACC-GBP	£ 1.49	-	0.00	1.16
Multi Asset Open Advent N-ACC-GBP	£ 1.46	-	0.00	0.72
Multi Asset Open Defen N-ACC-GBP	£ 1.28	-	0.00	1.19
Multi Asset Open Growth N-ACC-GBP	£ 1.40	-	0.00	-
Multi Asset Open Strat N-ACC-GBP	£ 1.36	-	-0.01	1.27
Open World Fund N-ACC-GBP	£ 1.75	-	-0.01	0.43
Strategic Bond Fund Y-ACC-GBP	£ 1.26	-	0.00	1.91
UK Opportunities Fund W-ACC-GBP	217.80	-	-0.10	1.26
UK Smaller Companies W-ACC-GBP	£ 2.52	-	-0.01	1.70

Institutional OEIC Funds

Fund	Bid	Offer	+/-	Yield
America	£ 6.47	-	-0.06	-
Emerging Markets	£ 4.92	-	0.03	-
Europe (ex-UK) Fund ACC-GBP	£ 5.87	-	-0.05	-
Fidelity Pre-Retirement Bond Fund	£ 147.20	-	-0.50	-
Global Focus	£ 4.83	-	-0.03	-
Index Linked Bond Gross	£ 4.34	-	-0.03	0.29
Japan	£ 2.99	-	0.01	-
Long Bond Gross	£ 1.07	-	-0.01	-
Pacific (Ex Japan)	£ 5.56	-	0.02	-
Select Emerging Markets Equities	£ 1.93	-	0.01	-
Select Global Equities	£ 4.57	-	-0.02	0.96
South East Asia	£ 6.11	-	0.03	-
Sterling Core Plus Bond Gr Accum	£ 2.72	-	-0.02	2.00
UK	£ 4.29	-	-0.01	-
UK Aggreg Bond Gr Accum	£ 2.21	-	-0.01	1.80
UK Corporate Bond - Gross	£ 2.75	-	0.00	2.26
UK Gilt Gross	£ 2.40	-	-0.01	1.31
UK Long Corp Bond - Gross	£ 3.26	-	-0.02	2.61

Findlay Park Funds Plc (IRL)
30 Herbert Street, Dublin 2, Ireland Tel: 020 7968 4900
FCA Recognised

Fund	Bid	Offer	+/-	Yield
American Fund USD Class	$ 126.08	-	-0.32	0.17
American Fund GBP Hedged	£ 65.40	-	-0.18	0.18
American Fund GBP Unhedged	£ 99.44	-	0.09	0.17

Foord Asset Management
Website: www.foord.com - Email: info@foord.com
FCA Recognised - Luxembourg UCITS

Fund	Bid	Offer	+/-	Yield
Foord International Fund | R	$ 39.17	-	-0.06	-
Foord Global Equity Fund (Lux) | R	$ 12.67	-	0.05	-

Regulated

Fund	Bid	Offer	+/-	Yield
Foord Global Equity Fund (Sing) | B	$ 15.45	-	0.06	0.00
Foord International Trust (Gsy)	$ 38.87	-	-0.06	0.00

Franklin Templeton International Services Sarl (IRL)
JPMorgan House - International Financial Services Centre,Dublin 1, Ireland
Other International Funds
Franklin Emerging Market Debt Opportunities Fund Plc

Fund	Bid	Offer	+/-	Yield
Franklin Emg Mkts Debt Opp CHF	SFr 16.26	-	-0.27	9.30
Franklin Emg Mkts Debt Opp GBP	£ 10.41	-	-0.01	6.84
Franklin Emg Mkts Debt Opp SGD	S$ 22.25	-	-0.14	5.13
Franklin Emg Mkts Debt Opp USD	$ 17.39	-	-0.15	6.67

Fundsmith Equity Fund

Fundsmith LLP (1200)F (UK)
PO Box 10846, Chelmsford, Essex, CM99 2BW 0330 123 1815
www.fundsmith.co.uk, enquiries@fundsmith.co.uk
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Fundsmith Equity T Acc	455.16	-	-3.69	-
Fundsmith Equity T Inc	420.08	-	-3.41	-

GAM
funds@gam.com, www.funds.gam.com
Regulated

Fund	Bid	Offer	+/-	Yield
LAPIS TOP 25 DIV.YLD-D	£ 109.64	-	0.27	2.08

GYS Investment Management Ltd (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Taurus Emerging Fund Ltd	$ 113.32	115.64	6.09	0.00

Genesis Asset Managers LLP
Other International Funds

Fund	Bid	Offer	+/-	Yield
Emerging Mkts NAV	£ 7.21	-	-0.16	0.00

Global www.globalinv.net

Global Investment House

Fund	Bid	Offer	+/-	Yield
Global GCC Islamic Fund	$ 118.23	-	-1.03	0.00
Global GCC Large Cap Fund	$ 185.86	-	-2.36	0.00
Global Saudi Equity Fund	SR 299.93	-	-0.86	0.00

HPB Assurance Ltd
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01638 563490
International Insurances

Fund	Bid	Offer	+/-	Yield
Holiday Property Bond Ser 1	£ 0.52	-	0.00	0.00
Holiday Property Bond Ser 2	£ 0.64	-	0.01	0.00

Haussmann
Other International Funds

Fund	Bid	Offer	+/-	Yield
Haussmann Cls A	$ 2862.09	-	37.27	0.00
Haussmann Cls C	€ 2306.34	-	27.28	0.00
Haussmann Cls D	SFr 1198.99	-	14.05	0.00

HERMES INVESTMENT MANAGEMENT

Hermes Investment Funds Plc (IRL)
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ +44 (0) 207 702 0888
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Hermes Abs Return Credit Fund Class F Acc	£ 1.33	1.33	0.00	0.00
Hermes Abs Return Credit Fund Class F Acc USD	€ 1.92	1.92	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class C Acc GBP	£ 2.55	2.55	0.03	-
Hermes Asia Ex-Japan Equity Fund Class C Acc USD	€ 4.40	4.40	0.04	-
Hermes Europe Ex-UK Equity Fund Class F Acc	£ 2.19	2.19	0.00	-
Hermes Europe Ex-UK Equity Fund Class F Acc EUR	€ 4.09	4.09	-0.01	0.00
Hermes European Alpha Equity Fund Class F Acc	£ 1.76	1.76	-0.01	-
Hermes European Alpha Equity Fund Class F Dis	£ 1.65	1.65	0.00	-
Hermes European Alpha Equity Fund Class F Acc EUR	€ 3.40	3.40	0.00	-
Hermes GEMs SMID Equity Fund Class F GBP Acc	£ 1.14	-	0.01	-
Hermes Global Emerging Markets Fund Class F Acc	£ 2.07	2.07	0.02	-
Hermes Global Emerging Markets Fund Class F Acc USD	$ 4.20	4.20	0.04	-
Hermes Global Equity Fund Class F Acc	£ 2.44	2.44	-0.01	0.00
Hermes Global Equity Fund Class R Acc USD	$ 5.13	5.13	0.00	0.00
Hermes Global ESG Equity Fund Class F Acc	£ 1.82	1.82	0.00	0.00
Hermes Global High Yield Credit Fund Class F Acc	£ 1.57	1.57	0.00	-
Hermes Global High Yield Credit Fund Class F Acc EUR	€ 3.27	3.27	0.00	-
Hermes Global Small Cap Fund Class F Acc	£ 1.60	1.60	0.00	0.00
Hermes Global Small Cap Fund Class F Acc USD	$ 2.17	2.17	-0.01	0.00
Hermes Impact Opportunities Equity Fund F	£ 2.05	-	0.01	0.00
Hermes Impact Opportunities Equity Fund F	$ 1.09	-	0.01	0.00
Hermes Multi Strategy Credit Fund Class F Acc Hed	£ 1.18	1.18	0.00	-
Hermes SDG Engagement Equity Fund F	£ 2.27	-	-0.01	0.00
Hermes SDG Engagement Equity Fund F	€ 1.19	-	-0.01	0.00
Hermes Unconstrained Credit Fund Class F USD Acc	$ 2.17	-	0.00	-
Hermes US SMID Equity Fund Class F Acc	£ 2.65	2.65	-0.01	0.00
Hermes US SMID Equity Fund Class F Acc USD	$ 4.51	4.51	0.00	0.00

Hermes Property Unit Trust (UK)
Property & Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
Property	£ 6.72	7.20	0.00	3.44

INDIA VALUE INVESTMENTS LIMITED (INVIL)
www.invil.mu
Other International Funds

Fund	Bid	Offer	+/-	Yield
NAV	£ 8.81	-	0.03	0.00

Intrinsic Value Investors (IVI) LLP (IRL)
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL +44 (0)20 7566 1210
FCA Recognised

Fund	Bid	Offer	+/-	Yield
IVI European Fund EUR	€ 23.16	-	-0.11	-
IVI European Fund GBP	£ 27.76	-	-0.05	-

Janus Henderson Investors (UK)
PO Box 9023, Chelmsford, CM99 2WB Enquiries: 0800 832 832
www.janushenderson.com
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Janus Henderson Asia Pacific Capital Growth Fund A Acc	1160.00	-	9.00	-
Janus Henderson Asian Dividend Income Unit Trust Inc	109.40	-	0.50	6.38
Janus Henderson Cautious Managed Fund A Acc	264.70	-	-0.60	3.52
Janus Henderson Cautious Managed Fund A Inc	145.80	-	-0.30	3.60
Janus Henderson China Opportunities Fund A Acc	1434.00	-	20.00	-
Janus Henderson Emerging Markets Opportunities Fund A Acc	206.40	-	0.30	0.57
Janus Henderson European Growth Fund A Acc	238.00	-	-1.10	0.80
Janus Henderson European Selected Opportunities Fund A Acc	1721.00	-	-9.00	0.35
Janus Henderson Fixed Interest Monthly Income Fund Inc	22.12	-	-0.04	4.40
Janus Henderson Global Sustainable Equity Fund A Inc	325.10	-	-0.30	-
Janus Henderson Global Equity Income Fund A Inc	61.17	-	-0.13	3.39
Janus Henderson Global Equity Fund Acc	3385.00	-	-7.00	-
Janus Henderson Global Technology Fund A Acc	1999.00	-	7.00	0.00
Janus Henderson Multi-Asset Absolute Return Fund A Acc	143.40	-	0.20	0.00
Janus Henderson Multi-Manager Active Fund A Acc	230.00	-	-0.40	-
Janus Henderson Multi-Manager Distribution Fund A Inc	134.30	-	0.00	2.90
Janus Henderson Multi-Manager Diversified Fund A Acc	88.34	-	-0.10	2.93
Janus Henderson Multi-Manager Global Select Fund Acc	253.50	-	0.10	0.00
Janus Henderson Multi-Manager Income & Growth Fund A Acc	181.10	-	0.10	2.38
Janus Henderson Multi-Manager Income & Growth Fund A Inc	153.80	-	0.10	2.41
Janus Henderson Multi-Manager Managed Fund A Acc	285.70	-	-0.60	0.21
Janus Henderson Multi-Manager Managed Fund A Inc	277.80	-	-0.50	0.20
Janus Henderson Sterling Bond Unit Trust Acc	232.10	-	-0.60	1.97
Janus Henderson Sterling Bond Unit Trust Inc	66.82	-	-0.15	1.99
Janus Henderson Strategic Bond Fund A Inc	126.10	-	-0.30	3.14
Janus Henderson UK & Irish Smaller Companies Fund A Acc	597.00	-	2.50	0.22
Janus Henderson UK Absolute Return Fund A Acc	155.00	-	-0.30	0.00
Janus Henderson UK Alpha Fund A Acc	148.20	-	-0.20	-
Janus Henderson UK Equity Income & Growth Fund A Inc	564.20	-	-2.60	-
Janus Henderson UK Index Fund A Acc	643.50	-	-2.30	3.23
Janus Henderson UK Property PAIF A Acc	£ 2.35	2.47	0.00	3.23
Janus Henderson UK Property PAIF A Inc	£ 1.02	1.07	0.00	3.29
Janus Henderson UK Tracker Fund A Acc	292.40	-	-1.20	3.42
Janus Henderson US Growth Fund A Acc	1264.00	-	-4.00	-

KAMES CAPITAL

Kames Capital ICVC (UK)
Kames House, 3 Lochside Crescent, Edinburgh, EH12 9SA
0800 358 3009 www.kamescapital.com
Authorised Funds

Fund	Bid	Offer	+/-	Yield
Kames Global Equity GBP B Acc	£ 2.33	-	-0.01	0.74
Diversified Monthly Inc B Acc	145.18	-	-0.02	4.90
Diversified Monthly Inc B Inc	110.53	-	-0.01	5.02
Diversified Growth B Acc	£ 1.62	-	0.00	2.89
Ethical Cautious Managed B Acc	£ 1.36	-	0.00	1.79
Ethical Cautious Managed B Inc	£ 1.20	-	0.00	1.81
Ethical Corporate Bond B Acc	£ 1.98	-	0.00	2.86
Ethical Corporate Bond B Inc	£ 1.04	-	0.00	2.86
Ethical Equity B Acc	£ 2.25	-	0.00	2.14
High Yield Bond B Acc	£ 2.90	-	0.00	4.32
High Yield Bond B Inc	£ 0.98	-	0.00	4.32
Investment Grade Bond B Acc	183.55	-	-0.34	1.77
Investment Grade Bond B Inc	£ 1.24	-	0.00	2.28
Kames Investment Grd Glbl Bd A Inc GBP H	579.07	-	-0.53	2.14
Sterling Corporate Bond B Acc	£ 0.87	-	0.00	2.84
Sterling Corporate Bond B Inc	£ 0.34	-	0.00	2.84
Strategic Bond B Acc	£ 1.28	-	0.00	2.18
Strategic Bond B Inc	£ 1.24	-	0.00	2.18
UK Equity B Acc	£ 3.07	-	-0.01	2.47
UK Equity Absolute Return B Acc	£ 1.14	-	0.00	0.00
UK Equity Income B Acc	£ 2.61	-	-0.01	4.86
UK Equity Income B Inc	£ 1.72	-	-0.01	5.02
UK Opportunities B Acc	£ 2.00	-	0.00	1.63
UK Smaller Companies B Acc	£ 3.82	-	0.00	1.47

Kames Capital Investment Portfolios ICVC (UK)
Kames House, 3 Lochside Crescent, Edinburgh, EH12 9SA
0800 358 3009 www.kamescapital.com
Authorised Funds

Fund	Bid	Offer	+/-	Yield
Property Income B Acc	127.99	127.99	0.00	4.18
Property Income B Inc	101.23	101.23	0.00	4.28

Kames Capital VCIC (IRL)
1 North Wall Quay, Dublin 1, Ireland +35 3162 24493
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Absolute Return Bond B GBP Acc	1113.85	-	-0.19	1.82
Eq Market Neutral B Acc	939.75	-	-0.06	0.00
High Yield Global Bond A GBP Inc	515.55	-	0.30	3.33
High Yield Global Bond B GBP Inc	1092.25	-	0.66	4.00
Kames Emerging Market Bond Fund - B Acc (USD)	$ 11.26	-	-0.03	0.00
Kames Global Equity Income B GBP Acc	1821.76	-	-5.35	0.00
Kames Global Equity Income B GBP Inc	1455.44	-	-8.32	3.19
Kames Global Diversified Growth Fund - B Acc EUR	€ 11.17	-	-0.02	0.00
Kames Global Equity Market Neutral Fund - B Acc GBP	£ 9.96	-	0.01	0.00
Global Sustainable Equity B Acc GBP	£ 16.41	-	-0.04	0.00
Global Sustainable Equity C Acc GBP	£ 16.56	-	-0.04	0.00
Kames Absolute Return Bond Global Fund - B Acc GBP	£ 10.31	-	-0.01	0.00
Short Dated High Yld Bd B Acc GBP	£ 10.41	-	0.01	0.00
Short Dated High Yld Bd C Acc GBP (Hdg)	£ 10.47	-	0.00	0.00
Strategic Global Bond A GBP Inc	1132.82	-	-1.14	1.27
Strategic Global Bond B GBP Inc	643.31	-	-0.64	1.92

Kleinwort Hambros Bank Limited (UK)
5TH Floor, 8 St James's Square, London, SW1Y 4JU
Dealing and enquiries: 033 0024 0785
Authorised Inv Funds
Unit Trust Manager/ACD - Host Capital

Fund	Bid	Offer	+/-	Yield
HC Kleinwort Hambros Growth A Acc	214.24	-	-0.63	1.36
HC Kleinwort Hambros Growth A Inc	194.37	-	-0.57	1.38
HC Kleinwort Hambros Equity Income A Inc	106.30	-	0.25	3.06
HC Kleinwort Hambros Equity Income A Acc	182.49	-	0.42	4.00
HC Kleinwort Hambros Multi Asset Balanced A Acc	164.47	-	-0.29	0.81
HC Kleinwort Hambros Multi Asset Balanced A Inc	155.44	-	-0.27	0.81
HC Kleinwort Hambros Fixed Income A Acc	132.23	-	-0.11	3.44
HC Kleinwort Hambros Fixed Income A Inc	109.28	-	-0.09	3.44

Link Asset Services (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 922 0044
Authorised Inv Funds
Investment Adviser - Morant Wright Management Limited

Fund	Bid	Offer	+/-	Yield
LF Morant Wright Japan A Acc ♦	380.67	-	4.75	0.87
LF Morant Wright Japan A Inc ♦	368.50	-	4.60	0.81
LF Morant Wright Japan B Acc ♦	412.36	-	5.15	1.39
LF Morant Wright Japan B Inc ♦	373.57	-	4.67	1.42
LF Morant Wright Nippon Yield A Acc ♦	398.98	-	5.08	2.96
LF Morant Wright Nippon Yield A Inc ♦	315.63	-	4.02	3.02
LF Morant Wright Nippon Yield B Acc ♦	421.15	-	5.36	2.95
LF Morant Wright Nippon Yield B Inc ♦	333.28	-	4.25	3.01

Lloyds Investment Fund Managers Limited (1000)F (JER)
PO Box 311, 11-12 Esplanade, St Helier, Jersey, JE4 8ZU 01534 845555
Other International Funds
Lloyds Investment Funds Limited

Fund	Bid	Offer	+/-	Yield
Euro High Income	€ 1.5810	-	-0.0030	2.83
High Income	£ 0.8615	-	-0.0024	3.87
Sterling Bond	£ 1.5470	-	-0.0050	2.35

Lloyds Money Fund Limited

Fund	Bid	Offer	+/-	Yield
Sterling Class	£ 52.3880	-	0.0010	0.20

Lloyds Multi Strategy Fund Limited

Fund	Bid	Offer	+/-	Yield
Conservative Strategy	£ 1.2850	-	-0.0030	0.00
Growth Strategy	£ 1.8600	-	0.0010	0.00
Aggressive Strategy	£ 2.5160	-	0.0040	0.00
Global USD Growth Strategy	$ 1.6430	-	-0.0040	0.00

Dealing Daily

Lothbury Property Trust (UK)
155 Bishopsgate, London EC2M 3TQ +44(0) 20 3551 4900
Property & Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
Lothbury Property Trust GBP	£ 1963.13	2116.15	5.95	3.08

M&G INVESTMENTS

M & G Securities (1200)F (UK)
PO Box 9038, Chelmsford, CM99 2XF
www.mandg.co.uk/charities Enq./Dealing: 0800 917 4472
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Charifund Inc	1580.55	-	4.61	5.12
Charifund Acc	25790.11	-	75.25	4.95

M & G Securities Ltd (UK)
UK Charity Funds

Fund	Bid	Offer	+/-	Yield
Charibond	123.90	-	-0.13	2.26
(Accum Units)	4094.44	-	-4.38	2.26
NAACIF	87.03	-	0.11	3.91
(Accum Units)	9005.25	-	11.89	3.81

MMIP Investment Management Limited (GSY)
Regulated
Multi-Manager Investment Programmes PCC Limited

Fund	Bid	Offer	+/-	Yield
UK Equity Fd Cl A Series 01	£ 2709.33	2736.04	-18.06	0.00
Diversified Absolute Rtn Fd USD Cl AF2	$ 1575.49	-	-24.49	0.00
Diversified Absolute Return Stlg Cell AF2	£ 1523.63	-	-33.25	0.00
Global Equity Fund A Lead Series	£ 1499.70	1504.47	-45.21	0.00

Marlborough Fd Managers Ltd (1200)F (UK)
Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP 0808 145 2500
www.marlboroughfunds.com
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Balanced	204.03	204.03	-0.12	0.25
Bond Income	51.17	51.17	-0.05	3.18
Cautious Inc	90.56	90.56	0.04	2.01
Defensive A Inc	112.89	112.89	-0.02	1.55
Emerging Markets	316.32	316.32	1.82	1.07
ETF Global Growth A	175.93	175.93	-1.35	0.00
ETF Commodity A	81.46	81.46	0.05	0.00
European Multi-Cap	466.85	466.85	-1.19	0.72
Extra Income	86.55	86.55	-0.22	3.86
Far East Growth A Inc	229.05	229.05	1.85	1.30
Global	251.08	251.08	-0.43	0.00
Global Bond Inc	157.54	157.54	-0.29	2.72
High Yield Fixed Interest	72.21	72.21	0.05	4.35
Multi Cap Income A Inc	152.47	152.47	-0.43	4.59
Nano-Cap Growth A Acc	159.3132	175.8600	-0.67	0.00
Special Situations A Acc	1612.65	1612.65	-1.43	0.43
UK Micro Cap Growth A Inc	339.15	339.15	-0.32	0.25
UK Micro Cap Growth A	719.46	719.46	0.56	0.00
US Multi-Cap Income	552.32	552.32	-2.73	4.44

MFM - Third Party Funds

Fund	Bid	Offer	+/-	Yield
Junior Oils	69.68	69.68	0.61	0.00
Junior Gold C Acc	28.14	28.14	-0.19	0.00
MFM Bowland	264.31	264.31	-2.30	0.98
MFM Hathaway Inc	145.23	145.23	-1.46	0.96
MFM Techinvest Special Situations Acc	165.20	165.20	-0.02	0.00
MFM Techinvest Technology Acc	534.68	534.68	-1.43	0.00
MFM UK Primary Opportunities A Inc	425.90	425.90	-0.95	1.41

Marwyn Asset Management Limited (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
Marwyn Value Investors	£ 373.76	-	-17.82	0.00

McInroy & Wood Portfolios Limited (UK)
Easter Alderston, Haddington, EH41 3SF 01620 825867
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Balanced Fund Personal Class Units	5197.40	-	-15.10	1.48
Income Fund Personal Class Units	2803.30	-	-8.20	3.04
Emerging Markets Fund Personal Class Units	2294.40	-	7.00	1.61
Smaller Companies Fund Personal Class Units	5755.40	-	5.30	1.28

Milltrust International Managed Investments ICAV (IRL)
mimi@milltrust.com, +44(0)20 8123 8369 www.milltrust.com
Regulated

Fund	Bid	Offer	+/-	Yield
MAI - Buy & Lease (Australia)	A$ 102.52	-	2.25	0.00
MAI - Buy & Lease (New Zealand)	NZ$ 97.29	-	0.06	0.00
British Innovation Fund	£ 96.84	-	-0.82	0.00
Milltrust Global Emerging Markets Fund - Class A	$ 88.20	-	-0.06	-

Ministry of Justice Common Investment Funds (UK)
Property & Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
The Equity Idx Tracker Fd Inc	1768.00	1768.00	-3.00	2.89

Distribution Units

Mirabaud Asset Management (LUX)
www.mirabaud.com, marketing@mirabaud-am.com
Conviction based investment vehicles details available here www.mirabaud-am.com
Regulated

Fund	Bid	Offer	+/-	Yield
Mir. - Glb Strat. Bd I USD	$ 113.29	-	-0.10	0.00
Mir. - EqPanEuropeSm&Mid	€ 145.34	-	0.22	0.00
Mirabaud - UK Equity High Alpha	£ 128.40	-	-0.36	0.00

Morgens Waterfall Vintiadis.co Inc
Other International Funds

Fund	Bid	Offer	+/-	Yield
Phaeton Intl (BVI) Ltd (Est)	$ 556.22	-	8.22	0.00

NATIXIS INVESTMENT MANAGERS

Natixis International Funds (LUX) I SICAV (LUX)
FCA Recognised

Fund	Bid	Offer	+/-	Yield
ASG Managed Futures Fund I/A (USD)	$ 101.91	101.91	-1.03	0.00
Harris Global Equity Fund R/A (USD)	$ 302.68	302.68	1.19	0.00
Loomis Sayles Global Growth Equity Fund I/A (USD)	$ 151.00	151.00	-0.15	0.00
Loomis Sayles U.S. Growth Equity Fund I/A (USD)	$ 156.95	156.95	0.09	0.00

Natixis Investment Funds (UK)
Authorised Funds

Fund	Bid	Offer	+/-	Yield
DNCA European Select Equity Fund	£ 0.96	-	0.00	2.05
Harris Global Concentrated Equity Fund	£ 1.74	-	-0.01	1.51
H2O MultiReturns Fund N/A (GBP)	£ 1.70	-	0.01	0.95
Loomis Sayles U.S. Equity Leaders N/A (GBP)	£ 2.91	-	-0.01	0.05

new capital funds by EFG Asset Management

New Capital UCITS Fund PLC (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
www.newcapitalfunds.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Wealthy Nations Bond Fund - USD Inst Inc.	$ 119.14	-	-0.09	4.35
Euro Value Credit Fund - EUR Inst Acc	€ 102.32	-	-0.07	0.00
Global Value Credit Fund - USD Ord Acc.	$ 193.79	-	-0.13	0.00
Asia Pacific Equity Income Fund - USD Ord Inc.	$ 102.90	-	-0.18	4.72
China Equity Fund - USD Ord Acc.	$ 153.43	-	0.98	0.00
Dynamic European Equity Fund - EUR Ord Inc.	€ 184.46	-	-0.83	2.81
Global Equity Conviction Fund - USD Ord Acc.	$ 133.16	-	-0.34	-
Swiss Select Equity Fund - CHF Ord Acc	SFr 146.14	-	0.12	0.00
US Growth Fund - USD Ord Acc.	$ 288.69	-	0.45	-
US Small Cap Growth Fund - USD Inst Acc	$ 139.39	-	-0.65	0.00
Strategic Portfolio UCITS Fund - USD Inst Acc.	$ 122.98	-	0.14	0.00
All Weather Fund - EUR Inst Acc	€ 97.48	-	0.31	0.00
Dynamic UK Equity Fund - GBP Inst Acc.	£ 115.68	-	-0.56	0.00
Global Alpha Fund - USD Ord Inc	$ 107.11	-	-0.22	0.90

NORTHWEST INVESTMENT MANAGEMENT

Northwest Investment Management (HK) Ltd
11th Floor, Kinwick Centre, 32, Hollywood Road, Central Hong Kong +852 9331 9220
Other International Funds

Fund	Bid	Offer	+/-	Yield
Northwest China Opps Class T $	$ 2724.02	-	-60.43	0.00
Northwest Feilong Class T $	$ 1805.98	-	-48.47	0.00
Northwest Fund Class T $	$ 2475.25	-	-57.88	0.00
Northwest Warrant Class A $	$ 1292.23	-	-28.53	0.00

OASIS

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Oasis Crescent Equity Fund	R 10.46	-	-0.03	0.73

Oasis Global Mgmt Co (Ireland) Ltd (IRL)
Regulated
Oasis Crescent Global Investment Fund (Ireland) plc

Fund	Bid	Offer	+/-	Yield
Oasis Crescent Global Short Term Income Fund - USD A (Dist)	$ 0.98	-	0.00	2.33
Oasis Crescent Global Equity Fund USD A (Dist)	$ 30.29	-	0.02	0.62
Oasis Crescent Variable Balanced Fund	£ 9.41	-	0.00	0.16
OasisCresGl Income Class A	$ 10.71	-	0.00	2.71
OasisCresGl LowBal D (G) (Dist)	$ 11.09	-	-0.02	0.80
OasisCresGl Med Eq Bal A (G) (Dist)	$ 12.60	-	-0.02	0.37
Oasis Crescent Gbl Property Eqty	$ 8.61	-	-0.11	-

ODEY ASSET MANAGEMENT

Odey Asset Management LLP (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 300 2106
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions

Fund	Bid	Offer	+/-	Yield
LF Odey Continental European GBP B Acc	1024.03	-	-2.80	0.52
LF Odey Opus GBP R Inc	4374.28	-	-21.25	0.63
LF Odey Absolute Return GBP R	270.12	-	-1.41	0.00
LF Odey Portfolio Fund GBP R Inc	150.98	-	-0.42	0.00

Odey Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
OEI Mac Inc GBP A	£ 210.33	-	-3.15	0.00
OEI Mac Inc GBP B	£ 130.91	-	-1.89	0.00
OEI MAC Inc USD	$ 1141.23	-	-16.36	0.00
Odey European Inc EUR	€ 482.26	-	-9.57	0.00
Odey European Inc GBP A	£ 195.68	-	-3.82	0.00
Odey European Inc GBP B	£ 110.93	-	-2.17	0.00
Odey European Inc USD	$ 238.69	-	-4.49	0.00

Odey Wealth Management (CI) Ltd (IRL)
www.odey.com/prices
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Odey Opportunity EUR I	€ 239.53	-	-0.86	0.00

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Estimated NAV	$ 853.98	-	-20.58	0.00

OPTIMA Fund Management

Optima Fund Management
Other International Funds

Fund	Bid	Offer	+/-	Yield
JENOP Global Healthcare Fund Ltd	$ 17.43	-	0.29	0.00
OPTIKA Fund Limited - Cl A	$ 193.58	-	11.24	0.00
Optima Fd NAV	$ 99.33	-	-1.01	0.00
Optima Discretionary Macro Fund Limited	$ 80.61	-	0.14	0.00
Platinum Fd Ltd	$ 95.47	-	0.12	0.00
Platinum Japan Fd Ltd	$ 62.43	-	0.51	0.00
Optima Partners Global Fd	$ 16.93	-	0.12	0.00
Optima Partners Focus Fund A	$ 17.29	-	-0.52	0.00
Optima STAR Fund (hedged)	$ 100.89	-	0.04	0.00
Optima STAR Long Fund	$ 145.24	-	-0.14	-

Oryx International Growth Fund Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
NAV (Fully Diluted)	£ 9.10	-	-0.02	0.00

Orbis

Orbis Investments (U.K.) Limited (GBR)
28 Dorset Square, London, NW1 6QG
www.orbis.com 0800 358 2030
Regulated

Fund	Bid	Offer	+/-	Yield
Orbis OEIC Global Cautious Std GBP Inc	£ 10.22	-	0.01	-
Orbis OEIC Global Balanced Standard	£ 13.87	-	0.05	-
Orbis OEIC Global Equity Standard	£ 15.70	-	0.10	4.30
Orbis OEIC UK Equity Standard	£ 7.95	-	-0.01	4.03

PICTET 1805 Asset Management

Pictet Asset Management (Europe) SA (LUX)
15, Avenue J.F. Kennedy L-1855 Luxembourg
Tel: 0041 58 323 3000
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Pictet-Absl Rtn Fix Inc-HI EUR	€ 109.87	-	-0.14	0.00
Pictet-Asian Equities Ex Japan-I USD F	$ 298.01	-	2.63	-
Pictet-Asian Local Currency Debt-I USD F	$ 174.16	-	-0.39	0.00
Pictet-Biotech-I USD F	$ 823.34	-	2.01	0.00
Pictet-CHF Bonds-I CHF	SFr 518.13	-	-0.07	0.00
Pictet-China Index-I USD	$ 146.02	-	1.06	0.00
Pictet-Clean Energy-I USD F	$ 99.82	-	0.39	0.00
Pictet-Digital-I USD F	$ 425.96	-	0.45	0.00
Pictet-Em Lcl Ccy Dbt-I USD F	$ 181.88	-	0.14	0.00
Pictet-Emerging Europe-I EUR F	€ 411.51	-	2.43	0.00
Pictet-Emerging Markets-I USD F	$ 638.49	-	2.37	0.00
Pictet-Emerging Markets Index-I USD F	$ 292.17	-	0.74	0.00
Pictet-Emerging Corporate Bonds I USD	$ 133.36	-	0.03	0.00
Pictet-Emerging Markets High Dividend I USD	$ 128.68	-	0.68	0.00
Pictet-Emerging Markets Sust Eq I USD	$ 107.61	-	0.14	0.00
Pictet-EUR Bonds-I F	€ 624.97	-	-1.03	0.00
Pictet-EUR Corporate Bonds-I F	€ 218.23	-	-0.29	0.00
Pictet-EUR Government Bonds I EUR	€ 173.74	-	-0.13	0.00
Pictet-EUR High Yield-I F	€ 282.84	-	-0.08	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€ 137.47	-	0.00	0.00
Pictet-EUR Short Term HY I EUR	€ 129.75	-	0.03	0.00
Pictet-EUR Sov.Shrt.Mon.Mkt EUR I	€ 100.79	-	0.00	0.00
Pictet-Euroland Index IS EUR	€ 157.63	-	-0.47	0.00
Pictet-Europe Index-I EUR F	€ 198.74	-	-0.57	0.00
Pictet-European Equity Selection-I EUR F	€ 728.37	-	2.87	0.00
Pictet-European Sust Eq-I EUR F	€ 285.76	-	-0.62	0.00
Pictet-Global Bds Fundamental I USD	$ 131.18	-	-0.23	0.00
Pictet-Global Bonds-I EUR	€ 183.37	-	-0.66	0.00
Pictet-Global Defensive Equities I USD	$ 190.20	-	-1.00	0.00
Pictet-Global Emerging Debt-I USD F	$ 429.06	-	-1.98	0.00
Pictet-Global Env.Opport-I EUR	€ 222.48	-	-0.53	0.00
Pictet-Global Megatrend Selection-I USD F	$ 307.73	-	-2.52	0.00
Pictet-Global Sust Credit HI EUR	€ 156.19	-	-0.27	0.00
Pictet-Greater China-I USD F	$ 642.28	-	7.05	0.00
Pictet-Health-I USD	$ 318.42	-	1.11	0.00
Pictet-SmartCity-I EUR	€ 195.03	-	-0.21	0.00
Pictet-India Index I USD	$ 129.27	-	0.65	0.00

MANAGED FUNDS SERVICE

Fund	Bid	Offer	+/-	Yield
Pictet-Indian Equities-I USD F	$ 599.41	-	-1.90	0.00
Pictet-Japan Index-I JPY F	¥ 17303.14	-	201.78	0.00
Pictet-Japanese Equities Opp-I JPY F	¥ 10739.10	-	107.84	0.00
Pictet-Japanese Equity Selection-I JPY F	¥ 15338.58	-	117.42	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$ 144.10	-	-0.08	0.00
Pictet-Multi Asset Global Opportunities-I EUR	€ 124.55	-	-0.14	0.00
Pictet-Nutrition-I EUR	€ 238.60	-	-0.98	0.00
Pictet-Pacific Ex Japan Index-I USD F	$ 467.81	-	-0.21	0.00
Pictet-Premium Brands-I EUR F	€ 195.23	-	0.14	0.00
Pictet-Russia Index I USD	$ 95.51	-	0.67	0.00
Pictet-Russian Equities-I USD F	$ 87.23	-	0.36	0.00
Pictet-Security-I USD F	$ 281.83	-	0.83	0.00
Pictet-Select-Callisto I EUR	€ 99.46	-	0.51	0.00
Pictet-Small Cap Europe-I EUR F	€ 1327.75	-	6.74	0.00
Pictet-ST Emerg Local Currency Debt-I USD F	$ 106.60	-	0.00	0.00
Pictet-ST.MoneyMkt-I	€ 138.62	-	0.00	0.00
Pictet-ST.MoneyMkt JPY I USD	¥ 100894.79	-	1.81	0.00
Pictet-ST.MoneyMkt-ICHF	SFr 120.69	-	0.00	0.00
Pictet-ST.MoneyMkt-IUSD	$ 143.32	-	0.00	0.00
Pictet-Timber-I USD F	$ 171.76	-	0.73	0.00
Pictet TR-Agora I EUR	€ 124.25	-	0.03	0.00
Pictet TR-Corto Europe I EUR	€ 140.01	-	-0.32	0.00
Pictet TR-Divers Alpha I EUR	€ 106.45	-	-0.12	0.00
Pictet TR-Kosmos I EUR	€ 108.98	-	0.11	0.00
Pictet TR-Mandarin I USD	$ 153.40	-	0.56	0.00
Pictet-US Equity Selection-I USD	$ 260.92	-	-0.17	0.00
Pictet-US High Yield-I USD F	$ 171.74	-	-0.11	0.00
Pictet-USA Index-I USD F	$ 268.51	-	-0.33	0.00
Pictet-USD Government Bonds-I F	$ 692.08	-	-2.40	0.00
Pictet-USD Short Mid-Term Bonds-I F	$ 137.06	-	-0.16	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$ 107.83	-	0.00	0.00
Pictet-Water-I EUR F	€ 380.57	-	-0.36	0.00

Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Platinum All Star Fund - A	$ 128.33	-	-	-
Platinum Global Growth UCITS Fund	$ 10.68	-	0.02	0.00
Platinum Global Dividend UCITS Fund	$ 57.37	-	-0.32	1.82

Polar Capital Funds Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Automation & Artificial Intelligence Cl I USD Acc	$ 10.99	10.99	0.01	0.00
Asian Financials I USD	$ 387.16	387.16	3.53	0.00
Biotechnology I USD	$ 23.94	23.94	-0.27	0.00
Emerging Market Stars I USD Acc	$ 9.60	-	0.04	-
European Ex UK Inc EUR Acc	€ 11.95	11.95	-0.04	0.00
Financial Opps I USD	$ 13.27	-	0.00	2.31
GEM Income I USD	$ 12.55	-	0.05	-
Global Convertible I USD	$ 13.43	13.43	0.00	0.00
Global Insurance I GBP	£ 7.28	-	-0.06	0.30
Global Technology I USD	$ 48.42	-	0.25	0.00
Healthcare Blue Chip Fund I USD Acc	$ 13.17	13.17	-0.14	0.00
Healthcare Opps I USD	$ 49.07	-	-0.53	0.00
Income Opportunities B2 I GBP Acc	£ 2.29	2.29	0.00	0.00
Japan I JPY	¥ 2114.71	-	32.67	0.00
Japan Value I JPY	¥ 111.25	111.25	1.75	0.00
North American I USD	$ 25.00	25.00	-0.08	-
UK Absolute Equity I GBP	£ 21.39	21.39	-0.29	0.00
UK Val Opp I GBP Acc	£ 11.64	11.64	0.01	0.00

Polar Capital LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
European Forager A EUR	€ 187.68	-	5.27	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Monument Growth 25.06.19	£ 508.83	513.64	1.27	2.57

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331
Regulated

Fund	Bid	Offer	+/-	Yield
Prusik Asian Equity Income B Dist	$ 204.71	-	1.99	4.20
Prusik Asia A	$ 263.61	-	2.61	0.00
Prusik Asian Smaller Cos A	$ 154.65	-	-0.53	-

Purisima Investment Fds (UK) (1200)F (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 922 0044
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions

Fund	Bid	Offer	+/-	Yield
Global Total Fd PCG A	271.69	-	0.14	0.66
Global Total Fd PCG B	269.44	-	0.14	0.43
Global Total Fd PCG INT	266.13	-	0.14	0.20

Purisima Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	+/-	Yield
PCG B ✠	223.93	-	-0.85	0.00
PCG C ✠	219.43	-	-0.83	0.00

Ram Active Investments SA
www.ram-ai.com
Other International Funds

Fund	Bid	Offer	+/-	Yield
RAM Systematic Emerg Markets Core Eq	$ 101.53	-	0.15	-
RAM Systematic Emerg Markets Eq	$ 177.90	-	0.15	-
RAM Systematic European Eq	€ 438.00	-	-1.07	-
RAM Systematic Funds Global Sustainable Income Eq	$ 124.13	-	-0.20	0.00
RAM Systematic Long/Short Emerg Markets Eq	$ 119.19	-	-0.21	-
RAM Systematic Long/Short European Eq	€ 144.50	-	-0.21	-
RAM Systematic North American Eq	$ 295.50	-	-0.89	-
RAM Tactical Convertibles Europe	€ 143.08	-	-0.11	-
RAM Tactical Global Bond Total Return	€ 146.66	-	-0.25	-
RAM Tactical II Asia Bond Total Return	$ 146.66	-	-0.17	-

Rathbone Unit Trust Mgmt (1200)F (UK)
PO Box 9948, Chelmsford, CM99 2AG
Order Desk: 0845 300 2101, Enquiries: 0207 399 0399
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Ethical Bond Inc	94.58	-	-0.12	4.24
Ethical Bond Acc	207.65	-	-0.27	4.13
Global Opportunities Acc	237.19	-	-1.92	0.00
Income Inc	876.38	-	-6.96	4.18
Income Acc	1551.85	-	-12.33	4.24
Multi Asset Enhanced Growth Acc	170.56	-	-0.54	-
Multi Asset Strategic Growth inc	179.65	-	-0.52	1.56
Multi Asset Strategic Income inc	127.95	-	-0.57	1.54
Multi Asset Total Return inc	133.91	-	-0.23	1.45
Multi Asset Total Return acc	155.41	-	-0.26	1.44
Rathbone UK Opportunities Inc	444.94	-	-3.98	-
Rathbone UK Opportunities Acc	582.73	-	-5.22	-
Strategic Bond I-Class Acc	147.30	-	-0.15	3.32
Strategic Bond I-Class Inc	115.29	-	-0.11	3.39

RLUM Ltd (UK)
5th Floor, Churchgate House, 56 Oxford Street, Manchester M1 6EU 03456 057777
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Royal London Sustainable Diversified A Inc	£ 2.09	-	-0.01	1.02
Royal London Sustainable World A Inc	269.90	-	-2.10	-
Royal London Corporate Bond Mth Income	92.67	-	-0.18	3.78
Royal London European Growth Trust	165.00	-	-1.00	0.10
Royal London Sustainable Leaders A Inc	632.20	-	-6.00	1.12
Royal London UK Growth Trust	589.10	-	-4.20	1.87
Royal London UK Income With Growth Trust	216.40	-	-0.20	-
Royal London US Growth Trust	244.30	-	-1.00	0.00

Additional Funds Available
Please see www.royallondon.com for details

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

Fund	Bid	Offer	+/-	Yield
LF Ruffer European C Acc	609.32	-	0.83	0.20
LF Ruffer European C Inc	112.09	-	0.15	0.28
LF Ruffer European O Acc	596.84	-	0.77	0.00
LF Ruffer Equity & General C Acc	443.42	-	0.01	0.10
LF Ruffer Equity & General C Inc	408.40	-	0.00	0.10
LF Ruffer Equity & General O Acc	434.38	-	-0.02	0.00
LF Ruffer Equity & General O Inc	403.03	-	-0.01	0.00
LF Ruffer Gold C Acc	177.75	-	13.17	0.00
LF Ruffer Gold C Inc	107.58	-	7.97	0.00
LF Ruffer Gold O Acc	174.06	-	12.89	0.00
LF Ruffer Japanese C Inc	118.04	-	-1.40	-
LF Ruffer Japanese C Acc	252.63	-	-2.99	0.52
LF Ruffer Japanese O Acc ✠	247.15	-	-2.93	0.13
LF Ruffer Pacific & Emerging Markets C Acc	365.69	-	2.28	0.90
LF Ruffer Pacific & Emerging Markets C Inc	101.82	-	0.63	0.98
LF Ruffer Pacific & Emerging Markets O Acc	357.87	-	2.20	0.57
LF Ruffer Total Return C Acc	438.33	-	0.35	1.42
LF Ruffer Total Return C Inc	289.05	-	0.24	1.44
LF Ruffer Total Return O Acc	429.37	-	0.33	1.43
LF Ruffer Total Return O Inc	282.98	-	0.23	1.44

S W Mitchell Capital LLP (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
SWMC European Fund B EUR	€ 18655.35	-	75.93	0.00
SWMC Small Cap European Fund B EUR	€ 17218.97	-	-5.75	0.00

RobecoSAM (LUX)
Tel. +41 44 653 10 10 http://www.robecosam.com/
Regulated

Fund	Bid	Offer	+/-	Yield
RobecoSAM Sm.Energy/A	€ 18.22	-	0.14	-
RobecoSAM Sm.Energy/N	€ 16.53	-	0.08	-
RobecoSAM Sm.Materials/A	€ 193.67	-	1.29	1.65
RobecoSAM Sm.Materials/N	€ 199.09	-	0.76	0.00
RobecoSAM Sm.Materials/Na	€ 131.79	-	0.50	-
RobecoSAM Gl.Small Cap Eq/A	€ 118.69	-	0.50	-
RobecoSAM Gl.Small Cap Eq/N	€ 209.98	-	0.29	-
RobecoSAM S.HealthyLiv/B	€ 218.22	-	-1.05	0.00
RobecoSAM S.HealthyLiv/N	€ 208.80	-	-1.00	0.00
RobecoSAM S.HealthyLiv/Na	€ 157.30	-	-0.29	1.29
RobecoSAM S.Water/A	€ 259.84	-	-0.55	1.41
RobecoSAM S.Water/N	€ 223.65	-	-1.11	0.00

Rubrics Global UCITS Funds Plc (IRL)
www.rubricsam.com
Regulated

Fund	Bid	Offer	+/-	Yield
Rubrics Emerging Markets Fixed Income UCITS Fund	$ 138.95	-	-0.01	0.00
Rubrics Global Credit UCITS Fund	$ 16.77	-	-0.01	0.00
Rubrics Global Fixed Income UCITS Fund	$ 171.35	-	-0.35	0.00
O Rubrics India Fixed Income UCITS Fund	$ 11.24	-	0.01	0.00
Rubrics India Fixed Income UCITS Fund	$ 97.73	-	0.08	0.00

Scottish Friendly Asset Managers Ltd (UK)
Scottish Friendly Hse, 16 Blythswood Sq, Glasgow G2 4HJ 0141 275 5000
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Managed Growth ◆	273.30	-	-0.50	0.00
UK Growth ◆	309.10	-	-2.20	-

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Slater Growth	530.47	530.47	-1.11	0.00
Slater Income A Inc	145.73	145.73	0.23	0.00
Slater Recovery	249.15	249.15	-0.55	0.00
Slater Artorius	215.64	215.64	-0.75	-

Stenham Asset Management Inc
www.stenhamassetmanagement.com
Other International Funds

Fund	Bid	Offer	+/-	Yield
Stenham Credit Opportunities A Class USD	$ 116.10	-	-0.48	0.00
Stenham Equity UCITS USD	$ 179.17	-	1.98	0.00
Stenham Growth USD	$ 215.25	-	-2.94	-
Stenham Healthcare USD	$ 206.42	-	-0.11	0.00
Stenham Managed Fund USD	$ 118.50	-	-0.30	0.00
Stenham Quadrant USD A	$ 438.42	-	1.89	-
Stenham Trading Inc USD	$ 126.18	-	0.54	-
Stenham Universal USD	$ 448.39	-	-0.54	-
Stenham Universal II USD	$ 183.22	-	-0.27	0.00

Stonehage Fleming Investment Management Ltd (IRL)
www.stonehagefleming.com/gbi
enquiries@stonehagefleming.com
Regulated

Fund	Bid	Offer	+/-	Yield
SF Global Best Ideas Eq B USD ACC	$ 180.11	-	-0.65	0.00
SF Global Best Ideas Eq D GBP INC	£ 215.79	-	-0.27	0.26

Superfund Asset Management GmbH
www.superfund.com, +43 (1) 247 00
Regulated

Fund	Bid	Offer	+/-	Yield
Superfund Green EUR SICAV	€ 853.48	-	-7.12	0.00
Superfund Red EUR SICAV	€ 856.34	-	-10.29	0.00
Other International Funds				
Superfund Green Gold SICAV	$ 1002.33	-	-10.22	0.00

Thesis Unit Trust Management Limited (UK)
Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP
Authorised Funds

Fund	Bid	Offer	+/-	Yield
TM New Court Fund A 2011 Inc	£ 15.63	-	-0.08	0.00
TM New Court Fund - A 2014 Acc	£ 15.73	-	-0.08	0.00
TM New Court Equity Growth Fund - Inc	£ 16.52	-	-0.10	0.06

Toscafund Asset Management LLP (UK)
www.toscafund.com
Authorised Funds

Fund	Bid	Offer	+/-	Yield
Aptus Global Financials B Acc	£ 3.76	-	0.00	-
Aptus Global Financials B Inc	£ 2.81	-	0.00	-

Toscafund Asset Management LLP
www.toscafund.com

Fund	Bid	Offer	+/-	Yield
Tosca A USD	$ 316.73	-	-5.42	-
Tosca Mid Cap GBP	£ 311.47	-	-8.71	-
Tosca Opportunity B USD	$ 459.25	-	-16.21	-
Pegasus Fund Ltd A-1 GBP	£ 74.65	-	-1.77	0.00

TreeTop Asset Management S.A. (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
TreeTop Convertible Sicav				
International AH	€ 265.16	-	0.70	0.00
International BH	$ 387.26	-	0.98	0.00
International CH	£ 109.90	-	0.30	0.00
International DH	£ 219.62	-	0.57	2.76
TreeTop Global Sicav				
Global Opp.AH	€ 121.41	-	1.12	0.00
Global Opp.B	€ 128.41	-	1.13	0.00
Global Opp.C	£ 184.99	-	2.27	0.00
Sequoia Equity AH	€ 128.54	-	0.32	0.00
Sequoia Equity B	€ 142.23	-	0.43	0.00
Sequoia Equity C	£ 174.05	-	1.13	0.00

Troy Asset Mgt (1200) (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 608 0950
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions

Fund	Bid	Offer	+/-	Yield
Trojan Investment Funds				
Spectrum Fund O Acc	234.38	-	-0.54	0.51
Spectrum Fund O Inc	223.97	-	-0.51	0.51
Trojan Ethical O Acc	104.57	-	-0.37	0.00
Trojan Ethical O Inc	104.56	-	-0.38	0.00
Trojan Ethical Income O Acc	133.96	-	-0.90	-
Trojan Ethical Income O Inc	122.04	-	-0.81	-
Trojan Fund O Acc	320.25	-	-1.06	0.68
Trojan Fund O Inc	261.38	-	-0.87	0.69
Trojan Global Equity O Acc	368.13	-	-3.09	0.62
Trojan Global Equity O Inc	305.78	-	-2.57	0.62
Trojan Global Income O Acc	124.37	-	-1.47	2.89
Trojan Global Income O Inc	115.33	-	-1.37	2.95
Trojan Income O Acc	340.41	-	-2.22	4.03
Trojan Income O Inc	186.53	-	-1.22	4.18

UBS Asset Management (UK)
5 Broadgate, London, EC2M 2QS
Client Services 0800 358 3012, Client Dealing 0800 358 3012
www.ubs.com/retailfunds
Authorised Inv Funds
OEIC

Fund	Bid	Offer	+/-	Yield
UBS Global Emerging Markets Equity C Acc	£ 0.85	-	0.01	1.39
UBS Global Optimal C Acc	£ 1.10	-	0.00	0.93
UBS UK Opportunities C Acc	£ 0.86	-	0.00	3.82
UBS US Equity C Acc	£ 1.35	-	0.01	0.30
UBS S&P 500 Index C Acc	£ 0.96	-	0.00	-
UBS Targeted Return C Acc	£ 14.72	-	-0.03	2.35
UBS Sterling Corporate Bond Indexed C Acc	£ 0.60	-	0.00	-
UBS Multi Asset Income C Inc Net	£ 0.49	-	0.00	-
UBS UK Equity Income C Inc Net	£ 0.64	-	0.00	5.11
UBS Corporate Bond UK Plus C Inc Net	£ 0.53	-	0.00	-
UBS Global Allocation (UK) C Acc	£ 0.84	-	-0.01	2.01
UBS Global Enhanced Equity Income C Inc	£ 0.41	-	0.00	9.25
UBS US Growth C Acc	£ 1.61	-	0.00	0.00
UBS Emerging Markets Equity Income C Inc	£ 0.52	-	0.00	3.97
UBS FTSE RAFI Dev 1000 Index J Acc	£ 147.18	-	0.88	2.29
UBS MSCI World Min Vol Index J Acc	£ 157.52	-	0.18	2.06

Unicorn Asset Management Ltd (UK)
PO Box 10602, Chelmsford, Essex, CM1 9PD 0845 026 4287
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
UK Growth A Inc	587.07	-	-0.48	0.63
Mastertrust A Inc ✠ F	521.34	-	0.61	0.00
UK Growth B Inc	591.23	-	-0.47	-
Mastertrust B Inc ✠ F	469.70	-	0.57	0.63
Outstanding British Cos A Acc ✠ F	315.82	-	-1.22	-
Outstanding British Cos B Acc ✠ F	338.39	-	-1.30	0.82
UK Smaller Cos A Inc ✠ F	566.26	-	-0.18	-
UK Smaller Cos B Inc ✠ F	555.59	-	-0.16	-
UK Income A Acc ✠ F	307.79	-	-1.03	-
UK Income A Inc ✠ F	240.14	-	-0.80	-
UK Income B Acc ✠ F	335.74	-	-1.12	-
UK Income B Inc ✠ F	262.09	-	-0.87	-

WA Fixed Income Fund Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
European Multi-Sector	€ 120.24	-	-0.11	3.54

Yapi Kredi Asset Management (TUR)
www.yapikrediportfoy.com.tr Tel: + 90 (212) 385 48 48
Other International Funds

Fund	Bid	Offer	+/-	Yield
Eurobond Fund	TRY 0.138265	-	-0.000521	-
Koc Affiliate and Equity Fund	TRY 0.890242	-	0.751456	-
DPM Bonds and Bills Fund (FX)	$ 1.038022	-	0.899236	0.00

Yuki International Limited (IRL)
Tel +44-20-7269-0207 www.yukifunds.com
Regulated

Fund	Bid	Offer	+/-	Yield
Yuki Mizuho Umbrella Fund				
Yuki Mizuho Japan Dynamic Growth	¥ 7011.00	-	56.00	0.00
Yuki Japan Low Price	¥ 36981.00	-	379.00	0.00
Yuki Japan Value Select	¥ 14158.00	-	97.00	0.00
Yuki Asia Umbrella Fund				
Yuki Japan Rebounding Growth Fund JPY Class	¥ 28728.00	-	91.00	0.00
Yuki Japan Rebounding Growth Fund USD Hedged Class	$ 1159.04	-	4.11	0.00

Zadig Gestion (Memnon Fund) (LUX)
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Memnon European Fund - Class U2 GBP	£ 168.39	-	0.54	0.00

Money Market Trusts and Bank Accounts

	Gross	Net	Gross AER	Int Cr
CCLA Investment Management Ltd Senator House 85 Queen Victoria Street, London EC4V 4ET				
CBF Church of England Deposit Fund	0.75	-	0.75	Qtr
CCLA Fund Managers Ltd Senator House 85 Queen Victoria Street, London EC4V 4ET				
COIF Charities Deposit Fund	0.65	-	0.65	Qtr

Guide to Data

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

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Guide to pricing of Authorised Investment Funds: (compiled with the assistance of the IMA. The Investment Management Association, 65 Kingsway, London WC2B 6TD. Tel: +44 (0)20 7831 0898.)

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

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

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

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

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

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

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

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

The symbols are as follows: ✠ 0001 to 1100 hours; ◆ 1101 to 1400 hours; ▲ 1401 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that the managers/operators deal at the price to be set at the next valuation.

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

Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact **data@ft.com or call +44 (0)20 7873 3132** for further information.

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Morningstar Fund Ratings
EAA Fund Global Large-Cap Blend Equity

Name	ISIN	Currency	NAV	Total Ret 1Yr	Total Ret 3Yr	Total Ret 5Yr	12 Month Yield	Ongoing Charge	Fund Size	Morningstar Rating ™	Morningstar Sustainability Rating ™	Morningstar Analyst Rating ™	Morningstar Analyst Rating Date/Time*	Morningstar Analyst
Lindsell Train Global Equity B GBP Inc	IE00B3NS4D25	Pound Sterling	3.91	20.72	**25.00**	22.35	0.73	0.71	8,406,078,385.00	★★★★★		Silver	14/06/2018 06:00	Peter Brunt, CFA
Fundsmith Equity I Acc	GB00B41YBW71	Pound Sterling	4.63	19.91	**20.00**	22.28	0.60	0.95	18,342,471,612.00	★★★★★		Gold	01/04/2019 05:00	Peter Brunt, CFA
Fidelity Global Special Sits A Acc	GB00B196XG23	Pound Sterling	41.87	7.25	**16.00**	13.94	0.21	1.67	2,659,409,377.00	★★★★		Silver	16/07/2018 05:00	Peter Brunt, CFA
Fundsmith Equity Sicav I EUR Acc	LU0690374029	Euro	39.95	17.87	**16.00**	19.23	0.00	1.05	3,296,431,355.00	★★★★★		Gold	01/04/2019 06:00	Peter Brunt, CFA
Fidelity Index World I Acc	GB00B7LWFW05	Pound Sterling	2.39	10.94	**16.00**	13.18	1.89	0.15	885,808,316.00	★★★★		Silver	14/11/2018 07:00	Dimitar Boyadzhiev
Vanguard FTSE Dev Wld ex UK Eq Idx Acc	GB00B59G4Q73	Pound Sterling	371.82	9.95	**16.00**	13.67	1.50	0.15	5,977,155,409.00	★★★★★		Silver	26/03/2019 08:33	Dimitar Boyadzhiev
L&G International Index I Acc	GB00B2Q6HW61	Pound Sterling	1.51	10.45	**16.00**	13.36	1.92	0.13	1,920,052,280.00	★★★★★		Silver	14/02/2019 06:00	Dimitar Boyadzhiev
Investec Glb Strat Eq A Acc GBP	GB0031141806	Pound Sterling	9.78	3.61	**15.00**	11.52	0.25	1.59	493,782,677.00	★★★★		Silver	24/10/2018 07:00	Peter Brunt, CFA
HSBC FTSE All-World Index Instl Acc	GB00BMJJJJ30	Pound Sterling	1.79	9.66	**15.00**	-	2.16	0.04	2,029,561,059.00	★★★★		Silver	13/02/2019 08:00	Dimitar Boyadzhiev
Dimensional International Core Eq Acc	GB00B23YLH62	Pound Sterling	27.00	7.36	**15.00**	12.38	0.79	0.35	984,350,190.00	★★★★		Silver	21/12/2018 06:30	Dimitar Boyadzhiev
MSCI Benchmark				3.73	**9.53**	3.72								
Morningstar Category Benchmark				1.80	**7.45**	2.50								

Date/Time of ratings is Universal Co-ordinated Time (UTC). Sorted by Annualised 3yr Total Return of NAV (highest to lowest).

For important information about Morningstar Analyst Rating please go to: http://global.morningstar.com/managerdisclosures

MORNINGSTAR®

Currencies. Monetary easing

Dollar bears struggle to find wider conviction for bets on weakness

The dollar rose to a 17-year high on a trade-weighted basis last month
Eva Hambach/AFP/Getty

The greenback's resilience in defying forecasts has left many wary over placing big positions

EVA SZALAY — LONDON
COLBY SMITH — NEW YORK

US government bonds have jumped higher, stocks have hit record highs and derivatives have lurched in anticipation that the US Federal Reserve will soon embark on significant cuts to benchmark interest rates — a complete U-turn from expectations at the start of this year.

But the US dollar has so far shown only a muted response.

While other major markets have convulsed, the dollar has merely edged lower — a likely irritation to Donald Trump, who has bemoaned the weakness of other currencies such as the euro and the renminbi, claiming it hurts US exporters.

In a TV interview this week, the US president blasted Fed chairman Jay Powell for keeping interest rates too high, saying if China can "devalue and we can't, we are no longer on a level playing field".

The consensus forecast from currency analysts has been signalling a weaker dollar for more than 18 months — without much success.

The Fed's trade-weighted dollar index has ploughed steadily higher, touching a 17-year high at the end of last month.

But some investors believe that is about to change. The Fed's June meeting, when it surprised markets by signalling deeper, faster interest rate cuts than many had anticipated, means conditions are starting to turn, according to AG Bisset Associates, one of the oldest currency managers in the US.

The dollar could be set for falls of more than 30 per cent against the euro, said the Connecticut-based firm.

The positive impact of last year's US tax reforms will fade soon, said chief executive Ulf Lindahl, a currency investor with four decades of experience.

The broad dollar index fell 1.6 per cent last week and has remained lower since but that only brings the gauge down to where it was in March while US government bonds have hit two-and-a-half-year highs.

The euro has also strengthened to a three-month high against the dollar, gaining 1.7 per cent since last week's Fed meeting.

Derivatives markets show investors are expecting interest rate cuts of up to half a percentage point as soon as July and a total of 0.75 percentage points by the end of this year.

Analysts said base rates could move even lower if trade relations deteriorate following the meeting between Mr Trump and China's President Xi Jinping this weekend at the G20 leaders' summit in Osaka, Japan.

Failure to strike a trade deal would likely push the dollar higher as investors sought haven assets but if a resolution to the long-running dispute could be found, the likely shift to riskier assets could provide the trigger some dollar bears have been waiting for.

Despite this backdrop, few investors seem ready to establish big negative bets on the US currency at this stage, analysts said.

"We are moderately bearish on the dollar but we are not going to put on a large position," said James Binny, global head of currency at State Street Global Advisors in London.

One restraint: other heavy-hitting central banks are also lining up rate cuts, weakening their currencies in the process.

Mario Draghi, the European Central Bank president, used an annual symposium in mid-June to signal that he stood ready to restart a stimulus programme if the bloc's economy failed to pick up. Japan and Switzerland are also in easing mode with negative interest rates.

About the only major central bank still tightening is Norway, identified by one analyst as "the sole hawk in town". Last week, it increased its main policy rate and hinted that another rise could come as soon as September.

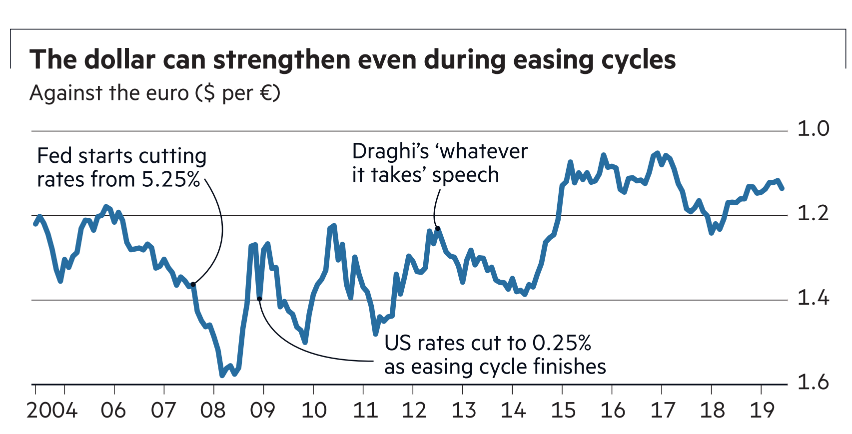
"Every single central bank is trying to ease at the same time and, given the pivot by the Fed and that it has more room to cut than others . . . that means a flat to weaker dollar," said Russ Koesterich, a portfolio manager at BlackRock.

In addition, all central banks — not only the Fed — have much less room to cut than before.

George Saravelos, global head of FX research at Deutsche Bank, noted that the last time the US central bank embarked on an easing cycle the key rate was more than 5 per cent while the ECB started cutting from 4 per cent.

"The problem is, the bottom is not very far," he said. "This is not an environment where previous easing cycles can be trusted to stick to the same playbook as before."

'Every single central bank is trying to ease at the same time'



Currencies

UK watchdog lends 'teeth' to currency trading code

EVA SZALAY

The UK's financial regulator has endorsed a voluntary code outlining good conduct in currency trading for the first time, in a move intended to boost compliance among senior bankers and investors.

A code of conduct covering currencies trading was drawn up by central banks and market participants in 2017.

But the Financial Conduct Authority on Wednesday explicitly linked it to its Senior Managers and Certification Regime, which holds senior bankers accountable for bad practice and which will be extended to asset managers in December.

The regulator has no official oversight of the $5.1tn-a-day currencies market and it will not supervise individuals or companies directly against the guidelines.

But with the link to the SM&CR, the regulator is hoping to "give teeth" to the voluntary code.

The FX Global Code of Conduct was created by 16 central banks and the private sector following a mandate by the Bank for International Settlements to draw up new standards for good conduct in the currencies market after allegations of misconduct and hefty fines on banks.

'We still have further to go — particularly amongst the asset management community'

The document was published in 2017 and, since then, the European Central Bank has insisted that its currency trading counterparts sign up to the principles.

While the majority of major banks and dealers have signed up to adhere to the code, industry participants said take-up from investors had so far been slow.

Andrew Hauser, executive director for markets at the Bank of England, welcomed the FCA's decision and said the move provides "another, wholly positive reason" to sign up to the code as it helps to build trust in financial markets and enhances corporate governance.

"We still have further to go — particularly amongst the asset management community," he said.

The Financial Conduct Authority has endorsed good conduct guidelines

Equities

Former listings vetting chief at HKEX and two associates held in graft probe

HUDSON LOCKETT AND HENNY SENDER
HONG KONG

Hong Kong's reputation as a location for initial public offerings has been jolted by a former stock exchange executive's arrest for suspected corruption and misconduct related to listings.

It is the first time in three decades that such allegations have been pursued by the territory's graft-busting agency.

The arrest come at a sensitive time for Hong Kong Exchanges and Clearing, known as HKEX, as it prepares for a listing of up to $20bn by Alibaba. It promises to drive business back to the exchange as it seeks to maintain its top spot in the global market for initial public offerings.

The Independent Commission Against Corruption said in a statement on Wednesday evening that it had arrested a former joint head of the listing department vetting team at HKEX and two of his associates on Sunday for suspected corruption and misconduct in public office "in relation to the vetting of listing applications" of two listed companies.

Lam Cheuk-ting, a legislator and former ICAC investigator, said the case had "undermined the reputation of the stock market and of Hong Kong as a financial hub in Asia".

The former top official arrested by the ICAC was Eugene Yeoh, according to people with direct knowledge of the situation.

By yesterday, Mr Yeoh's name had been scrubbed from a list of HKEX contact persons for pre-IPO inquiries and IPO processing while that of Lin Shi, the other co-head of the IPO vetting team, remained.

An operator reached at the listings division's number for general inquiries said Mr Yeoh could not be reached as he no longer worked for the company.

HKEX declined to comment on the investigation beyond an announcement it released on Wednesday evening noting that the commission was not investigating the exchange itself or other employees.

Mr Yeoh could not be reached for comment.

Hong Kong-based Next Magazine had on June 19 published a report alleging that certain officials at HKEX co-operated with sponsors and law firms to help list applicants that did not meet listing requirements — mostly for the small-cap Growth Enterprise Market board.

Applications to list on the GEM board require approval only from the HKEX listings division whereas those for the main board must also be heard by a 28-member listing committee.

David Webb, a corporate governance specialist, said the investigation underscored a longstanding need for the government to move responsibility for administering Hong Kong's listing rules from HKEX to the SFC to remove a conflict of interest the exchange faces as a "for-profit regulator".

The case poses a reputational risk to the bourse and to Hong Kong as a hub

Fixed income

Retail bank prices first sustainable coco as Korea responsible issuance hits $6bn

HUDSON LOCKETT — HONG KONG
EDWARD WHITE — SEOUL

South Korea's biggest retail bank has priced the world's first sustainability contingent convertible bond, or "coco".

It takes the country's issuance of responsible debt this year to more than $6bn and boosts Asia's role in the rapidly growing market for bonds that fund environmental and social projects.

Kookmin Bank priced the perpetual $500m coco bond — the riskiest type of bank debt, which can be written off in times of stress — with an interest rate of 4.35 per cent on Wednesday, according to terms reviewed by the Financial Times.

The pricing takes international sales of green, social and sustainable bonds by South Korean issuers to just over $6bn year to date, according to an FT calculation based on Dealogic data. That reflects is a 60 per cent increase over the full-year total for 2018 and ranks it first in the region ahead of $3.9bn from China.

In 2018 the Asia-Pacific region grew 35 per cent led by China, which sold $31bn last year and ranked second globally after the US at $34bn, according to the Climate Bonds Initiative.

"Asia is clearly picking up. That is the next big high-growth market," said Jean-Claude Berthelot, associate director of Sustainalytics, a Netherlands-based rating agency focused on environmental, social and corporate governance metrics.

Nam Yong-hoon, the head of Kookmin Bank's capital market, said demand for the Korean sustainability bonds had been "hot", with the bank's latest issuance — its third since October — more than five times oversubscribed.

'Asia is clearly picking up. That is the next big high-growth market'
Jean-Claude Berthelot, Sustainalytics

South Korea's need for an economic shot in the arm has led President Moon Jae-in's government to encourage greater sales of sustainable bonds, helping South Korea to scramble to sixth place globally among issuers of green, social and sustainable debt this year.

June Won, head of capital markets origination for South Korea at Citi, one of the Kookmin bond's bookrunners, said the sustainable coco matched demands from the bank's management to improve its capital structure for potential M&A while also following government guidance instructing banks to lend to lower income families or small and medium-sized businesses to boost the country's economy.

Sustainable bonds are more flexible than straightforward green or social bonds because proceeds can be used to fund either type of project.

Mr June said the majority of the Kookmin's bond would go to small and medium-sized businesses or low-income families, with the rest used to fund new energy projects. Coco bonds, although risky, still count as "additional tier one capital" on bank balance sheets, helping them to mitigate leverage.

Mr Berthelot expected the market's growth in Asia to attract new western European investors, given their "big appetite" for such products. "The big advantage is you see new types of investors . . . more responsible investors, maybe investors you have never seen on your book before," he said.

Additional reporting by Kang Buseong

Markets & Investing

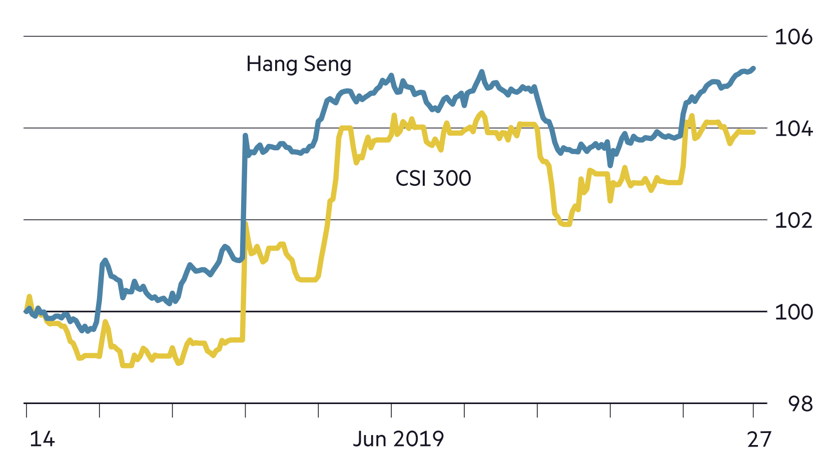
FINANCIAL TIMES

The day in the markets

What you need to know

- European equities flat ahead of G20 face-off between Trump and Xi
- Boeing drags Dow Jones lower after flaws found in flight simulator tests
- Asian stocks rise on hopes of trade-war detente

Cautious optimism in Asia ahead of G20 showdown
Indices rebased



Source: Bloomberg

Investors were cautiously optimistic yesterday ahead of today's G20 summit and meeting between the presidents of China and the US.

In the run-up to the negotiations, the South China Morning Post reported that the two sides were close to agreeing a deal to avoid the US slapping further tariffs on $300bn of Chinese imports.

Ahead of the first meeting between Donald Trump and Xi Jinping since the collapse of trade talks last month, investors moved back to the relative safety of government debt.

The yield on US 10-year Treasuries fell 3 basis points to 2.02 per cent while the dollar hovered around three-month lows.

The region-wide Stoxx Europe 600 index rose 0.1 per cent while London's FTSE 100 ended the day 0.1 per cent down.

Frankfurt's Xetra Dax gained 0.4 per cent, aided by a near 9 per cent rise in Bayer.

The pharmaceutical company suggested it was open to a settlement to end its costly US legal battle over pesticides, which have been claimed to cause cancer.

Bayer insists its pesticides are safe.

In the US, investors were also positive, with the S&P 500 index up 0.4 per cent and the technology-heavy Nasdaq Composite up 0.5 per cent by midday in New York.

But a 2.7 per cent fall for Boeing helped to drag the Dow Jones Industrial Average 0.2 per cent lower.

US regulators uncovered a new flaw in simulator tests linked to the aircraft maker's 737 Max, which has been involved in two recent fatal accidents.

In Asia, investors were notably upbeat ahead of the G20 summit. Hong Kong's Hang Seng index climbed 1.4 per cent while the CSI 300 of Shanghai and Shenzhen-listed stocks gained 1.1 per cent.

Positive data also helped lift the mood in China, with industrial profits in May up 1.1 per cent from a year earlier.

Bitcoin's rally lost momentum as the cryptocurrency slid 7 per cent.

Some attributed the drop to a brief shutdown of Coinbase, one of the most popular cryptocurrency exchanges.

Nikou Asgari

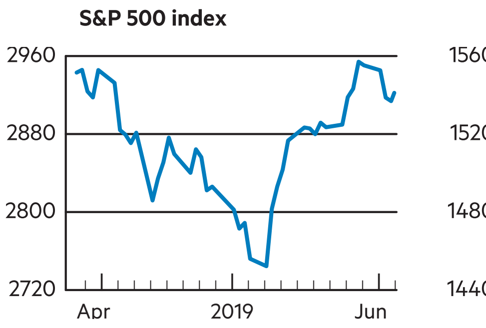
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2922.27	1505.46	21338.17	7402.33	2996.79	99688.05
% change on day	0.29	0.00	1.19	-0.19	0.69	-0.99
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	96.204	1.137	107.775	1.268	6.877	3.865
% change on day	-0.010	-0.088	0.125	0.000	-0.123	0.474
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	2.024	-0.322	-0.146	0.821	3.247	7.696
Basis point change on day	-0.790	-1.800	0.460	-0.800	-0.800	5.700
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	343.47	65.89	59.64	1403.95	15.26	2822.80
% change on day	0.41	-0.54	0.68	-1.92	-0.94	-0.58

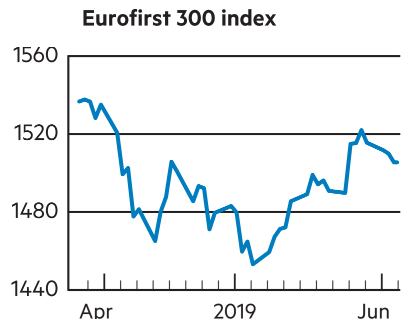
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

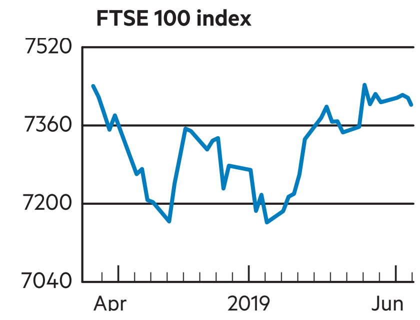
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Tripadvisor	5.49	Bayer	8.70	Easyjet	5.50
	Centurylink	5.18	Seadrill	6.99	Kingfisher	4.13
	Walgreens Boots Alliance	4.58	Casino Guichard	5.37	Ocado	2.60
	L Brands	4.15	Grifols	3.62	Tui Ag	2.36
	Macerich (the)	3.11	Hugo Boss	3.49	Vodafone	2.31
Downs	Conagra Brands	-12.93	Red Ele.	-4.99	Glencore	-4.87
	Ross Stores	-2.80	Alstom	-3.13	Rightmove	-3.39
	Nordstrom	-2.72	Vivendi	-2.66	Auto Trader	-3.18
	Campbell Soup	-2.71	Adidas	-1.92	Croda Int	-2.55
	Lamb Weston Holdings	-2.51	Carlsberg	-1.88	British Land	-2.12

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone.

All data provided by Morningstar unless otherwise noted.

Wall Street

ConAgra Brands, the owner of Birds Eye frozen foods and Slim Jim meat sticks, was the S&P 500's sharpest faller.

An unexpected fall in fourth-quarter organic sales meant Conagra's earnings missed consensus forecasts, which management blamed on pricing pressure and heightened competition.

The weak numbers kept the pressure on foodmakers, which had already slid on Wednesday after General Mills reported fragile demand for snacks.

Kraft Heinz and **Campbell Soup** were among those to retreat.

Homewares retailer **Pier 1 Imports** plunged after its quarterly report showed same-store sales and customer spend deteriorating.

An upgrade to "buy" from DA Davidson helped lift **TripAdvisor**, noting the travel website was reducing its reliance on big groups such as Expedia.

Walgreens Boots was in demand on third-quarter results that beat forecasts and came with unchanged full-year guidance.

Ford and **General Motors** edged higher on recommendations from Credit Suisse.

Applied Optoelectronics jumped after Rosenblatt Securities took the fibre-optic component maker off its "sell" list. *Bryce Elder*

Eurozone

Hennes & Mauritz led a rally among Europe's clothes retailers after reporting in-line results and a sharp improvement in recent trading with sales so far in June surging 12 per cent at constant currencies.

Peers including **Inditex** rose as analysts said the gain was likely to be powered by helpful weather rather than from H&M's self-help measures.

Bayer climbed after Elliott Management, the US activist investor, announced that it had taken a €1.1bn stake.

Elliott said the chemical maker had the potential to unlock about €30bn in shareholder value once it resolved litigation around its glyphosate pesticide.

Chipmaker **AMS** gained on word of an upbeat roadshow for US investors with the Apple supplier said to have predicted a big improvement in second-half shipments.

Chr Hansen of Denmark slumped on a sales warning.

The food ingredients maker cut guidance to reflect disappointing demand for probiotics and fermented milk, particularly in China, as well as a lacklustre performance from its highly rated bioprotection division, which sells microbial food preservatives. *Bryce Elder*

London

Senior, the aerospace engineer, slumped after Barclays turned cautious on worries about its exposure to Boeing's grounded 737 Max jet.

Suppliers to Boeing were still shipping orders at an unchanged pace while production was reduced, so a reset to forecasts next year looks likely as the inventory backlog is used up, Barclays said.

It estimated that a quarter of Senior's 2019 revenue came from the 737 Max programme.

Glencore led the FTSE 100 fallers after a collapse at one of its copper mines in the Democratic Republic of Congo had killed at least 19 people, who the company said were on the worksite illegally.

An "outperform" recommendation from Exane BNP Paribas lifted easyJet.

It said the stock had priced in a profit warning next month that was unlikely to arrive, given improved revenue per seat and falling fuel costs.

Plus500, the contracts-for-difference broker, slipped on worries that Bitcoin's recent rebound would leave it exposed to big customer wins.

Rightmove dropped after UBS downgraded the online property website owner to "sell". *Bryce Elder*

Investors in Japan can take heart from Seto's comeback

Leo Lewis

Markets Insight

Shortly after 6am on Wednesday, eight months after losing his job and eight hours after reclaiming it, Kinya Seto was already making calls from the chief executive's desk of Lixil. Some investors get why this is important, but the Japanese market as a whole has possibly not yet grasped why a man prepared to go to these lengths to get his job back is so pivotal.

As many have spotted, Mr Seto's storybook proxy battle and reaccession to the throne of Lixil — a maker of toilets, bathtubs, window sashes and so on — perfectly encapsulate the structural changes that the Japanese stock market has undergone over the past five years.

His return was secured through a shareholder proposal — an extremely rare development for Japan.

The return of Mr Seto, say people directly involved, was possible because of progress on both governance and stewardship — and because activism has matured and shed some of the negative associations it carried in the past.

Critically, it did not feel like a one-off: the Lixil saga, with its competing slates of board nominees, was by far the most eye-catching of the 2019 company annual meeting season, which came to a head on Wednesday this week.

But it was not the only narrative. Nomura's CEO receiving the lowest approval ratio in the company's 94-year history was another. This left shareholders convinced that their interests and gripes were now really being listened to.

Mr Seto's ousting as CEO last October when he was just a couple of years into a turnround programme was exposed as a bit of old-fashioned duplicity. After being brought in from outside, he had clashed with one of Lixil's founding families and had been misled into resigning.

The drama that followed centred on a group of Japanese and foreign shareholders — none of them previously describable as "feisty" — demanding the removal of the founding family member, Yoichiro Ushioda, through an extraordinary meeting.

In the first signal that the rules of the game had changed, Mr Ushioda resigned rather than face possible humiliation. Around that time, Mr Seto emerged with a proposal that would give shareholders the chance to restore the ousted CEO and install a new board.

The thrilling part of all this — as a parable of change in the Japanese market — was the extent to which the fate of Mr Seto and his tormentors all seemed not only to be in the hands of shareholders but of money that gives a damn about obvious wrongs.

> One of the most common criticisms of corporate Japan is the omnipresence of the 'salaryman CEO'

There were multiple twists, including the decision by ISS, the proxy advisory firm, to recommend a mishmash of the two available slates — and the win for Mr Seto was narrow.

But, fundamentally, this was an old-fashioned Japanese stitch-up that was very publicly unstitched by the new norms of the market. Of paramount importance is the role of domestic Japanese institutions, which will now feel exposed to criticism if they continually vote with management.

Behind this satisfying structural drama, though, is an even more critical subplot that centres on Mr Seto as a new breed of professional CEO. Japan desperately needs more of these — people who are prepared to be seen fighting against the odds and with every weapon available to run a company and impose a new strategy on it.

One of the most common criticisms of corporate Japan is the omnipresence of the "salaryman CEO" — a leader who has risen to the top through a combination of longevity, politicking and the avoidance of risk. He — very occasionally she — may wholeheartedly want the job but as a thing to receive and to hold on to, rather than to snatch and take on an adventure.

Mr Seto is a serial founder of companies and came into Lixil as a professional manager.

His fight to recapture his position was the exact opposite of the way that CEO jobs are normally attained in Japan. Only when that sinks in or, better still, becomes a model for the way domestic companies recruit leaders, will this saga make its true mark.

It needs to do so soon. Despite all the recent progress on corporate governance, such as the 2014 stewardship code for institutional investors and the steady rise in the number of companies with genuinely independent directors, the Japanese market remains moribund. The Topix has underperformed its main global peers this year and foreign investors were revealed this week to have sold a net ¥5.6tn ($52bn) in the year ending in March.

The market value of shares held by foreigners fell to 29.1 per cent of the whole, the lowest since Shinzo Abe came to power on a promise of reforms.

There may not, in the short term at least, be enough Lixils to fix that.

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G20 Japan & the World

Friday June 28 2019

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Superpower rifts heighten risks to global economy

Growth downgrades may be modest but there are seven principal threats to watch, says *Martin Wolf*

Donald Trump needs to be taken both seriously and literally. At his inaugural, in January 2017, he declared that "protection will lead to great prosperity and strength", at least for the US. He meant it. He is transforming the global economy, with his trade war on the world, but especially on China.

Fragile already, the global economy could end up broken, a sobering thought for the G20 as it convenes in Osaka, Japan, today for its latest summit. Given the deep rifts between the two superpowers, the rest of the group might yet be forced to look on helplessly as the rules-governed, open international economy falls into oblivion.

Already, global economic performance is disappointing. The principal international economic organisations, (the IMF, the OECD and the World Bank) have been downgrading their forecasts.

According to Consensus Forecasts, global economic growth for 2019 was forecast at 3.1 per cent in January 2018. By May 2019, this had fallen modestly, to 2.8 per cent. Growth in the US has been robust, with the forecast rising from 2.4 per cent in January 2018 to 2.6 per cent in May 2019. For the eurozone, however, the forecast for 2019 is down from 1.8 per cent to 1.1 per cent over this period. (See charts on page 2.)

The May 2019 consensus forecasts global economic growth at 2.7 per cent in 2020, a 0.1 percentage point below the consensus in January 2019. US 2020 growth is forecast to slow to 1.9 per cent, as capacity limits bite, the fiscal stimulus fades and the effects of the trade war come through. Eurozone growth in 2020 is forecast at 1.3 per cent, with Italy on a mere 0.5 per cent. Japan's growth is forecast at 0.4 per cent next year.

For 2019 and 2020, the consensus shows fast and stable growth among the Asian emerging economies: for China, 6.3 per cent in 2019 and 6.1 per cent in 2020; for India, a yet faster 7.2 per cent in 2019 and 7.3 per cent in 2020. The rise of emerging Asia (containing half the world's population) relative to all other regions is forecast to continue.

In all, this is a picture of no more than modest downgrades. But the risks are weighted heavily to the downside. One can see seven principal ones.

First, debt overhangs. Since the financial crisis of 2007-08, the ratio of gross debt to gross domestic product in the high-income countries has merely stabilised. Meanwhile, its composition has shifted from financial sector and household indebtedness to non-financial corporate and government indebtedness.

The rise of non-financial corporate debt is global. In its latest *Economic Outlook*, the OECD notes: "The global stock of non-financial corporate bonds has almost doubled in real terms compared with 2008, at close to US$13tn, and the quality of debt has been deteriorating . . . A new bout of financial stress could erupt." The explosion of debt in China since the financial crisis is a key source of such concern.

Second, secular stagnation. It is remarkable that short-term and long-term nominal and real interest rates are so low after a long economic expansion and also that, in some countries, unemployment is low (notably in the US and UK).

The low interest rates are a great boon, in that they make debt more manageable. But they are a potentially great curse, too, since, in any significant economic slowdown, they would give central banks limited conventional room for manoeuvre.

Third, populism. Populist politics have come to the fore across the high-income countries, after a lengthy period in which a number of them have experienced rising inequality and stagnant real incomes, mass immigration and the shock of the financial crisis. This has proved politically and economically destabilising.

In the US, it has delivered the protectionism of President Trump. In the UK, it has resulted in Brexit and in the eurozone, it has, among other things, delivered the populist government of Matteo Salvini's La Lega and Luigi Di Maio's Cinque Stelle. Across the world, populist would-be autocrats are in power in many countries, including Brazil, Mexico and Turkey.

Continued on page 2

Head to head: the focus is on Presidents Trump and Xi Jinping as the G20 summit convenes in Osaka — AP/Andy Wong

The G20's members are physicians who need to heal themselves. Will they?

Inside

NIKKEI FT FINANCIAL TIMES

Currency conflict emerges as next big worry

Monetary policy
Latest tensions add an additional economic problem for world leaders in Osaka, reports *Robin Harding*

When the president of the European Central Bank made some coded comments about the possible need for more monetary easing in the eurozone, the US president reached for his smartphone.

"Mario Draghi just announced more stimulus could come, which immediately dropped the euro against the dollar, making it unfairly easier for them to compete against the USA," Donald Trump wrote on Twitter this month. "They have been getting away with this for years, along with China and others."

The comments added to a growing sense of concern in foreign exchange markets, where investors fear that Mr Trump's trade wars could turn into currency wars, with damaging, unpredictable outcomes for the global economy.

Avoiding beggar-thy-neighbour currency policies is one of the founding purposes of the G20 and the latest tensions add another difficult economic issue for world leaders to discuss in Osaka. The Japanese presidency is likely to preserve the G20's promise to avoid currency manipulation this time around. The international consensus, however, is increasingly under strain.

Mr Draghi was quick to hit back against Mr Trump, arguing that the ECB was simply using its toolbox to meet its mandated goal of inflation close to 2 per cent, at a time when prices are sluggish around the world. "We don't target the exchange rate," he declared.

That position is in keeping with the longstanding view of the G20: targeting your currency for competitive purposes is unacceptable but it is fine to change monetary policy as long as the objective is domestic inflation. The rest of the world had to tolerate dollar weakness when the US Federal Reserve slashed interest rates in the wake of the 2008-09 financial crisis.

The G20's understanding is that "the impact on the currency is not the objective, it's the result," said Masatsugu Asakawa, Japan's vice-minister of finance for international affairs recently. But maintaining that separation between domestic monetary policy and currency intervention is becoming harder in a world where Washington has launched a trade war against China and there is a revival of interest in currency policy across the political spectrum.

In his trade war with China, Mr Trump has repeatedly raised tariffs on its exports. Thus China's economy has slowed, a natural consequence of which would be a weakening of the renminbi. But China is under big pressure to limit that. At the recent G20 finance ministers meeting in Fukuoka, Japan, US Treasury secretary Steven Mnuchin appeared to suggest that a failure to support the renminbi could itself be viewed as a sort of manipulation.

Japan is acutely aware that its own aggressive monetary policy and large current account surplus could at some point provoke US ire. Mr Asakawa is at pains to explain that Japan actually has a trade deficit, but a large overall surplus because of revenue from its past investments overseas. His implication — that this is not a surplus Mr Trump should worry about — may or may not find favour with the US president.

Mr Trump's comments on the dollar have broken the taboo that has long kept US politicians from talking about the currency. During the Clinton, Bush and Obama administrations, even Treasury secretaries seldom spoke of it. By contrast, Elizabeth Warren, a candidate for the Democratic party's 2020 presidential nomination, has put forward a plan for "more actively managing our currency value to promote exports and domestic manufacturing".

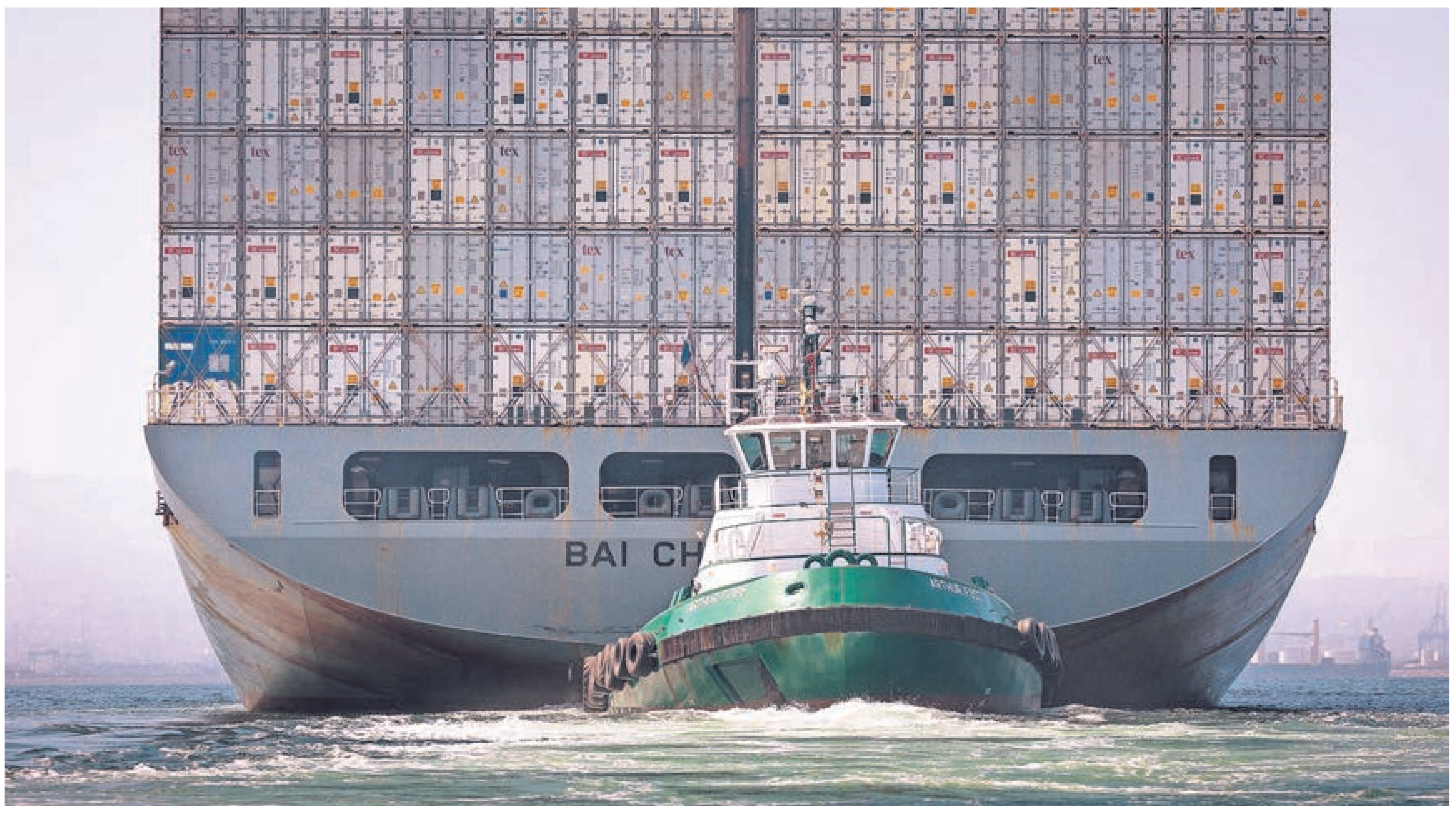
Actively managing the dollar's value would blow apart the G20 consensus on avoiding currency manipulation. But a number of experts such as Joseph Gagnon of the Peterson Institute for International Economics and Brad Setser of the Council on Foreign Relations have proposed that the US engage in "counter-intervention" against countries that manipulate their own exchange rates for competitive purposes.

Such a policy would need extensive G20 discussion or it could result in a currency war. For example, if the US counter-intervened against an Asian economy such as Vietnam by buying its currency in exchange for dollars, others such as Japan, the UK and Canada could interpret that as a competitive devaluation against them.

For now, with Mr Trump at the table, the main G20 goal will be to ease trade tensions and maintain the currency status quo. A key moment of this G20 summit will be Mr Trump's meeting with China's President Xi Jinping. If it goes well, the Osaka conclave will be viewed as a success. Should the two clash, the summit as a whole will struggle.

One option may be to smuggle past decisions into the communique without making them explicit. In Fukuoka, the finance ministers included a passing line to "reaffirm our exchange rate commitments made in March 2018".

For Osaka, that may suffice. Yet in the markets and at the conference table, a currencies clash can only be postponed for so long.



Direction of travel: avoiding beggar-thy-neighbour policies is one of the G20's founding purposes — Tim Rue/Bloomberg

Mr Trump has broken the taboo that has long kept US politicians from talking about the dollar

Resilient premier Abe grapples to secure his place in history

Japanese politics

The G20's host is poised to become the country's longest-serving prime minister, though his legacy is not yet clear, writes *Robin Harding*

Get a grip: Mr Abe (above left, next to President Trump) has enjoyed limited diplomatic success — Brendan Smialowski/AFP/Getty Images

When Shinzo Abe was hounded out of office in September 2007, after 366 days as Japan's prime minister, his career seemed over. In poor health, and known mainly for his dogmatic rightwing positions, Mr Abe was thrown on the scrapheap of Japanese politics.

In November this year, he will achieve what then seemed impossible, passing 2,886 days in office to become the longest-serving prime minister in Japanese history. When he sits down as chair of the G20 in Osaka, Mr Abe will be one of the veterans at the table.

Under his leadership, Japan has enjoyed a long period of stability. Unlike most of his predecessors, Mr Abe has become a well-known international figure. "He's a significant leader," says Takao Toshikawa, editor-in-chief of the political newsletter Tokyo Insideline. "Whether you admire him or not, that cannot be denied."

Even as Mr Abe breaks records and bestrides the world stage, however, and for all the frantic activity of his years in office, it is hard to identify what eventually his legacy will be.

That is most obvious in diplomacy. He inherited a country at odds with its closest neighbours and dependent on the US alliance as a bulwark against China's rise. Relations with China have thawed somewhat, and he has struck up a friendship with US President Donald Trump. On the debit side, Mr Abe has got nowhere in his effort to resolve a territorial dispute with Russia.

A deal with South Korea over the issue of wartime "comfort women" has basically collapsed and, in the East China Sea, Beijing continues to prosecute its territorial dispute with Tokyo by way of regular naval incursions. Mr Abe's latest effort to play mediator between the US and Iran fell flat recently after two tankers were attacked while he was in Tehran.

Tobias Harris, a Japan expert at consultants Teneo Intelligence in Washington, gives Mr Abe credit for forging an important relationship with India. Otherwise, he says, Japan remains in the same strategic box: "Mr Abe's dealings with President Trump have shown there is no alternative for Japan to a close relationship with the US."

Mr Abe's return to power saw his economic policy, so-called Abenomics, promise growth and an escape from two decades of on-and-off deflation. This has achieved six years of solid expansion and a decline in unemployment to just 2.4 per cent. "Abe gets points for making economics the centrepiece of his new administration when he returned to power in late 2012," notes Matthew Goodman, a former US Treasury official now at the Center for Strategic and International Studies in Washington. This was, Mr Goodman adds, in contrast with "his first failed stint as PM, when he showed zero interest in economics".

Less clear is whether Mr Abe's success is durable. Inflation remains far below the Bank of Japan's 2 per cent objective and the prime minister has lately begun saying that full employment is his real objective. An economy so close to deflation, however, risks falling back into it given the slightest economic shock.

Mr Abe also promised radical structural reform — slashing business regulation, cutting corporate tax, liberalising the labour market — but the results have been modest. He has negotiated trade deals, and leading the 11-member Trans-Pacific Partnership after the US pulled out was a considerable achievement. But on Mr Abe's watch Japan has fallen from 20th to 39th in the World Bank's rankings for ease of doing business. South Korea has risen to fifth.

When he returned to power, foreign observers feared Mr Abe would pursue a rightwing nationalist agenda and push for a revision to Japan's war-renouncing constitution. In practice, he governed from the centre, with conservative policies notable by their absence. He has co-opted the politics of tax-and-spend, promoting fiscal restraint but also postponing rises in consumption tax and promising free childcare. From gender equality to marine plastic pollution, the government has an initiative for every cause.

One result has been to restore the dominance of the Liberal Democratic party Mr Abe leads and suck the life out of domestic politics. The opposition today is fragmented, with no particular cause or identity. The prime minister's willingness to adopt some quite leftwing approaches — his "ruthless flexibility on policies", as Mr Harris describes it — makes it hard for rivals to draw a clear dividing line. Election turnouts are low and the public is apathetic.

The present term of Japan's lower house runs to autumn 2021, as does Mr Abe's third and expected final period as LDP leader. With limited time to secure a legacy, his top personal goals — constitutional reform or a settlement of the dispute with Russia — look out of reach.

That means the G20 takes on a yet greater importance for him. To bring Mr Trump and China's President Xi Jinping together, and find a way to ease global trade tension, would really be one for the history books.

Trump's heavy hitting game drives trade into the rough

OPINION

Alan Beattie

Events in world trade have been so extraordinary in recent years that it is hard to recall when the area was just a tranquil backwater of public policy.

As of 2016, the big trade events entailed the US painstakingly constructing a regional deal with 11 other members, the Trans-Pacific Partnership (TPP). As the US model trade agreement became ever more complex, so corralling a group of nations together was little less than a design to spread the US economic model through the Asia-Pacific region; and, though US officials were generally careful not to say this, to encircle China through trade if not militarily. The EU, although with less of a comprehensive strategy, was plugging away pursuing one bilateral deal after another: Singapore, Canada, Japan.

There was concern about what was perceived as China intervening to distort trade in a variety of ways, including extensive subsidy use, forced technology transfer and other forms of discrimination against foreign companies. But US administrations had considered it wisest to pursue those issues with China through the World Trade Organization.

Enter, Brexit and Donald Trump. Since Leave won the referendum in June 2016, the UK's negotiations with the EU have been a test of what happens when an advanced economy enmeshed in a regional single market attempts to extricate itself while minimising damage to its trade relations. Then, came Donald Trump, set on crashing through every norm governing the world trading system.

Since he took office in 2017, Mr Trump has slammed steel and aluminium tariffs on even his close neighbours and allies — Mexico, Canada, Japan and the EU — and forced the renegotiation of Nafta. He has coerced the EU and Japan to the negotiating table for a bilateral deal with the US, threatening punitive car tariffs if they did not talk. His justification for many of these tariffs — to protect US national security — is regarded by most trade experts as absurd.

The bulk of Mr Trump's anger has been reserved for China. He has slapped wave after wave of tariffs on imports from China, apparently in the belief that it is the exporting country rather than consumers in the importing country which end up paying for them.

More recently, casting around for any tool available to batter at the country he considers an enemy in trade terms, Mr Trump took the extraordinary step of putting an export ban on any company doing business with the tech giant Huawei. This was an apparent attempt to drive the Chinese company out of supply chains worldwide.

Whether any of these policies will have the desired effect is unclear. His attempts to address bilateral US trade deficits using tariffs are unlikely to do very much: current account balances reflect macroeconomic factors such as savings rates.

He may have more success driving Huawei out of polite company, but Huawei-made hardware is such a central part of 5G networks that many countries, including in Europe, are defying Mr Trump's warnings to shun Huawei altogether.

If Mr Trump is really determined to separate the US and Chinese economies, he will need to increase the interventionist actions a lot further, insisting that multinationals can either operate in the US or in China but not both. Given what has happened so far, it would be unwise to put that past him.

The response of the other big trading powers has been largely defensive. The EU and Japan have continued to sign trade agreements with third countries (and with each other) whenever possible.

Japan resurrected the TPP when the US pulled out. The EU, having finalised a deal with Canada after several tricky years of negotiations, updated an agreement with Mexico and is embarking on talks with Australia and New Zealand.

But no country can negotiate its way to security from Mr Trump's whims. Mexico, having agreed to change Nafta

> The attempts by the US president to address bilateral US trade deficits using tariffs are unlikely to do very much

to accommodate the US president's criticisms, suddenly found itself threatened with more tariffs unless it sorted out the migration problem across the Mexican/US border. That threat was subsequently withdrawn after Mexico scrambled a diplomatic effort to defuse it.

The EU and Japan have attempted to put together an initiative with the US to put pressure on China to reform its subsidies, trying to get Mr Trump to act more collectively through the WTO. The White House is engaging in the process but does not regard it as a substitute for its unilateral actions against Beijing.

Predicting Mr Trump's actions is near impossible. There appears no coherent pattern. The next year and a half at least will continue to give the world trading system its biggest stress test since, perhaps, the second world war.

Superpower rifts heighten risks to global economy

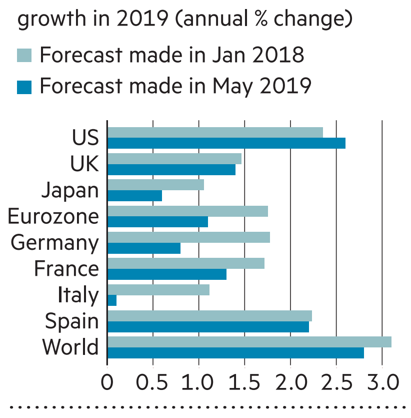
Continued from page 1

Fourth, eurozone stresses. The eurozone is at best a half-completed monetary union. Worse, the crisis and its populist aftermath have driven popular attitudes in member countries apart, especially Italians from Germans. It would not take much to trigger a new round of hard-to-manage financial and political crises. This is especially the case given the imminent arrival of new leadership at the European Central Bank and the fact that the bank has exhausted much of its conventional policy room.

Fifth, great-power friction. Changing relative economic power, especially the rise of China, has reshaped the global balance of power, to the detriment of the west, in general, and the US, the world's established hegemon, in particular. The election of Mr Trump, partly in response to this, is destabilising global political and economic foundations. His "America First" politics have led to fights with China, especially over trade, and with his supposed allies, over trade and their contributions to collective security. Nonetheless, Mr Trump has the support of many Americans, on both the right and left, albeit for different reasons.

Growth forecasts fall sharply for the eurozone and Japan

Consensus forecasts for real GDP growth in 2019 (annual % change)

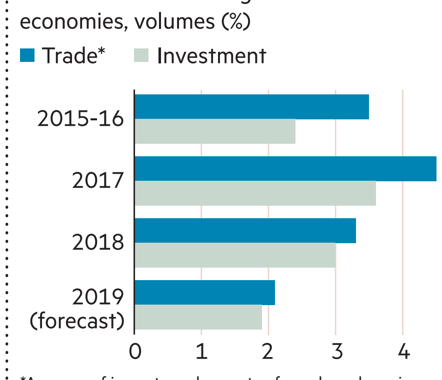


Growth forecasts worsen, but Asia is very robust

Consensus forecasts for real GDP growth in 2019 (annual % change)

The growth dynamic of advanced countries slows sharply

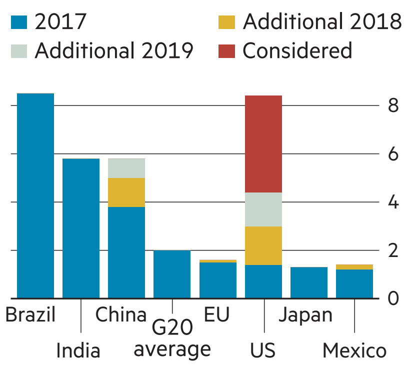
Trade and investment growth in advanced economies, volumes (%)



*Average of imports and exports of goods and services

The US becomes a highly protectionist country

Average trade-weighted import tariffs in G20 countries (%)



The trade war bites on China

China's trade growth (volume of goods, annual % change, 3-month average)

The slowing growth of world trade

Trade volumes (annual % change, 3-month average)

Sources: Consensus Economics; Haver Analytics; World Bank; CPB Netherlands Bureau for Economic Policy Analysis; Institute of Shipping Economics and Logistics

Sixth, protectionism. The growth of trade slowed sharply, relative to world output, after the financial crisis. This was largely because of exhaustion of possibilities for internationalisation of supply chains in goods, the global slowdown in the growth of investment and the drift towards protectionism. But Mr Trump's tariff wars are transformative, in style and size: in style, because his administration does not pretend to respect the principles (especially non-discrimination) or commitments (particularly tariff bindings) that follow from the US role as the most significant founder-member of the World Trade Organization; in size, because the levels of tariffs towards which the US is moving are similar to those of the most protectionist emerging economies.

Seventh, uncertainty. Taken together, all this creates great uncertainty, which weighs on investment. Pervasive uncertainty is arguably the greatest risk to the global economy. Trade wars are not the only cause of the uncertainty, but they are among the most important. The purpose of the post-second-world-war trading system was to liberalise trade and to strengthen that liberalisation with binding international agreements overseen by a global dispute settlement system. Mr Trump is destroying the credibility of US WTO commitments and rendering the dispute settlement system inquorate.

Overall, the result is global economic fragility. Christine Lagarde, IMF managing director, has argued that the "self-inflicted wounds" of tit-for-tat tariffs between the US and China risk hitting an already precarious global recovery. This would be worrying in normal times. This, however, is not such a time. In today's uncertain environment, policymakers need particularly to display caution, which is precisely the quality that populist politicians, with their contempt for rules, institutions and "experts", lack most.

The leaders of the G20 must handle all this with great care. Unfortunately, the group, which was founded in an attempt to broaden the base for global co-operation, is a victim of the general disarray. The G20's members are physicians who need to heal themselves. Will they? Not today, is surely the answer. It may take a crisis for them to act effectively, as they did in 2008 and 2009. It may prove impossible even then. We can only watch, wait and see.

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How the Fukushima disaster hit climate plans

Environment Coal and gas consumption in Japan has soared since 2011's nuclear accident to help fill the power gap, writes *Leslie Hook*

When Prime Minister Shinzo Abe wrote in the pages of the FT last year, he urged the world to act "swiftly" to combat climate change and to take "more robust actions".

"Climate change can be life-threatening to all generations," he wrote. "The problem is exacerbating more quickly than we expected."

As Japan prepares to host the G20 summit at the end of this month, however, the country's commitment to climate action is about to be put to the test. The summit will set the tone for the world's largest economies at a time when global carbon emissions are rising. New national climate targets are expected later this year under the Paris climate accord.

In previous G20 summits the role of the US — which, under the Trump administration, plans to withdraw from the Paris climate pact — has been in the spotlight. This year more scrutiny will focus on Japan's climate record.

Japan is one of the only developed countries that is still building new coal plants. It is a big funder of coal projects internationally. This month it did adopt a plan to become "carbon neutral" by the end of the century, though without naming a specific date. It kept its 2050 decarbonisation goal unchanged, targeting an 80 per cent reduction in emissions by then.

Ahead of the G20 summit in Tokyo, a growing number of Japanese companies have called for more renewable energy. A letter this month signed by technology multinational Fujitsu, the conglomerate Sony, construction company Daiwa House and a dozen others urged the government to adopt a target of 50 per cent renewable electricity by 2030.

Coal-fired: a power station in Iwaki City in the Fukushima area — Tomohiro Ohsumi/Bloomberg

Environmental groups have been highly critical of Japan's policies. They argue that there is no plan to wean the country off its dependence on coal. "It is quite an unfortunate path," says Kimiko Hirata, international director at the Kiko Network, an environmental group. "Japan is in the position of lagging behind other countries in terms of renewable energy," she adds, pointing out that 17 coal fired power plants are under construction. "The actual [climate policy] situation in Japan has become quite bad."

One year ago, a heatwave that swept across the country, killing more than 1,000 people, highlighted the deadly impacts of climate change, which is contributing to more frequent and severe heatwaves around the world.

Yet, in the approach to the G20 summit, Japan has been criticised for its climate record. Coal fired power plants are a key source of carbon dioxide emissions that contribute to global warming.

> 'Japan [has] tried to avoid facing the climate change issue, so cannot send any strong signal to the world'

This represents a big turnround for a country that used to be synonymous with climate action, after lending its name to the Kyoto protocol of 1997.

Following the nuclear disaster at Fukushima Daiichi in 2011, and the subsequent suspension of Japan's nuclear fleet, consumption of coal and gas soared to help fill the gap left by the nuclear closures.

Since 2012, about 50 new coal plants have been planned in Japan, according to data from Kiko Network. Though 13 have been cancelled, another 13 are already operating.

With the future of nuclear power still unclear — many reactors are supposed to reopen, but this has been repeatedly delayed — coal is set to continue to be part of Japan's energy supply for decades. It provides about a third of Japan's power today, and is expected to produce a quarter in 2030, according to official forecasts.

International pressure to move away from coal has been rising. A report from the UN Intergovernmental Panel on Climate Change last year found that coal use would have to fall to zero by 2050, in order to limit global warming to 1.5C and avoid the worst impacts of climate change.

Amid a global wave of "no-coal" policies, the UK plans to phase out coal by 2025. France plans to close its coal plants by 2022. In Japan, some individual companies have pledged not to fund new coal-fired power plants, including Mitsubishi and Marubeni. The government itself has not indicated a coal phase-out date.

"After the nuclear accident there were a lot of different paths Japan could have taken," says Han Chen, international policy manager at NRDC, a US environmental group. "Instead of investing in low carbon growth, Japan stuck with importing tonnes of coal and liquefied natural gas." Estimates suggest that government-supported financing for international coal projects totalled about $15bn between 2013 and 2018, according to NRDC.

Many environmental campaigners say the G20 could be a powerful voice for climate policy but they do not expect that it will be so this year. Japan's draft G20 communiqué, they note, omits the phrases "global warming" and "decarbonisation" and, when compared with previous communiqués, downplays the Paris climate accord.

"I'm quite pessimistic," says Ms Hirata.

"Because Japan [has] tried to avoid facing the issue of climate change," she argues, "it cannot send any strong signal to the outside world."

G20 High-Level Symposium on Aging and Financial Inclusion (GPFI Forum)

With 28% of its population over 65 years old, Japan is currently the world's oldest nation. By 2050, ageing will be a global issue, as more than 2 billion people will be aged 60-plus worldwide. As people live longer, they need to plan their finances more carefully, particularly in later life as healthcare expenditures increase hardship risks. Held in Tokyo on June 7, the GPFI Forum brought together multiple stakeholders to discuss how best to achieve sustainable financial inclusion. This is an edited summary of the day's speeches and panels.

VIDEO MESSAGE

Her Majesty Queen Máxima of the Netherlands, *Honorary Patron of the GPFI*

The world's population is ageing rapidly. Globally, those over 60 are the fastest-growing age group. However, the retirement savings gap remains enormous. Financial inclusion is crucial to reducing this burden. I commend the GPFI and the Japanese government for taking up this important issue.

About GPFI

The Global Partnership for Financial Inclusion (GPFI) is an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to carry forward work on financial inclusion. It was established at G20 Seoul Summit. This year, Under the Japanese Presidency, the GPFI has been discussing the challenges to financial services and possible responses in face of aging under the theme of "Aging and Financial Inclusion."

SESSION I SETTING THE SCENE—FACING THE 'AGE OF AGING'

Turning the Silver Tsunami into a Silver Dividend

Healthy life expectancy is not increasing at the same rate as life expectancy. People are living more years with disability as a result. Healthy behaviour can help mitigate the chronic conditions older people suffer from. Longer and healthier lives must be humanity's next goal. Poor health exposes old people and their families to costs that contribute to financial exclusion. But if societies invest and prepare, an ageing population can be a "silver dividend" rather than a "silver tsunami," an opportunity, not a challenge.

Demographic change could well spur behavioural change. This happened between 1960 and 2000, when the world's population doubled. Despite many dire predictions, all key indicators improved. The key is to think constructively and proactively.

Japan is the world's most aged nation, so its example is important. Three percent of the population suffers from dementia. Public-private partnerships are one way to tackle this challenge. Government leadership is crucial.

The time has come for a new social contract that enables people to age with dignity. A combination of education, technology, financial literacy and communication can help deliver retirement security.

SESSION II VARIETY IN LIFE AND INCLUSION IN APPROACH—HOW TO VIEW COMPLEXITY OF AGING ISSUES

Financial Caregiving in the Age of Longevity

Over recent decades, people's lifespan has risen, but their "healthspan" has not kept pace. This leads to a "wealth-span" problem, when healthcare spending can devour people's entire savings. Alzheimer's is particularly costly.

Financial decision-making is difficult for dementia sufferers. One Japanese university's psychiatry department is working with financial institutions to help dementia patients tackle their financial management issues. Together with technology companies and financial institutions, it is developing "dementia-friendly" banking services.

In the U.S., a major bank found that health was the top concern of its customers, with Alzheimer's their greatest fear. The bank now employs a full-time gerontologist and seeks to help customers who are caring for a family member by providing care consultations alongside financial advice.

In Japan, Nomura Securities is formulating new asset-management and estate-planning solutions to become its clients' 100-year partner, explained Nomura President Toshio Morita. The elderly are a diverse customer group, so the firm has teamed up with Keio University to research their needs. In 2017, Nomura established a special team to service elderly clients and co-founded the Japan Financial Gerontology Institute in 2018.

KEYNOTE SPEECH

Dr. Kristalina Georgieva, *CEO, World Bank*

Ageing with Happiness and Dignity

Life expectancy is rising in rich, middle- and low-income countries. But ageing societies come with challenges. Growth, productivity and public finances are all impacted. The World Bank is focused on three policy-action areas: financial security for the elderly (upgrading pension systems and improving financial literacy); labour markets and skills (adapting social security schemes for the gig economy, encouraging more women to participate in the labour force, and getting workers to stay in the labour force longer); and finally ensuring that old people have access to appropriate care). The World Bank is committed to working on the G20 Fukuoka Policy Priorities so everyone can age with happiness and dignity.

KEYNOTE SPEECH

Financial Inclusion in an Ageing Society

Haruhiko Kuroda, *Governor, Bank of Japan*

Japan is one of the most aged countries in the world, and this has brought many financial issues into the spotlight.

As life expectancy increases, people will need the financial literacy to extend the life of their assets. Financial inclusion will also be a vital item on the social agenda. Senior citizens who may have difficulty visiting banks or making transactions due to age-related decline must not be excluded from the benefits financial services offer.

The Bank of Japan is addressing these issues in many ways, from supporting financial literacy through the Central Council for Financial Services Information to promoting fintech that brings financial services within everyone's reach.

SESSION III '100-YEAR LIFE' AND FINANCE

A Holistic Approach to a Multi-Stakeholder Issue

"Japan is leading the conversation on the population dividend," noted Dr. Lynda Gratton, co-author of the book "The 100-Year Life," an unexpected hit in Japan. "Its relative stability lets politicians ask important questions."

Dr. Gratton's message is twofold. "First, the time to act is now," she said. "Education must change, corporations must change, even our approach to health. The longer we wait, the harder it will be. Second, this is a multi-stakeholder issue. It involves governments, NGOs, educational institutions and corporations. A holistic approach is crucial. In this transitional period, every one of us is a pioneer, and we must show those who come after us what that means."

Dr. Lynda Gratton, *London Business School*

SESSION IV THE POTENTIAL OF A LONGEVITY ECONOMY —SHIFTING THINKING FROM AN "AGING TIME BOMB" TO A "LONGEVITY DIVIDEND"

'Ageing Strategies' for Future Success

Ageing represents an enormous demographic change. In the corporate world, it will affect business development, market opportunities, and workplace practices. By 2050, the number of older consumers will double from 1 billion to 2 billion, creating a longevity economy with potential in every field from medicine to fashion. Yet, as Dr. Michael W. Hodin, CEO of the Global Coalition on Aging, pointed out, few companies have an "ageing strategy." In fact, entirely new ecosystems will be needed.

Justin Derbyshire of HelpAge International argued that the responsibility for creating these ecosystems lies with the state, saying: "If governments don't embrace longevity, they will stunt growth, cause competition between generations, and lessen the opportunity for a third demographic dividend."

It falls to governments to grasp the nettle and shift retirement ages. The idea that older people working longer prevents younger people securing jobs, Derbyshire noted, has been proven fallacious by studies in OECD countries and China.

With the ageing society already upon us, the panel concluded, the time has come to reject such misconceptions and trumpet the significant value that older individuals bring to economies.

OPENING REMARKS

Taro Aso, *Deputy Prime Minister and Minister of Finance, Japan*

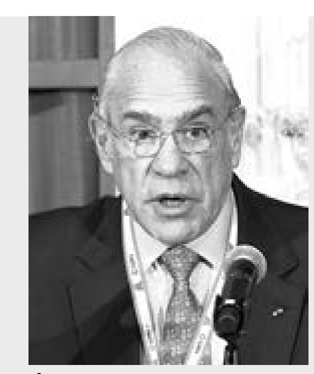
Ageing is a Global Challenge

Ageing is a global challenge, and Japan is the world's ageing frontrunner. That is why, as part of its G20 presidency, Japan has made ageing and its policy implications a priority. Ageing is also an issue for us as individuals. In today's digital age, anyone can face the cognitive or physical decline that poses barriers to financial inclusion.

The GPFI has discussed financial inclusion intensively. The GPFI and the OECD jointly prepared "G20 Fukuoka Policy Priorities," a report that identifies key steps to promote financial inclusion and catalyse further action. Today's event is part of these efforts. I am keen to share the forum's insights with G20 Finance Ministers and Central Bank Governors.

KEYNOTE SPEECH

The Quality of Longevity Matters



Ángel Gurría, *Secretary General, OECD*

The number of elderly people will double by 2050, making Japan's focus on ageing timely. Prime Minister Shinzo Abe has described ageing and the declining birthrate as Japan's greatest challenges. Other countries also face significant ageing, sometimes at an early stage of development; all must prepare for the longevity economy. People who live longer will need to work longer and be financially educated. The misalignment of life longevity and asset longevity makes financial hardship a risk. The G20 Fukuoka Policy Priorities address these challenges. Governments must reinforce the elderly's digital financial skills and help everyone with financial planning. Increased longevity is an accomplishment, but the quality of longevity matters as well.

SESSION V CALL TO ACTION FOR THE UPCOMING SUPER-AGING WORLD —HOW CAN THE FINANCIAL SERVICES INDUSTRY HELP ENSURE FINANCIAL INCLUSION?

Mixing Technology with Creativity

Cashless payments and other technological advances offer many benefits, but can also exclude the most vulnerable from essential services. With its ageing population, Japan places great importance on financial inclusion, and the G20 Fukuoka Policy Priorities are a blueprint for approaching the issue.

Toshihide Endo listed three areas where action was needed throughout the G20 and the world on these priorities. "First, financial literacy," he said. "Second, tax incentives, like the Dollar-Cost Averaging NISA we have introduced in Japan. Finally, better access to financial advisory services, so that consumers can create healthy portfolios for longer lifespans."

Brazil faces dramatic challenges, and Roberto de Oliveira Campos Neto stressed the importance of "technology mixed with creativity" in meeting them. Felix Hufeld noted the role occupational pensions can play alongside public pensions and savings, and spoke about how accessible design can benefit not just older people but all consumers.

Above all, participants called for recognition of the inherent value of older people. "They have wisdom and experience and offer a voice for sustainability," said Maria Jahrmann Bjerke. "Their potential to contribute is tremendous."

From left: **Toshihide Endo**, *Commissioner, Japan Financial Services Agency*
Roberto de Oliveira Campos Neto, *Governor, Central Bank of Brazil*
Felix Hufeld, *President, Federal Financial Supervisory Authority of Germany (BaFin)*
Maria Jahrmann Bjerke, *State Secretary, Ministry of Health and Care Services, Norway*

KEYNOTE SPEECH

Masako Wakamiya, *84-year-old Japanese IT evangelist*

Social Participation and Independence through Technology

Physical and mental independence is crucial for quality of life. My own experiences have shown me that technological solutions can help older people maintain that independence and participate in society.

Bone conduction technology and speech-to-text services can help those with hearing impairments. Wearable devices can supplement deteriorating vision, and mobility can be augmented with short-distance vehicles. Smart speakers can answer spoken questions, provide information, and control devices remotely, while IT solutions like face recognition can help compensate for cognitive deterioration.

Many of these technologies are already available. The challenge is to promote them and ensure they are affordable and accessible. This will help improve independence and financial inclusion among older people.

KEYNOTE SPEECH

Diversifying Lifestyles Bring New Banking Opportunities

Makoto Takashima, *Chairman, Japanese Bankers Association (JBA)*

Addressing the needs of an ageing population is one of the JBA's top priorities. The ageing of society is often seen as a negative in terms of economic growth. As longevity grows, however, the lifestyles of older people diversify. This presents new opportunities for banks around the key concepts of diversification, cooperation and accessibility.

At SMBC, we use eye tracking and heat mapping to ensure that our products are accessible, and encourage branch staff to learn more about what older customers need. These initiatives are in line with the G20 Fukuoka Policy Priorities. The banking industry is in a unique position to turn challenges into opportunities and preserve financial inclusion.

New technologies stir the debate on ethics

Digital economy

Governments are discussing how best to address the implications of AI, 5G and the 'internet of things', reports *Michael Imeson*

How do you reap the benefits of digitalisation while minimising the risks? That was the big question facing G20 digital economy ministers when they met in Tsukuba, Japan, early this month.

Emerging phenomena such as AI, 5G, smart devices and distributed ledger technologies such as blockchain will "empower all individuals and firms by creating new opportunities, and generate new services and employment", concluded the ministers optimistically.

But they acknowledged that digitalisation "raises certain concerns". These included the internet and social media being used "for violent extremist and terrorist purposes" — and they urged that governments work with technology companies to fight such threats.

Cross-border data flow, noted the ministers, "generates higher productivity, greater innovation and improved sustainable development" but presents problems on privacy, data protection, intellectual property rights and security. Countries, therefore, needed to co-operate to align domestic and international legal frameworks "to build trust and facilitate the free flow of data".

AI was recognised as raising ethical concerns on matters such as software that may inadvertently discriminate on ethnicity, sex, religion or other factors. While the Japanese view the AI era as Society 5.0, meaning the latest stage of human development (following hunter-gatherer, agrarian, industrial and information), the meeting cautioned that it may create "societal challenges" for the labour market, privacy and security. On this, the ministers said the G20's own principles for responsible AI use, including human-centred values and fairness, were a necessary guide.

"Every new technology creates its own debates around ethics," says Margot James, UK digital industries minister, who attended the meeting in Tsukuba. The UK government last year set up a centre for data ethics, aiming to "help us understand the challenges and opportunities presented by AI and data-driven technologies, and the steps we need to take to make sure those technologies deliver for the greater good of society".

Under UK data protection rules, she adds, the onus is now on businesses to keep personal data secure, which is having a positive impact. A 2019 survey had shown that 32 per cent of UK businesses identified a cyber security attack or breach in the past 12 months, down from 43 per cent in the previous period.

In Tsukuba, Andrus Ansip, the EU's digital single market vice-president, said Europe was "ramping up" AI investment. "Our targets are for at least €20bn of public and private investment in research and innovation by the end of 2020 and more than €20bn per year over the next decade," he said. This needs to be backed by stronger rules on data protection and cyber security and "clear ethical guidelines" on AI use, he added.

Julian David, chief executive of trade body techUK, says the conversation on how digital ethics rules work "cross-border is only just beginning". Given the pace of technological development, "this needs to speed up".

The dominance of big US technology companies was a theme that focused the attentions of G20 finance ministers meeting in Fukuoka, Japan, this month. They pledged new rules by 2020 that will compel international digital companies such as Facebook and Google to pay more tax in the countries where they generate their revenues.

> Countries need to co-operate to align their legal frameworks in order to build trust

US competition, however, does not worry everyone, says Poppy Gustafsson, co-chief executive of the UK cyber security start-up Darktrace. UK technology companies do well globally, she notes, adding that they "get a lot of help from the public sector". She stresses, however, that success is determined more by people who run companies — their capabilities, education and ambition — than by official assistance.

Although technological innovation tends to take place in big economies, smaller ones may still see themselves as having a role.

Malta last year passed laws aimed at creating the regulatory framework on distributed ledger technology and cryptoassets that, it hopes, will position it as "Blockchain Island".

"Being small can be an advantage," says Silvio Schembri, Malta's junior minister for digital economy, arguing that it enables efficiency and adaptability. "It is easier to steer a jet ski than a large ship," he notes.

Asian dialogue cannot live by the G20 alone

OPINION

Jamil Anderlini

In April, senior officials from China, South Korea and Japan met in Tokyo for their 15th round of trilateral free trade talks. The talks began in 2011 and have often been interrupted since by political storms between the three north-east Asian powers. As on many occasions, the only firm outcome in April seemed to be an agreement between them to "work towards" holding the 16th round of negotiations.

This triumph of low ambition sums up a problem facing Asia's leaders as they contemplate a new world of US and European isolationism. As the US-led global order crumbles, no obvious replacement exists. The countries that comprise the world's most populous and dynamic region are far from providing an alternative.

This year's G20 in Japan marks the third time the summit has taken place in an Asian country. South Korea hosted in 2010, China in 2016. As the US sidelines and sabotages many of the global institutions it constructed in the 20th century — from the UN to the World Trade Organization — the G20 has taken on greater significance as a place where matters of global importance can at least be given a hearing.

But the G20's importance highlights the lack of alternative structures that allow dialogue and political understanding, not least in Asia. That is especially worrying because of the region's accelerating arms race. The rise of China, its military build-up and expansive territorial claims, have driven neighbours to spend unprecedented amounts on their own military modernisation.

The lack of intra-Asian institutions is surprising, given how mutually reliant the region's economies are. Asia has more than half the world's population and 21 of its 30 largest cities. By next year, Asia's combined economies, as defined by the UN and measured by purchasing power parity (PPP), will be larger than the rest of the world combined for the first time since the 19th century. The region will be home to half the world's middle class, defined as those living in households with daily per capita incomes of between \$10 and \$100 at 2005 PPP. This has been facilitated by globalisation, trade and integration of regional supply chains.

One regional grouping is the Association of Southeast Asian Nations (Asean). But it is considered a talking shop, even by many of its members, who range from very modern Singapore to impoverished Myanmar and Laos.

Other attempts at regional institution-building have mostly been led by the US, Japan and, more recently, China, with mixed results. While maintaining a very robust military presence in Asia, the US has run hot and cold when it comes to other forms of engagement and is now in a decidedly cold phase. Nascent initiatives such as the Trans-Pacific Partnership trade agreement have been casualties of this.

> Chinese initiatives, billed by Beijing as for the 'common destiny of mankind', often look self-serving and expansionist to neighbours

Because of its wartime history of conquest, Japan has often found it difficult to convince other nations of its benign intentions. More recently, China has joined the institution-building game. It has set up security groupings such as the Shanghai Cooperation Organisation with Russia and former Soviet states in Central Asia and, in the past few years, the Asian Infrastructure Investment Bank and the "Brics Bank" (named after the Brics countries of Brazil, Russia, India, China and South Africa).

Chinese initiatives, billed by Beijing as "win-win" and for the "common destiny of mankind", often look self-serving and expansionist to neighbours. China's size and authoritarianism add to suspicions about its motives and approach to what it sometimes derides as "small countries".

President Xi Jinping has made the "great rejuvenation of the Chinese nation" his objective. Some of his advisers want a modern form of imperialism and vassal states radiating out from the celestial capital in Beijing. Other countries, including US allies who often have their grievances with each other, are not encouraged by such thinking into joining regional agreements championed by China.

This makes G20 meetings yet more vital for larger countries in Asia to manage differences and disputes. For now, it also makes the US an indispensable stabilising force in a region that has the potential to be very unstable.

Robots need help in solving the problems of ageing

Automation As yet, there are no simple answers to Japan's changing demographics, writes *Leo Lewis*

Promise: robots seem to tick a lot of boxes for Japan, though obstacles remain
REUTERS/Toru Hanai

In March, technology giant Panasonic unveiled the next generation of Hospi, an autonomous delivery robot that the company claims can coexist with humans and fill the widening labour market gap created by Japan's ageing population. The first part, say the country's leading robot experts, may be true. The second is absolutely up for debate.

Like its predecessor, the new Hospi has been built to replace human jobs by delivering medicines and medical equipment around hospitals or care homes. After its latest upgrade, say its designers, it can do so more efficiently and with a swivelling head full of sensors to enhance its ability to engage with (or avoid) people as it does its rounds.

Hospi, and the general promise of robots like it, appears to tick a multitude of boxes for Japan. It is a homegrown machine whose existence represents tangible pay-off for decades of Japanese corporate and academic focus on robotics. It is aimed at the care and service of the country's elderly, a sector for which the government forecasts Japan will face a 380,000-worker shortfall by 2025. Above all, Hospi seems to support the long-held faith that technology will step in where demographics present fearsome long-term challenges — not least, that a third of Japan's people is projected to be over 65 by 2050.

Those challenges have been the subject of two recent projects where Japan's ministry for economy, trade and industry has sought to concentrate effort on improving robots. In one project, the government presented plans to turn the industry for robots directly involved in the care of elderly people into a Y50bn (\$470m) a year concern by 2020. Another called for an important shift of focus in new machines: from increasing their efficiency in giving care to helping people remain self-sufficient for longer into old age.

The link between robots and elderly care has featured in discussions of the so-called "100-year life" policies espoused by Japan's prime minister, Shinzo Abe. The intention is to prepare Japan for a future when life expectancy means living decades beyond traditional retirement age. In addition, there is the expectation that robotics — particularly in the area of factory automation — can alleviate labour shortages and free flesh-and-blood workers for tasks only they can perform.

Masatoshi Ishikawa, a professor of robotics at Tokyo university, is cautiously optimistic about what robots will be able to do in the future. This applies both to helping people in an ageing society and to developing high-speed robots for use in factories.

His work, the crowning glory of which is a robotic "eye" that can register information 33 times faster than its human equivalent, centres on image sensors, the technological bedrock of the new generation of autonomous machines. The better the performance of the sensor, the greater the robot's ability to solve high-level problems.

"One of the things we want to do with better sensors is to give a robot more accuracy than human beings," says Prof Ishikawa. "Humans can do movements with millimetre accuracy. Our robot can do 50 micron accuracy," he adds, 50 micron being about the width of a human hair.

That alone will not be enough to provide the solutions required. In the case of both factory robots and autonomous servants such as Hospi, the approach must be economically sustainable and many are not.

Kazuhiro Kosuge, a robotics professor at Tohoku university in the city of Sendai, fears that Japan's expectations for robots are simply too high. This is not only because of their technical limitations or the economics of their use, but also because of the high levels of human expertise required to put them to use.

There is a limited supply of specialist engineers to build systems that enable robots to work together. The same applies to people with the skills to adjust, service and repair robots as they become more established in manufacturing and everyday life. Such shortages mean the prospect of robots answering Japan's demographic problems is based more in hope than present reality.

However rapidly the Japanese labour force appears to be shrinking, economists note that this has yet to force a really noticeable rise in workers' salaries. "The barriers to robots will fall as human labour costs increase," says Prof Kosuge.

"Many conditions need to be considered and I'm afraid that people are dreaming too much," he adds. "Sometimes companies introduce [robots] and then remove them later because of the costs."

Brazilian Japanese mix the traditional with the tropical

Cuisine

Brazil's *nikkei* revere sushi history but not all are averse to a little local flavour, writes *Andres Schipani*

It is not yet dawn and Ken Mizumoto is inspecting large pieces of fresh tuna and boxes of langoustines. In the manner of sushi chefs, he is obsessive about freshness. This is not Tokyo's legendary fish market but its counterpart in the gritty downtown area of São Paulo, Brazil, a country that has close historical ties to Japan, despite being the farthest away of the G20 nations.

"We do our best to keep the quality as good and the tradition as alive as possible," says Mr Mizumoto, 39, a second-generation Brazilian Japanese who owns ShinZushi, one of the city's best sushi restaurants. Brazil's bars and restaurants association says São Paulo has 900 Japanese restaurants, producing more than 500,000 sushi meals a day.

Brazil is home to an estimated 1.9m *nikkei*, descendants of Japanese immigrants, giving Brazil the largest population of Japanese origin outside Japan. Most came during the first half of last century. Of the destinations Japanese migrants went to, says Lidia Reiko of Brazil's museum of Japanese immigration, Brazil "is the one where tradition was better kept".

In ShinZushi, chefs are only allowed to prepare sushi after five years of training. It is a world where the everyday rules and rhythms of Brazil do not apply. People speak softly, Japanese is the *lingua franca*, precision is paramount.

"The authenticity of the restaurant is not just food, it is also the way you greet and serve people," says Mr Mizumoto. "You cannot eat sushi properly if we play samba in the background."

In silence, he and a staff member undergoing instruction from him slice a 15kg imported bluefin tuna. In 2000, Mr Mizumoto moved to Tokyo to learn the art of sushi. After 11 years, his master told him: "You are ready, you can go back to Brazil."

He took charge of his late father's restaurant, run by a cousin at the time, who, he was shocked to find, was serving US-style sushi. The menu included things like "salmon stuffed with cream cheese", he recalls, in tones a Mexican gourmet might use to describe Tex-Mex food: "unbelievable".

Tradition is also a theme at Telma Shiraishi's Aizomê restaurant, in an old Japanese-style wooden house in an upscale area of São Paulo. To make Japanese cuisine outside of Japan, she says, you need its principles "clear in your mind". This year, she became the first Brazilian woman to be appointed Japanese Cuisine Goodwill Ambassador by the Japanese government.

"Some people say the Japanese spoken here in Brazil is more traditional than that spoken back in Japan and that can also go for the food," says Yasushi Noguchi, Japan's consul general to São Paulo. But he adds chefs are not averse to mixing Brazilian cuisine in with it.

In São Paulo's main Japanese quarter of Liberdade, in the centre of the city, Wagner Yoshihiro Higuchi pours beers and sakes alike in his *izakaya*, or pub, Kintaro. A wrestler, he inherited his father's passion for sumo and his mother's taste for Japanese pickles, *oden* hotpot and breaded pork *tonkatsu*.

"My father liked drinking after wrestling and my mother cooked very well — handy when you own an *izakaya*," he says.

Ken Mizumoto: Tokyo-trained for 11 years — Ricardo Lisboa for the FT

Mr Higuchi and his brother took over Kintaro a few years ago. Their mother still runs the kitchen. At the back of the bar, downing Kirin beers, a Brazilian-Japanese couple discuss plans to migrate to Tokyo to "escape" Brazil's economic slowdown and the government of President Jair Bolsonaro. Nearby, two women speaking Japanese munch a portion of *nasu dengaku*, miso-glazed eggplant.

"We serve things that are very Japanese," says Mr Higuchi, such as *kinpira gobo*, or braised burdock root and carrot. He also offers dishes from the "colony" — as the times when the Japanese first settled in Brazil are known — such as marinated sardines. "One way or the other, we try to maintain the tradition," he adds. "Japanese is what we are, but with a tropical touch."

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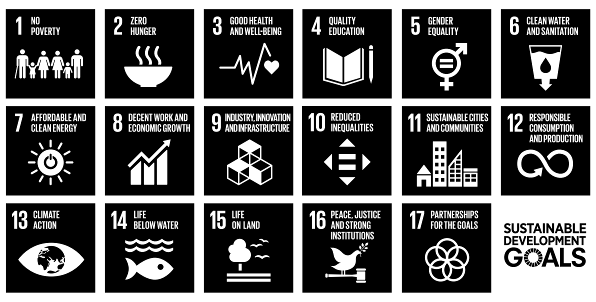
Sustainable Development Goals in a Real-World Context



The Nikkei SDGs Forum Symposium brought together representatives from government, business and finance to discuss the United Nations Sustainable Development Goals (SDGs) in Tokyo on May 8. Here are the day's speeches and panel discussions, in edited and condensed form.

Japan to lead innovative financing for SDGs

Taro Kono, Minister for Foreign Affairs of Japan

In 1989, the Malta Summit between George H. W. Bush and Mikhail Gorbachev marked the end of the Cold War. At the time, all the talk was of a peace dividend; what we got instead was conflicts and civil wars. The world currently has the highest number of refugees and displaced people since World War II. In these troubled times, the SDGs provide a pointer to the future vision we should be striving toward.

Japan has long advocated the concept of "human security," which focuses on each individual's situation and needs. The SDGs' slogan, "leaving no one behind," reflects this concept. That is why Japan has a responsibility to lead from the front in promoting the SDGs. Japan will be hosting the G20 Osaka Summit and later this summer the Seventh Tokyo International Conference on African Development (TICAD7). We will strongly promote Japan's position to the world. Japanese big business is taking a leading role in engaging with the SDGs. Small and medium enterprises are also starting to get involved.

Achieving the SDGs will not be easy. There is a huge financing gap of $2.5 trillion per annum; this is where private-sector investment has a role to play. We must also look at new ways of raising money for the SDGs, such as the International Solidarity Tax. In this regard, Japan will be leading discussions in international forums as the chair of the Leading Group on Innovative Financing for Development, and will establish a panel of domestic experts to explore a range of mechanisms. All sectors of society must get involved to achieve the SDGs by 2030.

The SDG management revolution

Kunio Ito, Professor, Graduate School of Business Administration, Hitotsubashi University

One of Japan's foremost experts on environmental, social and governance (ESG) issues , Professor Ito has authored key reports on investing for sustainable growth for the Ministry of Economy, Trade and Industry. As head of Japan's Task Force on Climate-related Financial Disclosures (TCFD) Study Group, his mission is to introduce global-disclosure best practices into Japan.

Professor Ito argued that thinking on climate change had evolved: the old zero-sum "economy versus environment" paradigm has been superseded by the view that sustainability is key to corporate value creation. The SDGs—which have been enthusiastically embraced by the public, private and financial sectors—provide a practical framework for innovation and can easily be integrated into companies' growth strategies.

Climate change is the SDGs' biggest challenge. Managing climate risk is part of tackling that challenge. Companies should strive to be transparent about their climate-risk exposure by disclosing information based on shared guidelines.

Climate change affects us all and we must act now rather than treat it as a tragedy of the horizon, whose impacts will be felt only much later. The SDGs represent an opportunity to innovate our way out of the climate crisis. Ultimately, altruistic behavior can trigger a virtuous cycle that reverberates down supply chains, revolutionising behavior.

Moving from preparation to action

Norichika Kanie, Professor, Graduate School of Media and Governance, Keio University

Governments around the world have spent the last four years promoting the SDGs. Japan is no exception. Japan's SDGs Promotion Bureau and its annual SDGs Awards are both headed by Prime Minister Shinzo Abe. This year will be a pivotal year, as SDG awareness crosses from the public to the private sector.

"Large-company awareness of the SDGs is high and it's rising among SMEs," Professor Kanie said. "With the private sector starting to take real actions, the SDGs are shifting from the preparation to the action stage."

The hope is that the involvement of all sectors of society will trigger a virtuous cycle to help Japan solve key economic and social challenges, from reviving depressed regions to improving workplace gender equality. Different approaches are being tried. Nagano Prefecture is piloting an SDG certification programme. Eligible firms must show measurable progress, such as with reduced greenhouse-gas emissions or reduced overtime. Paradoxically, though, setting wildly ambitious goals also delivers real results. In the Toyota Environmental Challenge 2050, Japanese car maker Toyota is aiming to go beyond zero environmental impact to achieve net positive impacts. Aiming high stimulates new thinking and attracts capital. In this way, the SDGs are an opportunity, not a burden.

ESG investing on a grand scale

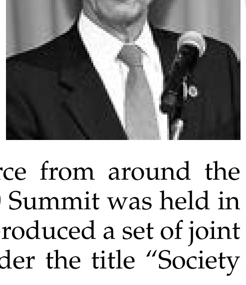
Norihiro Takahashi, President, Government Pension Investment Fund (GPIF)

With ¥150 trillion in assets, Japan's Government Pension Investment Fund (GPIF) is the world's largest pension fund. Necessarily, it takes a long-term view and has a 100-year plan. Looking toward 2030, the year for achieving the SDGs, the GPIF is grappling with climate-change issues. With investments in 90 % of the world's major listed corporations, the fund is deeply entwined with global society. It would not be doing its job properly if it paid out pensions to people while the world around them was in ruins.

Accurately forecasting rises in average temperature is probably now easier than forecasting interest or exchange rates. That is why, as a responsible investor, the GPIF is actively seeking out environment, social and governance (ESG) investments. Working with major index providers, it has created ESG indexes (on themes from low carbon to female empowerment) to invest in. It is also a supporter of Climate Action 100+ (an initiative to reduce corporations' greenhouse-gas emissions) and the TCFD Recommendations on climate-related financial disclosures. Rather than disinvest, the fund wants to work to help companies improve their environmental performance. The GPIF is encouraged by the rise in companies producing integrated reports, offering ESG-themed meetings and focusing on SDG activities.

Achieving 'Society 5.0' through the SDGs

Shuzo Sumi, Vice Chair, Keidanren (Japan Business Federation)



Since 2010, the B20 Engagement Group has been providing policy recommendations to the G20 from a business viewpoint. Attended by around 300 representatives of business federations and chambers of commerce from around the world, this year's B20 Summit was held in Tokyo in March and produced a set of joint recommendations under the title "Society 5.0 for SDGs."

What exactly does that mean? The idea is that society, having already passed through four phases (hunting, agrarian, industrial and information), is now poised to enter a fifth phase where digital transformation, creativity and diversity will be key to solving problems and creating value. The transition to Society 5.0, however, will not be problem-free. Risks range from digital surveillance to automation taking people's jobs.

As trade friction and anti-globalisation sentiment rise and the world becomes less stable and predictable, the SDGs offer a useful lens to help businesses provide solutions to the world's needs. Based on the concept of "Society 5.0 for SDGs," the B20 came up with constructive proposals in areas as diverse as international rules on trade and e-commerce, and environmental and energy initiatives. Achieving the SDGs will help the business community by making growth sustainable.

A defining year for the SDGs

Kaoru Nemoto, Director, United Nations Information Centre, Tokyo

Kaoru Nemoto, UNIC Tokyo director, was the day's first speaker. She pointed out that while overall awareness of the SDGs remains at under 20 %, it is high in the business community and rising fast among students and women. U.N. Secretary-General Antonio Guterres sees 2019 as "the defining year" for the SDGs, with heads of state due to conduct a global stocktaking of the SDGs' first four years at the U.N. in New York this September. Hosting the G20 Summit will enable Japan to take a global leadership role, with this conference an opportunity to share best practices and build partnerships.

A renewable resource for a sustainable society

Akira Ichikawa, Representative Director, President and Executive Officer, Sumitomo Forestry Co., Ltd.

Sixty-eight percent of Japan's total land area is covered by forest—the second highest percentage after Finland—but the country's forests are in a state of disarray. After the 1964 liberalisation of the timber market, imports undercut the local products, which are expensive to harvest and transport due to the country's precipitously mountainous terrain. As a result, many of Japan's forests subsequently became neglected and overgrown, driving the national timber self-sufficiency ratio down to an all-time low in 2002.

With wood increasingly seen as an environment-friendly renewable resource, that story is changing. The self-sufficiency ratio has almost doubled to over 36 % and the government is targeting 50 % by 2020. One company that's engaging with the SDGs to manage Japan's forests more sustainably is Sumitomo Forestry.

The company grows 1.6 million saplings and plants up to 2 million trees every year. It has developed special software to design forest roads for heavy-machinery access.

While building thousands of homes, the company also promotes timber for non-residential construction and has five biomass power plants that generate energy from wood waste. Founded in 1691, Sumitomo Forestry has had three centuries to learn that conservation and problem-solving matter as much as profits.

Asset managers' role in achieving the SDGs

Junko Nakagawa, President & CEO, Nomura Asset Management Co., Ltd.

The SDGs are all about multiple stakeholders working in partnership and "leaving no one behind." Junko Nakagawa of Nomura Asset Management (NAM) was impressed by that philosophy: she sees parallels with the finance sector's "investment chain," where investors are connected to investee companies through asset management firms which play a stewardship role, using constructive dialogue to raise corporate value. This symbiotic relationship is especially crucial as the ageing and shrinking of Japan's population means that pensions need to last longer just as Japanese companies are assuming greater risk by expanding into growth markets abroad.

Companies must incorporate environmental, social and governance (ESG) issues into their growth strategies to grow sustainably. The SDGs also provide a framework for companies to communicate their approach to sustainability to investors. Around 300 of the 5,500 company meetings NAM held last year addressed ESG issues. Japanese companies are also producing ever more integrated reports.

NAM itself is actively internalising the SDGs. Eager to be a leader in responsible investing for millennials, it has developed Funds-I, a range of easy-to-invest index funds, and offers ESG-themed exchange-traded funds (ETFs) like one that tracks the MSCI Japan Empowering Women Index. The company is also targeting improved gender equality within the organisation.

Sustainable growth in an age of climate change

From left

Taro Tanaka Editor-in-Chief, Nikkei ESG

Satoshi Ikeda Chief Sustainable Finance Officer of the Japan Financial Services Agency

Makoto Haraguchi Special Producer for Open and Collaborative Innovation, MS&AD InterRisk Research & Consulting, Inc.

Takejiro Sueyoshi Special Adviser to UNEP Finance Initiative In the Asia Pacific region

Sueyoshi: There's an urgent need for new technology to tackle climate change. Companies must recognise that they need to adapt right now and Japan must adopt the same ambitious goals that the rest of the world is setting. The creative destruction of our old business models and lifestyles that caused climate change is already underway. Tesla and Dyson building electric-vehicle factories in Shanghai and Singapore, respectively, for example, shows that the old auto-industry business model is collapsing.

Climate risk is now being expressed in monetary terms. With transition risk, businesses can suddenly become unbankable, uninvestable and uninsurable. It's frightening—but it's also an opportunity that companies should try to capture. Banks' money is ultimately ordinary people's money. The job of finance is to serve society and help transform our world.

Haraguchi: MS&AD recently redefined its business model as "helping to create a resilient and sustainable society." Overall, increased climate volatility will make life more difficult with more floods and droughts. MS&AD has launched an initiative to forecast flood-frequency changes around the world. Physical weather risks like heavy rains or rising sea levels will lead to business risks like broken supply chains and declining employee health. This in turn can cause production to fall, costs to rise, and the cost of capital to go up.

When bankers lend money, they look not just at the balance sheet and the profit and loss, but also the background of where profits are coming from. Businesses are judged on the sustainability of their portfolios according to frameworks like Task Force on Climate-related Financial Disclosures (TFCD) and Sustainability Accounting Standards Board (SASB). Japanese firms need to stop seeing ESG as a cost and start generating higher profits per ton of CO_2.

Ikeda: I was appointed Chief Sustainable Finance Officer of Japan's Financial Services Agency (FSA) this March. This new role is a direct response to a shift of global rules and principles governing finance toward an increased focus on sustainability. The EU, for example, has an action plan on sustainable finance. It wants to create a system that directs private capital to sustainable investments.

In Japan, we aim for a dialogue-based approach toward sustainable finance and envisage promoting constructive company-investor dialogues. That's why we're establishing the TCFD Consortium of Japan. By joining the consortium, leading Japanese companies and investors can accelerate their learning curve around climate-related financial disclosure. My key message? Companies should continuously monitor the changing external environment, assess the impacts of those changes, and take action accordingly.

The Nikkei SDGs Forum Symposium is supported by:

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Japanese heartland in world spotlight

Tourism and tech lift profile of region with an economy bigger than Switzerland's, writes *Robin Harding*

Bright lights: downtown Osaka — Tomohiro Ohsumi/Getty Images

Waiting in the bid room, Japan's trade minister Hiroshige Seko nervously tapped his foot as a crowd of photographers manoeuvred to capture his reaction. Officials muttered into mobile phones, checking their tallies of votes — then the room erupted as the news came through: Osaka had won the right to host the 2025 World Expo.

Japan's second city, heartland of the historic Kansai region, triumphed with 85 votes in November's contest at the Bureau International des Expositions. After repeatedly missing out on the Olympics, only for Tokyo to win the 2020 Games, Osaka's victory was sweet.

While world fairs have fallen out of fashion in some countries, the event has enormous resonance in Osaka and Japan: the 1970 Expo in Osaka was one of the best attended, a fondly-remembered symbol of Japan's irresistible rise as an industrial power. Some 55 years later, the city has a chance to do it again.

Winning the Expo only adds to the sense that Osaka and Kansai are on the up. The region, which includes the old imperial capital of Kyoto and the mercantile port of Kobe, has 21m people and a gross domestic product bigger than Switzerland's. But in recent years it has struggled with the decline of its electronics industry and a gradual drift of people and companies to Tokyo.

Both in commerce and in politics, though, the region has found a fresh voice. In April's elections, the regionalist Osaka Ishin party won, capturing the Osaka governorship, mayoralty and a majority in the prefectural assembly. A party that began as a populist rebellion nine years ago is now a local fixture, making Osaka one of the few places in Japan not dominated by prime minister Shinzo Abe's Liberal Democratic party.

"Osaka may have had the image of a poorer city, one that isn't growing as fast as Tokyo. But for the past eight years, the mayor and governor — who used to be all over the place — have been working together," says Daiki Kawasaki, an Ishin assembly member. "Osaka has changed: we've got the G20, we've got the Expo." The G20 leaders meet in Osaka on June 28 and 29.

The Ishin party wants to revive the "metropolis plan". This would merge the 8.8m people of Osaka prefecture with the 2.7m people in Osaka city, creating a single local government like Tokyo's, to reduce duplication and ensure the city speaks with one voice.

The party called a referendum on the plan in 2015 and lost by 49.6 per cent in favour to 50.4 per cent against. Opinion polls now suggest the public would vote 60:40 in favour. Mr Kawasaki says the goal is to call another referendum before the public mood cools, potentially in autumn next year.

Hideyuki Yokoyama, another assembly member, says clear leadership makes the metropolis plan vital: "For now, we have an Ishin governor and mayor so they can make decisions. If we carry on electing a mixture of candidates, they'll end up fighting."

Kansai's economy, meanwhile, has enjoyed the past six years of growth under Mr Abe, with employment, investment and profits improving before a slight slowdown this year.

"The biggest difference between Kansai and the rest of Japan is the high concentration on exports of electrical machinery — more than a 10 percentage point difference," says Yasuhiro Yamada, Osaka branch manager of the Bank of Japan.

> Winning the 2025 World Expo adds to the sense that Osaka and Kansai are on the up

Many of those exports are machinery, semiconductors and high-end components to feed China's factories. As a result, Kansai has been hit harder than the rest of Japan by the US-China trade war, and China's economic slowdown.

Sanyo Accuracy is a small Osaka manufacturer with roughly 10 factory staff that makes components for robots, jet engines and sports cars. Life is tough at the bottom of the manufacturing food chain and the company depends on the health of bigger players in the region.

"Until November last year there was a steady increase in demand for robotic parts but it's fallen off sharply," says Yoshinori Mito, the veteran factory manager. With the decline of local electrical giants such as Panasonic and Sharp, many similar companies have quit and sold their land for housing, but Sanyo Accuracy continues to plough money into new machinery.

"We have lots of our own technology so we want to keep going," says Mr Mito. One trend, he says, is for Osaka companies to seek orders from Tokyo to diversify beyond the Kansai supply chain.

Kansai's strength in the electrical sector is offset by its weakness in the auto industry, Japan's other mainstay, but that is also an opportunity. If the country's carmakers suffer in the transition to electric vehicles, Kansai will be one region that does relatively well.

"Kansai's manufacturers depend on Chinese demand. It is natural to expect Kansai's economy will be affected by the trade frictions — but there is demand for the high quality items produced in the area, while consumption by tourists is robust," says Mr Yamada.

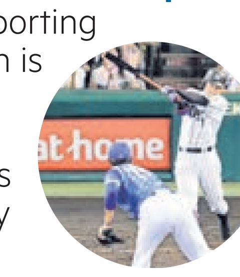
That tourism boom is the biggest recent structural change to the Kansai economy. With the historic sites of Kyoto and the neon lights of Osaka a short train ride apart, the region is now a powerful draw for the new middle-class of China and south-east Asia.

In the past three years, the annual number of foreign arrivals at Kansai International Airport is up by 2.6m to 7.6m, and the number of international flights has risen by 300 a week. Growth in hotel rooms and duty-free spending is ahead of the national average, building a new pillar for the regional economy.

The Expo is another chance to attract tourists and Osaka is trying to win Japan's first casino resort. Casinos are a mixed blessing for any city, but the prospect of high-rolling Chinese gamblers makes it an irresistible money-spinner.

Meanwhile, the high-tech industry in Kyoto is buzzing and Kobe is diversifying its economy into pharmaceuticals and other different sectors. Tokyo's shadow may be long, but Kansai is making a comeback.

Inside



Kobe evolves from trading hub into tech powerhouse

Regeneration

An island of innovation in Kansai's port city sets an example for the rest of Japan, writes *Leo Lewis*

On January 16 1995 the city of Kobe was Japan's most important port: a vibrant nexus of global trade, the gateway to the all-powerful industrial economy of the Kansai region and one of the busiest shipping hubs in the world.

A day later, the city was shattered by the Great Hanshin earthquake. Thousands of lives were lost and a local economy left in tatters. The rebuilding in the years that followed was extensive and enthusiastic, but the fundamental damage was done. As a port, Kobe has never regained its number one status.

Instead it has staged an arguably more globally significant recovery as something else: a biomedical, computing and technology cluster that borrows its collaborative ethos from Silicon Valley and draws heavily on the commercial and entrepreneurial history of Kobe. This evolution is unique within Japan where the value of experimental, cluster-style tech communities has been slow to take off.

The Kobe city authorities, more forward-thinking than some, are its loudest and most active cheerleaders. Built on a large, artificial slab in the bay after the earthquake, the cluster has been integral to the city's renewal. With several hospitals, two universities, an outpost of one of Japan's most famous scientific research institutes (Riken) and 350 companies crowded on to a single reclaimed island, where else would you find organ regeneration start-ups jostling for limited space with the world's most powerful supercomputer?

Kobe Port Island's uniqueness is unlikely to last, say scientists and venture investors involved in its development. The 20-year gestation of the tech cluster has provided quake-prone Japan with a model for how government, business and academia should approach post-disaster economic recovery in other parts of the country that have the misfortune to be struck.

"Kobe has done something that nowhere else in Japan has been able to do so well, which is to create a whole ecosystem," says Shungo Adachi, the chief operating officer of Myoridge, a company that produces stem-cell based testing materials for drug developers. "Lots of parts of Japan are strong in technology but it is really important to collaborate for the best results."

Efforts to foster collaboration include Port Island meetings, held every two months for the island's researchers and businesses to meet for discussions and to share ideas.

> 'Kobe has done something that nowhere in Japan has been able to do so well — create a whole ecosystem'

New beginnings: Kobe's skyline, at the port — Alamy

The stem cell research at the centre of Mr Adachi's company was originally developed in the Kansai tech centre of Kyoto, but Myoridge moved to Kobe after the German pharmaceutical company Bayer spotted what was happening in the cluster and set up the CoLaborator in 2018 — a shared laboratory and office space for fledgling life science companies.

The investment of companies such as Bayer, along with the presence on the island of the Institute of Biomedical Research and Innovation (IBRI), and the Riken Center for Biosystems Dynamics Research (BDR), is vital but the main reason for Kobe's success is the entrepreneurial outlook of the city's authorities.

"Because of its history as a port, as a place where there was a lot of trade, Kobe has realised things that the rest of Japan has taken longer to see," says Mr Adachi. "Normally, local governments are not flexible, but Kobe's approach to biomedical research has been that of a business. It wants to be an incubator."

Others involved in the development of Port Island's biomedical cluster say the concentration of hospitals and research laboratories has helped. As well as leading a research team on organ regeneration at the Riken institute, Takashi Tsuji is the director of Organ Technologies — a Kobe-based company specialising in the regeneration of "quality of life" organs such as hair follicles and teeth.

Dr Tsuji is aware of the commercial potential of this research in a country where a quarter of the population is over 65. He says one of the still untapped resources of Port Island is the adjoining airport that will shortly accept international flights. "With eight hospitals and Japan's biggest biomedical cluster in one place, medical tourism is going to be very big in the future," he says.

The most striking symbol of Kobe's recovery as a tech powerhouse, however, is still being prepared. After years of Japan falling behind the US and China in the rankings of the world's most powerful supercomputers, Port City will in 2021 be the home of Fugaku — a machine designed with UK company Arm to beat all records for the fastest computing speed.

Satoshi Matsuoka, the head of the Riken Center for Computational Science, says Fugaku will be pressed into work on areas that require massive processing power: pharmaceutical discovery, advanced manufacturing, climate change and, perhaps most appropriately, disaster prevention.

Sharp sees Foxconn as 'ticket to becoming global'

Strategy

Japanese electronics stalwart is looking abroad under new owner, says *Kana Inagaki*

Nearly three years since Foxconn's $3.5bn takeover of the struggling Apple display supplier Sharp, the landscape for the once-mighty Japanese electronics industry has changed dramatically.

What was then a watershed moment for Japan — which long-resisted foreign takeovers of its flagship companies — is now closer to the norm for former electronics leaders. Since the 2016 sale of Sharp, Toshiba's prized memory chip business was last year sold to US private equity group Bain Capital for $18bn.

Rival screenmaker Japan Display, owned by the same Japanese government-backed fund that competed with Taiwan's Foxconn to buy Sharp, is staking its survival on an investment from a Chinese-Taiwanese consortium.

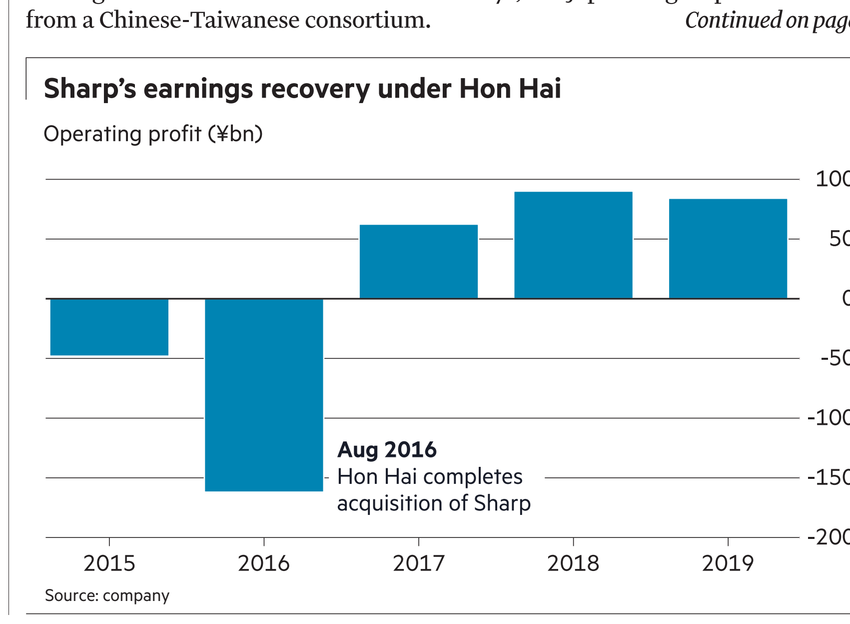
Still analysts say attempts by Foxconn, listed as Hon Hai Precision Industry, to revive Sharp, the 107-year-old Osaka-based conglomerate, represent a test case for Japanese businesses seeking global expansion and diversity beyond a shrinking home market.

"We have always wanted to become a global company but it was very difficult," says Tomoki Tamura, head of Sharp's small appliance business unit. "Being part of Hon Hai was the fast ticket to becoming global."

The company's financial health has improved since the acquisition. "Sharp is a stronger company today than it was three years ago," Foxconn says. Before the takeover it reported an annual net loss of ¥256bn ($2.4bn), but it has now been profitable for 10 consecutive quarters. It plans to re-establish its position in the US and recently bought back the licence to sell its television there.

Once derided by its Taiwanese owner as having the mindset of a "rich family boy", the Japanese group embarked on

Continued on page 3



Osaka dreams big with Expo and casino plans

Tourism City hopes reclaimed island project will become a tourist mecca, writes *Robin Harding*

All in: one of the proposed designs for the casino resort in Osaka Bay — Kansai Association of Corporate Executives

It is nothing but a mound of construction waste, dumped into Osaka Bay, levelled off and connected to the mainland with a bridge. Yet this undistinguished scrap of artificial land is about to become the biggest tourist attraction — and real estate bet — in Kansai.

Yumeshima, which translates as "Dream Island", is not only the site of the 2025 World Expo but a candidate to host Japan's first casino resort. The total investment by government and business is ¥280bn ($2.6bn) for the Expo and many billions more if Osaka wins its bid for a casino.

The plans for the 390-hectare island will add two more magnets pulling foreign visitors to a city and region already enjoying an unprecedented tourism boom — as is Japan overall — partly due to an easing of visa restrictions for Chinese tourists. In 2012 the number of foreign visitors landing at Kansai International Airport was 1.8m; by 2018 that had jumped to 7.6m.

Osaka is already well-loved for its cuisine and welcoming citizens, but if all goes to plan it will become one of the biggest tourist draws in East Asia.

The theme of the Expo is "designing future society", with a focus on health and sustainability, reflecting Osaka's effort to develop new industries in medical tourism and green energy. An opportunity for countries to showcase ideas and innovation, Expos take place every five years and Osaka's will run from May to November 2025. It is targeting 28m visitors — roughly a quarter of the population of Japan.

Building on artificial islands is not straightforward: there are weight limits, especially to the sides. So the Expo will sit on 155 hectares in the south of the island, including a large lake, while the casino resort would occupy 70 hectares in the north. Architectural practices have proposed a range of exotic designs, although nothing is settled yet.

The ¥280bn investment will cover the construction and operations of the Expo. The ¥125bn cost of building the site will be split three ways between central government, local government and the private sector. An estimated ¥82bn of running costs will come from ticket sales.

At the same time, Osaka authorities are on the hook for another ¥73bn in infrastructure costs, including a subway station. The Expo is expected to generate ¥2tn in economic activity, according to local government projections.

Proposals for an "integrated resort" — a Las Vegas-style facility combining a casino with thousands of hotel rooms and a conference centre — are less advanced. Prime minister Shinzo Abe rammed a law through parliament in 2016 to legalise casino gambling but the national government is still working out the regulatory process.

8.8m
Population of Osaka prefecture today

7.3m
Projected population in 2045

A person close to the negotiations says it is unclear whether there will be two rounds of bids for casino licences — which would favour Osaka, since it is furthest advanced with its plans — or whether the government will delay and allocate all licences in a single bidding round. Osaka wants to have a resort ready in time for the Expo but time is already tight.

Big international gaming companies from Las Vegas and Macau are manoeuvring and forming alliances with Japanese cities to bid for licences. Osaka's large population, infrastructure and local political support make it one of the most attractive potential hosts.

"Osaka has lots of merits for an integrated resort but the political environment is a big one," says Daiki Kawasaki, a member of the prefectural assembly for the Osaka Ishin party. As casinos tend to be controversial, he says the support of the mayor, the governor and the assembly will boost Osaka's appeal for casino operators.

The economic potential of high-spending gamblers makes a casino an attractive proposition. Yoshiyuki Yamaya, chief executive of Kansai International Airport, says that while tourists "mainly fill economy seats," the customers of an integrated resort are more valuable because they are likely to pay for higher levels of service.

The local government estimates that the upfront investment could reach ¥930bn for a resort with 1m sq m of space, 3,000 hotel rooms and the biggest meeting halls in Asia. Projections suggest the resort could generate ¥380bn a year in gaming revenue.

Completing the Expo and casino resort will build on Osaka's existing tourist attractions. Also in the bay, near Yumeshima, is Universal Studios Japan, popular with Asian tourists. A subway will take visitors to Osaka's thrumming nightlife areas of Namba and Umeda.

The former imperial capitals of Kyoto and Nara, where many ancient shrines and temples still survive, are only an hour's train ride further away. As the number of tourists grows, local officials hope they will start to visit the more remote and rural parts of the region, such as Fukui and Wakayama.

Tokyo may be Japan's business capital but for tourism at least, Kansai has set its sights on becoming the country's prime destination.

Shima Seiki pins hope of fashion revolution on knitting machine

Manufacturing Kansai-based tech offers answer to clothes wastage and labour shortages, writes *Leo Lewis*

Seamless operation: a jumper made with one single thread — Tomohiro Ohsumi/Bloomberg

In the middle of last year, just as the world's biggest clothing retailers were beginning their annual barrage of pre-autumn knitwear advertising, the Japanese fashion retailer Uniqlo took its campaign in an unexpected direction.

With a flourish of nerdishness, Uniqlo released a commercial about the groundbreaking industrial process behind its new seamless knit-dress collection. This was new territory for apparel-makers, who are more often at pains to downplay how their products are made. In a hat-tip to one of Japan's lesser-known engineering marvels, the closing shot lingered on the MACH2XS Wholegarment knitting machine that makes the clothes.

The advert was quirky and eye-catching, but the campaign was more than a gimmick. The machine, made by the Kansai-based precision engineering company Shima Seiki, is at the heart of what both the company, and a handful of key customers such as Uniqlo and a number of large Chinese outsourcers, view as a genuine manufacturing revolution. It is also seen as part of the answer to the problem of waste in the garment industry — a special abhorrence in the parsimonious Kansai region, according to Shima Seiki's president, Mitsuhiro Shima.

Just as the development and refinement of 3D printing machines is seen by some as the precursor of big changes in manufacturing and distribution, the idea of "3D knitwear" pioneered by Shima Seiki also carries the potential to shift the geography of the clothing industry, allow for more factory automation and accelerate the cycles for new design.

The machine produces an entire garment — including the arms, collars and other parts that would normally be produced separately and sewn on — on a single machine using a single thread. By streamlining production so aggressively, say its makers, the Wholegarment machine addresses two of the biggest challenges for manufacturers: waste of material and, particularly in Japan, the shrinkage of the labour force due to the country's declining population.

For Uniqlo, which has embraced the machine's potential and has spent the past three years building an army of them, the Wholegarment technology, when combined with greater volume and accuracy of customer data, offers the prospect of customisation. Mass-market garments such as dresses and suits will theoretically be produced to the exact size of the end customer.

"Uniqlo has been putting a lot of effort into building a new production system based on the latest manufacturing technology for knitwear, while at the same time achieving joint product development with Shima Seiki," says Shuichi Nakajima, group officer for production at Uniqlo's parent company, the Japanese fashion group Fast Retailing. He says Uniqlo's collaboration with Shima Seiki and their machine was part of a broader quest to improve quality and design in supply chain processes.

Shima Seiki began developing its Wholegarment machines in 1995 and has continued perfecting them ever since: in the financial year to March 31 2019, the company sold 1,521 machines worldwide. Liu Jingyuan, an analyst at Goldman Sachs who follows sales of Wholegarment in Asia, forecasts that annual sales will be roughly double that in the financial year ending March 2021. The main bottleneck, argues Mr Liu, will be parts shortages rather than final demand.

Shima Seiki employees in Wakayama

Supply capacity shortages, technical issues and staff training are areas that Shima Seiki will need to address in the near term, Mr Liu advised in a recent note to investors, adding that China's apparel industry is facing challenges regarding labour shortages, high costs and environmental protection. "We believe Wholegarment machines offer solutions to these," he said.

Shima Seiki's machine — which others have tried and failed to mimic — is in the company's factory in Kansai's textile heartland of Wakayama, just south of Osaka. Inside the factory, engineers point to one of the world's most sophisticated glove-making machines, a device that produces an entire knitted glove in a few minutes from a single piece of yarn, significantly reducing waste. From that arose the idea of making larger, seamless garments the same way.

That conceptual leap, explains Mr Shima, was the key. Companies such as Uniqlo, H&M and Zara have pushed the boundaries of fast fashion and cheap mass production of high-end clothing. Over the past 20 years, the volume of delivered products has doubled, while unit prices have more than halved. The benefit of this, says Mr Shima, whose company also produces conventional fabric-making machines, is that people can buy cheap clothing.

The downside is that about 20 to 30 per cent of fabric sold in solid colours goes to waste in the manufacturing process, he says. "For fabric with a pattern, the waste level is up to 50 per cent. About 30m tons of yarn — or 30 per cent of the annual total — is thrown away."

Ancient Kyoto eyes bright future as start-up hub

Technology

A centre of innovation, the historic capital is attracting tech companies and foreign recruits, says *Kana Inagaki*

Within a short ride of Kyoto University, famed for producing 10 Nobel laureates, lies a minimalist century-old *machiya*. Tucked between an Italian restaurant and a sportswear shop, the wooden townhouse has preserved its beautiful traditional appearance.

Inside, the *machiya* has a new face. Remodelled last year, it was converted into a modern workspace for data scientists and engineers at Sansan, a Japanese start-up offering a cloud-based system to scan and manage business cards into a digital contact database.

"Kyoto is steeped in *monozukuri* (art of manufacturing) culture," says Satoru Joraku, an executive who heads Sansan's data strategy and operation centre. "For those who want to come and work in Japan, Kyoto's branding is strong. So we wanted to create an office that was as distinctive as Kyoto itself."

The ancient capital of Kyoto is one of Japan's top tourist destinations, with shrines, temples and universities dotting the area. While cherishing its roots as the emperor's home from 794 to 1869, the city has always prided itself as the centre of Japanese innovation. It houses many of Japan's best-known technology brands including games maker Nintendo, Apple supplier Nidec and medical equipment maker Omron.

In the past two years a new wave of Japanese technology start-ups have set up shop in Kyoto, looking to attract employees as they grapple with an increasingly tight labour market. Along with Sansan, other businesses have opened offices in the area, including Line, the New York-listed Japanese messaging app, fintech start-up Money Forward and Livesense, which operates online job information websites.

"There are so many top universities in this area," Takeshi Idezawa, Line chief executive, told reporters when the company opened its Kyoto office last year.

"Kyoto is also very popular with overseas engineers," Mr Idezawa said at the time, noting that of the 1,000 applications Line received for its Kyoto opening, 80 per cent came from outside Japan. Line's Kyoto office has 23 employees, half from abroad.

Experts point to the unique traits of Japan's eighth-largest city as providing an ideal environment to cultivate young workers and companies.

> 'This city is known for rebelling against the establishment . . . it is open to accepting new ideas'

"This city is known for rebelling against the establishment and it has a strong sense of identity so it is open to accepting new ideas," says Teruo Usami, a professor emeritus at Kyoto University of Advanced Science.

However, the city's enduring popularity has brought an increasingly competitive office market. In Sansan's case, the company originally used a shared office space in Kyoto to accommodate an employee who could not leave the area for family reasons.

When it decided to create its own office space to hire engineers in the Kansai region, it took more than a year to find a *machiya* that had not been torn down to build a new hotel.

Once the right wooden townhouse was found, the company took care to retain the historical architecture. While it renovated the kitchen space into a workspace for engineers with desks for large computer screens and laptops, the tatami mats, the entrance space with bamboos and a Japanese traditional garden were left mostly untouched.

Including the initial renovation costs, the new office ended up being 10 times more expensive than its shared office space, but Sansan claims it has been worth it. Sansan has about 480 employees, although only three work at its Kyoto office.

One of them is a so-called Kaggle "grandmaster", the highest ranking on the online platform for data science competitions.

The presence of a world-famous data scientist has helped Sansan attract several interns from top universities who want to work alongside him, and the company plans to hire more permanent staff for the Kyoto office in the near future.

"Kyoto is a city for university students but compared with the number of talented students, there are not enough companies in the area. So we offer them valuable working opportunities," Mr Joraku says.

Still, Mr Joraku acknowledges that the need for companies to recruit from overseas represents a deeper challenge for Japan as it competes with the US and China to survive the new era of artificial intelligence.

"It's becoming difficult to deliver innovation inside Japan," says Mr Joraku. "We have a very strong sense of crisis that Japan is becoming substantially weaker in the technology space."

Sharp sees Foxconn as 'ticket to global growth'

Continued from page 1

an aggressive campaign to cut spending, reassessing the cost of everything from components, property rents to even brochures. It saved procurement and production costs by joining the Foxconn group, the world's largest contract manufacturer of electronics and the main supplier for Apple's iPhones.

"Sharp has become an entirely different company. There is now financial discipline to generate profits," says Masahiro Ono, an analyst at Morgan Stanley MUFG Securities.

With Foxconn came a new corporate culture for Sharp. Monthly meetings for all section chiefs were replaced with frequent video conferences where decisions were made by Tai Jeng-wu, the new chief executive appointed by Foxconn to revamp Sharp.

"We are constantly being told by Mr Tai that we're just too slow," Mr Tamura says. "There is massive pressure to create products that measure up to our brand value."

Mr Tai initially signed off on all company expenses above $28,000 — a threshold that has risen to $925,000, highlighting Foxconn's improved confidence in Sharp's financial discipline.

Home appliances that were jointly created with Foxconn have a 15 per cent lower cost base and a shorter development phase. Historical business ties with Japanese suppliers were cut as Sharp moved production to China and used cheaper local suppliers.

While analysts welcomed the financial scrutiny, many managers at Sharp left as they lost faith in the company's growth strategy.

"There was a sense of stagnation," says Eisuke Gouda, a former employee of Sharp's now spun off life science division, who left a year after the Foxconn acquisition.

> 'Sharp has become a different company. There is now financial discipline to generate profits'

"Beyond the cost-cutting, the future vision was not there. Without sufficient talent or products, the company continued to struggle," adds Mr Gouda, who moved to Nichiden, a trading house.

Shares in Sharp hit a high of ¥5,040 in April 2017, but have dropped to below ¥1,000 in the wake of concerns about the US-China trade war and Foxconn's weakening performance.

Rivals such as Sony and Panasonic shifted away from the languishing consumer electronics market to focus on businesses that generate recurring profits, but Sharp remains exposed. It makes smartphone displays, camera modules and home appliances, and a quarter of its sales are dependent on Apple, whose iPhones are in less demand than before. The company has warned it will probably fall short of its 2019-20 operating profit target, set two years ago, by 33 per cent.

"While Mr Tai says Sharp will focus on 8K (ultra-high definition technology) and artificial intelligence, there is a possibility that the group will be dismantled if there is no growth," Mr Ono says.

Showing off a cooking pot and vacuum cleaner that are connected to the internet, Mr Tamura admits Sharp has yet to release a product that will drive future profits. "We are just on our way from revival to growth," he says.

Kansai's love of sport drives 'real' heart of Japan mindset

Eyes on the ball: Takashi Toritani, Hanshin Tigers
— Kyodo News/Getty Images

Sport Region's passion for baseball and football is entwined with its identity, reports *Leo Lewis*

In March 2009, a team of workers building a footbridge over the Dotonbori River in central Osaka heaved a priceless treasure from its muddy depths: the head and torso of a long-lost statue. A day later, they found the legs and one of the two hands.

The reassembled prize was corroded but unmistakable: a life-size cheap plastic statue of KFC founder and mascot Colonel Sanders that had been missing ever since it was stolen from outside a branch of the fast-food chain, hurled into the river by baseball fans in a moment of post-match jubilation in 1985. For Osaka, and for millions of supporters of its beloved Hanshin Tigers baseball team, the rediscovery was a moment of epiphany: the curse of the Colonel had finally been lifted.

It is a measure of how seriously Kansai — and Osaka in particular — take sport that finding the statue was such show-stopping news. Its disappearance coincided with the start of a 20-year streak of poor performance by the Tigers. The dismal run for the team, which has never broken free of perennial underdog status despite its huge support from fans, revived an adage that the Kansai economy would rise and fall with the success of the Hanshin Tigers.

Support for the Tigers is the most widespread and fanatical in Japan, but the J-League football teams of Osaka and Kobe also have an enthusiastic following. As the industrial engine-room of Japan, Shinji Ueda, a professor of sports management at Osaka Seikei University, says that passion is closely entwined with the region's idea of itself as the "real" heart of Japan. Osaka's arch rival, Tokyo, may be hosting the Olympics in 2020 but Kansai knows that even as the torch burns over the Japanese capital, the authentic home of Japanese sport will be 400km to the west.

This mindset arises, he says, from the economic history of Kansai. Just as the industrial cities of Manchester, Turin and Munich and their large fan-bases are closely bound with the history of European professional sport, the popularity of Kansai's teams has similar roots. Japan's professional sports grew from teams that were once part of large corporations: Hanshin is among those that emerged from railway companies.

Also critical, says Prof Ueda, has been the extraordinary concentration in Kansai of sports equipment manufacturers — many of them once small local names in shoemaking, rubber, engineering or textiles that have become internationally recognised brands such as Mizuno, Shimano and Descente.

"The growth of Kansai's sports equipment companies, particularly after the second world war, re-enforced the region's image as the place in Japan that was most serious about sport," says Prof Ueda. "It also created a concentration of companies that were involved from an early stage in the business of sport, seeing it as an industry in its own right."

Arguably the most famous of Kansai's global sports brands is Asics, the running shoe specialist based in Kobe. This was the company whose Onitsuka Tiger shoes so impressed Phil Knight, the founder of rival Nike, when he was visiting Japan as a young man in the 1960s that he begged to become their distributor in the US.

"The history of Kansai as the centre of industry and commerce in Japan was very important to the way that the company grew over time," Motoi Oyama, Asics president, said in April. "Sport is borderless; top athletes seek out the best and most functional equipment and we understood that best here."

More recently, the major cities of Kansai have decided to formalise the region's close links between industry and sport with the foundation in 2017 of Sports Hub Kansai, a virtual platform jointly created by several of the region's chambers of commerce with the idea of coalescing businesses that specialise in the sports industry. More than 500 companies — many from outside Kansai — are registered as part of a network that sets up business matching events three times a year and helps arrange experimental research opportunities with local teams.

> 'Sport is borderless; top athletes seek out the best and most functional equipment'
> **Motoi Oyama, Asics**

Even before the platform was formed, other Kansai-born entrepreneurs had spotted the powerful potential of sport and industry. Hiroshi Mikitani, a native of Kobe and the founder of Rakuten, Japan's biggest online retailer, began putting his own money into his local football team Vissel Kobe when it was struggling financially in the early 2000s. His company later bought the team as Mr Mikitani wove it into a wider global strategy that links the Rakuten brand with top-flight sport around the world: as sponsors of the Golden State Warriors basketball team in the US and of Barcelona football club in Spain.

In 2018, with a flourish that once again sought to underline Kansai's sporting reputation, Vissel Kobe signed the Barcelona superstar Andrés Iniesta: a theoretically brilliant move that has dramatically increased the fan-base but so far has not, in the grand Hanshin Tigers tradition, lifted performance.

Osaka bolsters flood defences as threat rises

Infrastructure

Recent disasters highlighted the low-lying city's increasing vulnerability, reports *Robin Harding*

Typhoon Jebi made landfall on September 4 2018. Roaring in from the Pacific, the vast tropical storm tore at streets and homes, setting wind speed records at weather stations across the Kansai region.

As the storm passed and video footage filtered in, TV viewers were transfixed by scenes of chaos at Kansai International Airport, which sits on an artificial island in Osaka Bay. An oil tanker, adrift, had slammed into the bridge that connects the airport to the mainland, stranding passengers and staff in the terminals. Waves burst over the sea walls and flooded the runway.

Earthquakes are most feared among the many natural disasters that stalk Japan, but the widespread disruption from Typhoon Jebi was a reminder that Osaka is acutely vulnerable to floods, which can strike from almost any direction. Reducing that vulnerability is a top priority for both government and business.

11 people died across the region and about 700 were injured as a result of the typhoon. The airport was closed for more than a fortnight, causing a measurable hit to both the Kansai and national economies, knocking out a vital export route for semiconductors and other high-value items.

Jebi was a wind typhoon that caused a storm surge up Osaka Bay. Built on flat lowlands, Osaka is at risk from three kinds of flood. "A rain typhoon causes different problems," says Yoshiaki Kawata, a professor of safety science at Kansai University. In this second kind of flood, the storm dumps heavy rain inland, which quickly enters the many waterways flowing through the city. Heavy rain in western Japan in July last year led to severe flooding and a death toll in the hundreds. The third variety is a tsunami caused by a large offshore earthquake. It is a hard city to protect.

Prof Kawata has been involved in work for the land ministry reassessing the risks to Osaka using modern computer simulations. The results suggest there is much work to do.

"In Osaka Bay, the design height of the flood defences is based on the water level at low tide, plus 2.2 metres to allow for spring high tide and 3 metres for a storm surge," he says.

The flooded runway at Kansai airport

But he adds that "due to global warming, we have to change the storm surge model," and says revisions must account for the possibility of extreme low pressure associated with storms.

"We also recommended considering a different storm trajectory. Add in 20cm of sea level rise by 2100 and the storm surge height changes to 3.8 metres."

Countering such disasters will mean redesigning Osaka's existing dykes and flood gates. Defences on the Yodo River, which runs through the city, are built to combat a one in 200-year flood. Following a 2015 change in the law, municipalities have started to consider one in 1,000-year scenarios.

Prof Kawata argues that complete defence against flooding is impossible and Kansai needs a change of approach. "Traditionally, the Japanese government proposed to reduce flood risk across a total area, not at particular points. This situation is now impossible," he says. The bigger the dyke, the more vulnerable it is to liquefaction in an earthquake; the heavier the flood gate, the more likely an earthquake will jam it.

What is possible is to protect critical infrastructure with spot defences. If surface inundation can be kept to a certain depth, for example, then pumps and barriers will keep the subway system from flooding. With population decline, Prof Kawata says there is also space for residents of Osaka's suburbs to move into the centre of Osaka where the land is higher and the flood risk is lower.

Yoshiyuki Yamaya, chief executive of Kansai International Airport, agrees that it is impossible to protect against all floods. A giant seawall all around his artificial island would get in the way of aeroplanes trying to land and take off. "That makes an uneconomic airport," he says.

In the wake of last year's typhoon, for which it was poorly prepared, the company has a new business continuity plan. "The concept is first to prevent disasters, second to reduce damage during disasters and third to recover quickly," Mr Yamaya says.

Part of that will involve improved flood defences — in particular, measures to ensure that water cannot enter the airport's underground electrical installations, which caused some of the worst damage last year. "We're considering a set of countermeasures where the national government would contribute 50 per cent of the cost," he says.

A big part of Kansai's pitch to the foreign tourists who now throng the streets of Kyoto and Osaka is their safety. For long-term residents, however, the chances are that some day they are going to get their feet wet.

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