

FINANCIAL TIMES

MONDAY 22 AUGUST 2022

INTERNATIONAL NEWSPAPER OF THE YEAR

ASIA

Healthy interest

How Randox aims to revolutionise home diagnostics — BIG READ, PAGE 15

A need-to-buy basis

Consumer confidence is not a true mirror of retail sales — OPINION, PAGE 17



Going mainstream

Institutional investors pile into crypto exchanges — FT VIEW, PAGE 16

Hotel terror Heavy toll in Somalia siege

A security officer on patrol in Mogadishu, capital of Somalia, yesterday after government forces broke up a 50-hour siege by jihadist group al-Shabaab in which almost two dozen people died. More than a hundred more were wounded in the gun and bomb attack by the al-Qaeda-linked group. It began on Friday evening when the militants stormed the Hayat Hotel, a popular site for local politicians. Al-Shabaab is waging an insurgency to topple Somalia's UN-backed government and its African Union allies and impose its own strict interpretation of Islam. It was its first major attack since a new president of Somalia took office earlier this year. **Al-Shabaab attack** page 4



Hassan Ali Elm/AFP via Getty Images

Briefing

- **Berlin audit watchdog attacks cosy ties** Thorsten Pötsch, head of Germany's new financial reporting watchdog, has accused the industry of being "too close" to clients and urged "professional scepticism" after the collapse of Wirecard. — PAGE 5
- **Putin backer's daughter killed in blast** Daria Dugina, whose father Alexander is a far-right Russian ideologue, has been killed by a car bomb outside Moscow. She was driving her father's Toyota but he had switched to another vehicle. — PAGE 2
- **More foreign delegations head for Taipei** Indiana governor Eric Holcomb has arrived in Taiwan, Japanese MPs land today and another US group arrives at the weekend. The visits defy efforts by China to deter foreign engagement. — PAGE 4
- **Tourists snub Japan despite reopening** Industry analysts have said there is only a trickle of visitors to the country, two months after Tokyo announced that it would reopen borders shut for two years in the pandemic. — PAGE 4

Top Russian diplomat dismisses chances of Ukraine peace deal

◆ Gatilov urges bigger UN role ◆ Blow after grain breakthrough ◆ War nears six-month mark

HENRY FOY — GENEVA

Moscow sees no possibility of a diplomatic solution to end the war in Ukraine and expects a long conflict, a senior Russian diplomat has warned, as president Vladimir Putin's full-scale invasion reaches the six-month mark this week. Gennady Gatilov, Russia's permanent representative to the UN in Geneva, told the FT that the UN should be playing a bigger role in attempts to end the conflict and accused the US and other Nato countries of putting pressure on Ukraine to walk away from negotiations. There would be no direct talks between Putin and Ukrainian president Volodymyr Zelenskyy, he said. "Now, I do not see any possibility for diplomatic contacts," Gatilov said. "And

the more the conflict goes on, the more difficult it will be to have a diplomatic solution." His remarks, which come despite a flurry of shuttle diplomacy in recent weeks, are a blow to negotiators who had hoped that a recent agreement on grain exports from Ukraine's Black Sea ports could become the basis for a broader deal. The UN has become mired in "politicisation" because of the war and that "damaged the authority of the UN and its organisations", Gatilov said. As a result, it is unable to act effectively as a mediator, he complained. "We do not have any contacts with the western delegations," he said of his day-to-day work in Geneva. "We simply do not talk to each other."

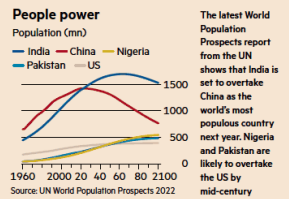
Global diplomacy was in the worst state he had experienced in his 50-year career, Gatilov added. "The world has changed and the UN will never be the same as it was before," he said. Bilateral ceasefire negotiations broke down after evidence of war crimes committed by occupying Russian troops was discovered in April; Moscow has denied the allegations. The failure to restart peace talks combined with continued western military support for Ukraine meant it was impossible to forecast how long the conflict could last, Gatilov said. "And so they [Kyiv and its western supporters] will fight until the last Ukrainian." The UN and Turkey have sought to act as intermediaries between Kyiv and Moscow, and had recent success in brok-



Gennady Gatilov, Russia's permanent representative to the UN in Geneva, ruled out talks between Vladimir Putin and Volodymyr Zelenskyy

ing the deal on Ukraine's grain exports. But Gatilov said it was "unfortunate" that the UN was not playing a larger role. "I think [the grain deal] is the only example that they played a practical role in trying to mediate," he said. "It should be more than that." Turkish president Recep Tayyip Erdoğan visited Putin in Sochi this month and met Zelenskyy in Lviv last week alongside UN secretary-general António Guterres in an effort to act as a mediator. Gatilov praised Erdoğan for "trying his best" but dismissed speculation of talks between Putin and Zelenskyy, saying there "was not any practical platform for having this meeting." *Additional reporting by Roman Olearchyk and Mehul Srivastava* **Moscow car bomb** page 2

Datawatch



Wave of rich new entrants lifts properties in Dubai

Analysis ► PAGE 5

Australia	A\$7000nc GST)
China	RMB30
Hong Kong	HK\$33
India	₹220
Indonesia	Rp45000
Japan	¥4500nc JCT)
Korea	₩4500
Malaysia	RM150
Pakistan	Rupee 350
Philippines	Peso 140
Singapore	S\$5800nc GST)
Taiwan	NT\$140
Thailand	Bh140
Vietnam	US\$450

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SoftBank sacrificed Alibaba shares to calm investors after record \$23bn loss

KANA INAGAKI AND LEO LEWIS — TOKYO

SoftBank sold a large part of its stake in Alibaba to "instantly show" investors that its finances were solid after logging a record quarterly loss of \$23bn, its chief financial officer said. Yoshimitsu Goto said the share sale was intended to reassure investors in what is one of Japan's most highly leveraged companies and dismissed markets' concerns that SoftBank's heavy losses could strain its relationship with lenders. "In times like this, it is critical as an investment group to instantly show that our financial strength is rock solid," Goto told the Financial Times. SoftBank's stake will reduce from 23.7 per cent at the end of June to 14.6 per cent in September, it announced earlier this month. The sale has boosted the group's share price by 10 per cent. The

investment on which founder Masayoshi Son built his name as one of the world's greatest technology investors. SoftBank revealed that it would post a gain of ¥4.6tn (\$33.6bn) by selling shares in Alibaba just two days after reporting its worst quarterly performance. Goto acknowledged that SoftBank's announcement was abrupt after years of playing down the possibility of any sudden exit. But he said it was designed to mirror the previous sale of some of SoftBank's most prized holdings when the Covid-19 pandemic led to a crash in its share price in March 2020. Then, the \$41bn asset sale funded the largest share buyback in Japanese history and paid down SoftBank's debt load, helping to improve investor confidence.

"Just like two years and a half ago, we wanted to show the world that we can do something like this because we are financially resilient. That was our objective," Goto said. The decision comes with the political risk of being seen to abandon a Chinese investment at a sensitive time. China is undertaking a regulatory crackdown on tech companies, and diplomatic relations between Beijing and Tokyo are strained. Several investors and analysts fear that SoftBank risks breaching a financial covenant which states it must not report two consecutive years of losses. SoftBank suffered a ¥1.7tn net loss in the year to March 2022. "Our decision has nothing to do with the financial covenant. There are countless ways for us to address the covenant issue," Goto said.

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS						
	Aug 19	Prev	%chg	\$/€	Aug 19	Aug 12		Aug 19	Aug 12	Chg				
S&P 500	4231.44	4283.74	-1.22	\$/£	1.004	1.025	E/¥	0.847	0.825		US 2 yr	3.25	3.21	0.04
Nasdaq Composite	12713.06	12995.34	-1.56	\$/¥	1.180	1.212	E/£	1.175	1.183		US 10 yr	2.98	2.86	0.13
Dow Jones Ind	33721.14	33894.04	-0.52	\$/¥	0.851	0.845	W/€	137.684	136.975		US 30 yr	3.22	3.12	0.10
FTSE100	1722.17	1733.24	-0.64	W/¥	137.115	133.705	E/index	79.306	79.750		UK 2 yr	2.60	2.54	0.06
Euro Stoxx 50	3727.07	3777.38	-1.33	W/€	161.837	162.019	SFr/¥	1.132	1.144		UK 10 yr	2.41	2.31	0.10
FTSE All-Share	4157.79	4162.11	-0.10	SFr/€	0.963	0.967					UK 30 yr	2.71	2.62	0.09
CAC 40	6485.63	6557.40	-0.94	£/¥	0.996	0.976					JPN 2 yr	0.09	0.09	0.00
Taiwan	15444.52	13897.41	-1.12								JPN 10 yr	0.20	0.19	0.00
Xetra Dax														

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Dubai

Nikkei	28930.33	28942.14	-0.04
Hang Seng	19773.63	19763.91	0.06
MSCI World \$	2826.41	2822.87	0.13
MSCI EM \$	1009.58	1015.59	-0.59
MSCI ACWI \$	656.39	655.07	0.05
FT Wilshire 2500	5584.88	5571.49	0.24
FT Wilshire 5000	43630.96	43522.89	0.25

COMMODITIES			
	Aug 19	Aug 12	%Week
Oil WTI \$	81.42	82.57	-1.24
Oil Brent \$	87.89	88.16	-0.48
Gold \$	1785.55	1796.70	-1.73

JPN 30 yr	1.07	1.09	-0.02
GER 2 yr	0.81	0.73	0.08
GER 10 yr	1.23	1.10	0.13
GER 30 yr	1.40	1.29	0.11

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INTERNATIONAL

Moscow killing

Car bomb kills daughter of key Putin backer

Nationalist said to have influenced Russian leader to invade Ukraine escapes

MAX SEDDON — RIGA

The daughter of a Russian ideologue, who is one of the most prominent supporters of President Vladimir Putin's invasion of Ukraine, died in a car bombing outside Moscow on Saturday night.

Russian investigators said Daria Dugina, a nationalist journalist and political analyst, died after the Toyota Land Cruiser she was driving exploded outside Odintsovo, a suburb about 20km west of Moscow.

The bomb was placed under the car on the driver's side and killed Dugina on

the spot, investigators added, indicating that "the crime was planned in advance on [someone's] orders".

The attack came after Ukraine appeared to mount a series of increasingly daring attacks in Russian-seized territory and hundreds of miles behind the front line in mainland Russia itself in recent weeks.

The car belonged to her father Alexander Dugin, who she had accompanied while he gave a lecture at a festival outside the capital earlier on Saturday. The far-right philosopher had planned to travel with his daughter after the lecture but decided to change cars, Andrei Krasnov, a friend of Dugina's, told state news wire Tass.

Mykhailo Podolyak, a senior adviser to Ukrainian president Volodymyr Zel-

ensky, denied Kyiv was involved in the attack. "Ukraine has absolutely nothing to do with this as we are not a criminal state like Russia, or a terrorist one at that," he told Ukrainian television.

Maria Zakharova, for Russia's foreign ministry, said "Ukraine has absolutely nothing to do with this as we are not a criminal state like Russia".

ministry, said if Ukraine's involvement was confirmed, "then we need to start talking about a policy of state terrorism enacted by the Kyiv regime".

Dugina, 29, is the first high-profile supporter of Putin's invasion to be killed

near Moscow, where life has largely gone on as normal despite western sanctions.

"Daria's despicable murder is a sign of the enemy's cowardice and powerlessness. His death throes. He can't fight honourably, so he kills the best of us," said Konstantin Malofeyev, a tycoon who bankrolls a nationalist news channel where both Dugin and Dugina previously worked.

Dugin founded the Eurasia movement, which advocates for a revanchist Russian imperialism to help Moscow assert greater control over its European and Asian hinterlands.

A former dissident philosopher in the Soviet era, Dugin's writings found an audience among some headline senior members in the security services, then

appeared to provide inspiration for Putin's decision to annex Crimea and start a slow-burning war in eastern Ukraine's Donbas region in 2014.

Although Dugin's influence over Putin was sometimes overstated; he lost his teaching position at Moscow's main university and his appearances on state television were curtailed, the US and Canada sanctioned him in 2015 after his Eurasia movement recruited volunteers to fight in the Donbas.

Dugina, who worked alongside her father in the Eurasia movement, had sanctions imposed against her in March by the US and UK over her work running a Russian propaganda website. The UK described her as a "frequent and high-profile contributor of disinformation" about the invasion of Ukraine.

Rising prices

Bundesbank chief warns Germany's inflation to hit 70-year high

MARTIN ARNOLD — FRANKFURT

Germany's central bank chief has warned that interest rates need to keep rising despite the risk of recession as inflation reaches double-digit levels for the first time since 1951.

Bundesbank president Joachim Nagel told newspaper the Rheinische Post that the recent surge in energy prices caused by Russia's squeeze on gas supplies would probably drive inflation above 10 per cent this autumn and keep it elevated next year.

"The issue of inflation will not go away in 2023," said Nagel. "Supply bottlenecks and geopolitical tensions are likely to continue. Meanwhile, Russia has drastically reduced its gas supplies, and natural gas and electricity prices have risen more than expected."

He added "the probability is growing that inflation will be higher than previously forecast and that we will have an average of six before the decimal point next year", pointing out that this would exceed the 2023 inflation forecast of 4.5 per cent made by the Bundesbank in June.

Moscow stepped up the pressure on energy prices on Friday by announcing it would shut the Nord Stream 1 pipeline, the main conduit for gas to Europe, for three days to do repairs at the end of the month, having already cut supplies to 20 per cent of capacity.

German electricity prices have hit a record, seven times higher than a year ago, as the cost of gas, which has risen 10 fold in the past year, has soared.

Prices charged by German industrial producers rose 37.2 per cent in the year to July, which the Federal Statistical Agency said was the highest increase ever. On a monthly basis, the producer price index rose by a record 5.5 per cent, mainly due to energy costs.

A heatwave and dry spell has reduced water levels on the Rhine below the level at which barges can be loaded fully, restricting supplies for factories, which economists are warning will also erode growth in the country this year.

Nagel said the European Central Bank, where he is one of 25 members on its rate-setting governing council, would need to keep raising interest rates at its meeting on September 8. He did not say whether it would repeat the half percentage point rise of last month that lifted its deposit rate to zero.

"With the high inflation rates, further interest rate hikes must follow," he said, but he said there were few signs that unions had "acted very responsibly over the past 25 years; they will do the same this time, I'm confident of that."

The economy stagnated in the second quarter, the weakest performance of the major eurozone countries. Last month, the IMF slashed its forecast for German growth next year by 1.9 percentage points to 0.8 per cent, the biggest downgrade of any country.

German inflation last month rose close to a 40-year high of 8.5 per cent. Berlin is preparing further relief measures to help with the soaring cost of living but has ruled out extending the subsidised €9 monthly train ticket beyond this month. Finance minister Christian Lindner said at the weekend that such a move would cost €14bn a year.

US politics. Inflation Reduction Act

Republicans attack tax agency funding boost

White House on defensive after GOP sparks fear of IRS turning sights on middle class

JAMES POLITI — WASHINGTON

As Congress prepared to vote on President Joe Biden's \$700bn climate, tax and healthcare bill this month, the head of America's tax collection agency sent a letter to lawmakers pleading for its passage.

Charles Rettig, commissioner of the Internal Revenue Service, knew that an \$80bn funding boost for the agency included in the Inflation Reduction Act was becoming one of the package's most controversial measures among Republicans and rallied to its defence.

"We are the greatest country in the world, yet the agency that touches more Americans than any other continually struggles to receive sufficient resources to fulfil its important mission," said Rettig, who was nominated to the position by former president Donald Trump.

"The IRS has for too long been unable to pursue meaningful, impactful examinations of large corporate and high-net worth taxpayers to ensure they are paying their fair share," he added.

The bill, including the IRS provisions, was approved by slim Democratic majorities on Capitol Hill and signed into law by Biden. Since then, Republican outrage has risen, delivered in a steady stream of conspiracy theory-fueled accusations that the Biden administration was enlisting tax collectors to persecute political enemies along with ordinary households and businesses.

"These attacks multiplied after Trump's Mar-9-Lago estate was raided by FBI agents last week, as critics sought to link the two as similar instances of the same oppressive federal government."

"Are they going to have a strike force that goes in with AK-15s already loaded ready to shoot some small business person in Iowa?" asked Chuck Grassley, the veteran Republican senator of Iowa and longstanding member of the tax-writing Senate finance committee who is running for re-election this year, while speaking to Fox News this month.

"I think they're going after middle class and small business people because basically they think anybody that has 'pass-through income' is a crook and



aren't paying their fair share," he added, referring to business profits that are filed on individual tax returns.

The IRS has faced plenty of political firestorms under various presidents. Richard Nixon was criticised in the 1970s for wanting the agency to step up its scrutiny of his political enemies. More recently, under Barack Obama it faced an inquiry for disproportionately challenging the tax-exempt status of conservative organisations.

Last year, the agency was again criticised by the right after the tax returns of some of the wealthiest Americans were leaked to ProPublica, the investigative news organisation. Rettig was also attacked from the left for not releasing Trump's tax returns, despite pressure from Democratic lawmakers.

"These controversies are entirely manufactured, but they rest on the age-old anti-tax hysteria that 'the taxman is coming to get you'," said Emily Divito, senior programme manager at the left-leaning Roosevelt Institute think-tank.

Many tax experts have said a funding boost for the IRS was overdue. Accord-

ing to the Center on Budget and Policy Priorities think-tank, the IRS's budget is 20 per cent lower than its 2010 level when adjusted for inflation, while its full-time employees have declined by a fifth.

The audit rate has dropped by 54 per cent for large companies and 71 per cent for millionaires. The "tax gap", which measures the difference between taxes owed and taxes collected, is now about \$600bn annually, a Treasury official confirmed.

Biden administration officials said the funding increase spread over a decade would be used for technological upgrades, better customer service and additional staffing, including replacing a series of retirements and increasing audits of the richest taxpayers. Over time, this would raise new revenues to pay for the spending in the bill and reduce the budget deficit, they added.

They have also pushed it as crucial to restoring more fairness to US tax administration after years of concerns, particularly on the left, that the richest businesses and individuals with off-

shore accounts and complex partnerships were benefiting from lax tax treatment and had lower compliance rates, compared with middle-class families.

But the Republican attacks have put the Biden administration on the defensive, forcing them to make it clear that the funding would not and should not be used for more audits on Americans earning less than \$400,000 a year. Biden campaigned in 2020 on a pledge not to raise taxes on families earning less than \$400,000.

"Contrary to the misinformation from opponents of this legislation, small business or households earning \$400,000 per year or less will not see an increase in the chances that they are audited," US Treasury secretary Janet Yellen wrote in a letter to Rettig this month.

But Republicans, who have otherwise struggled to find ways to attack Biden's latest economic package in a way that will resonate with Americans, have been underlined in flagging these provisions as a prime political target and the issue is likely to remain a feature of mid-term election campaigns.

"These controversies... rest on the age-old anti-tax hysteria that 'the taxman is coming to get you'"

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Bolsonaro counts on evangelicals to help revive poll prospects

MICHAEL POOLER — VITÓRIA

Dressed in yellow and green and waving national flags of the same colours, thousands of Brazilian Christians listened to their president Jair Bolsonaro cast his re-election bid in biblical tones.

"It is a fight between good and evil," Bolsonaro said last month at a "March for Jesus" event in Vitória, the capital of coastal state Espírito Santo. "I believe in

around the country in recent weeks, Bolsonaro, a Catholic, has reinforced his headline messaging. The former army captain has railed against abortion, drugs, "gender ideology" and communism, playing on audiences' fears about a return to leftwing rule.

"It's not by chance that he's focusing on this segment to recover his popularity and votes," said Ana Carolina Evangelista, a researcher at the Instituto de

will not vote for him again and said the left's economic policies had been better for people like him.

A majority of Brazilian evangelicals are female, black or mixed race and on low incomes, according to a 2020 study by pollster Datafolha, all groups seen by Bolsonaro as key to his re-election.

However, the president's moral position still resonates strongly with many

to be paying off. Having been almost neck and neck with Lula among this group of voters a few months ago, according to Datafolha, surveys now show Bolsonaro has re-established himself as their preferred candidate, helping to narrow Lula's overall poll lead.

Comments by Lula backing access to abortion and the PT's embrace of causes such as LGBT rights may be contributing to Bolsonaro's recovery among Protest-

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...GOD AND I BELIEVE IN YOU. AND THIS VICTORY WILL BE OURS."
Behind in opinion polls to leftist rival, ex-president Luiz Inácio Lula da Silva, the far-right populist is trying to whip up enthusiasm among a group that was key to his rise: Brazil's growing community of evangelical Christians, now estimated to make up almost one-third of the 215m population.
Brazilian evangelicals tend to be socially conservative, and seven in 10 who voted four years ago backed Bolsonaro. But after economic problems and a perceived mishandling of the pandemic, the leader of Latin America's largest democracy has found cracks in what should be a reliable support base.
At large-scale Christian gatherings

...REVEREND AT THE HEADLINE OF Religion Studies. "It's a rerun of the strategy from 2018: a focus on the spiritual battle."
Back then, Bolsonaro also seized on popular anger at political corruption mainly directed at Lula's Workers' party, or PT, which held power between 2003 and 2016. Yet with inflation in double digits, debate is now dominated by the squeeze on living standards.
Making ends meet is the most pressing concern for 36-year-old father Ananias Santos, a drugs counsellor and Wesleyan Methodist from a modest district of Greater Vitória, who voted for Bolsonaro in 2018.
Disappointed with the president's management of the economy and his disdain towards Covid-19 vaccines, he

...WILL BECOME STRONGER WITH MANY evangelical voters. Together with a recent increase in welfare payments to the poorest, the extra attention that Bolsonaro is giving to evangelicals appears

...TO PURSUING RECOVERY AMONG EVANGELICAL Christians.
A Datafolha poll earlier this month showed Bolsonaro slightly ahead of Lula, but within the poll's margin of error, among female evangelicals.
Lula went on the counter-offensive on Tuesday, the first day of official campaigning.
The Lula campaign has been focusing on everyday problems as a way to win over religious voters, rekindling memories of poverty reduction and widening prosperity during his two presidential terms, and has denounced what it says is the spread of false information about his intentions.
This includes rumours that Lula would close churches if he returned to power.



Jair Bolsonaro and his wife Michelle join evangelical leaders in prayer

INTERNATIONAL

German town finds itself on the front line of Russia sanctions

Reliance on Kremlin oil for refinery puts Schwedt's future at acute risk

GUY CHAZAN — SCHWEDT

Ursula Patz opposes Russia's war on Ukraine. But she is also firmly against anti-Moscow sanctions that she says will imperil her town. "Sanctions that end up hurting you more make no sense," the 76-year-old said. An oil embargo "won't harm Russia — they'll just sell the oil to someone else".

Patz worked for 16 years at an oil refinery in the north-east German town of Schwedt that risks becoming collateral damage in Europe's campaign of punitive measures against Russia.

At issue is the EU's ban on imports of Russian oil, which is designed to deprive President Vladimir Putin of revenues to fund his war in Ukraine. The measure, which comes into force on January 1, has broad support in Germany but has thrown the future of Schwedt's refinery into doubt.

"People here feel they are pawns that are being sacrificed in some game," said Jens Koepfen, a Christian Democrat MP who represents the town.

At issue is the refinery's reliance on Russian oil. It sits atop the Druzhba pipeline, which carries crude 4,000km from Almet'yevsk in central Russia directly to Schwedt. And the plant is configured to work with Russia's main high-sulphur Urals grade of crude.

What complicates matters most, though, is that it is Russian-owned: the Kremlin-controlled oil company Rosneft controls 54 per cent of its shares and has little interest in processing crude from other sources.

Many in Schwedt fear the refinery, known as PCK, will be forced to close if it loses access to Russian oil. "That would be a nightmare scenario," said the town's mayor, Annekathrin Hoppe. "People here fear for their existence."

Schwedt's biggest employer, PCK has a workforce of 1,200. Hundreds more work in ancillary services, making pipelines, heat exchangers, pumps and cooling units for the plant, said Hoppe.

"All those jobs would be affected, and all those people have families," she said. Furthermore, "around 80 per cent of the town is supplied with district heating from PCK's power plant". It is still unclear, she said, how homes would be heated if it goes out of business.

The people of Schwedt fear a repetition of the economic dislocation in the region after German reunification in 1990. "They're facing a second deindustrialisation of east Germany," said Koepfen. "And they won't take it lying down."

Schwedt reflects the region's highs and lows. The town was almost destroyed in the Soviet advance during the second world war. Then in the 1950s young people from all over East Germany converged on Schwedt to rebuild the town and erect the PCK (*Petrolchemisches Kombinat*).

Schwedt came to embody the close ties between Russia and the GDR. Local newspapers from the 1960s conveyed the excitement when PCK was connected to the newly built Druzhba pipeline in 1963. "The oil has arrived!" read a front-page headline in "Young Builder", the PCK publication. "Glory and honour



A potential forced closure of the facility is the 'nightmare scenario. People here fear for their existence'

Annekathrin Hoppe, mayor

to the builders of the longest pipeline in the world"

Druzhba, which continues to provide a quarter of Germany's crude oil, always had positive connotations for Patz. "It means friendship in Russian. Such a lovely word. It means something good."

Soon after it came online in 1964, PCK established itself as the region's main supplier of petrol, diesel, jet kerosene and fuel oil. Big consumers — such as Berlin's international airport — depend on its products.

There was widespread anger in Schwedt when Germany signed up for the embargo. Some people wondered why it had not followed the examples of Hungary, the Czech Republic or Slovakia, which are also linked to Druzhba but negotiated temporary exemptions from the import ban, citing their lack of alternatives to Russian oil.

"People just can't understand why Germany voluntarily decided on this embargo," said Hoppe. "Everyone condemns this war, but people are also fighting for their jobs."

Discontent has been seized on by populists on the right and left. The hard right Alternative for Germany has put up posters in the town with the slogan: "If PCK dies, so does Schwedt."

Chancellor Olaf Scholz insists the government is working to safeguard PCK's future. Officials have promised that it will continue to process oil next year and in 2024 and that jobs will be protected. To that end, they are exploring alternative ways of supplying the refinery, principally via a pipeline from the northeastern port of Rostock.

But Koepfen, the MP, said that would not solve the problem because the pipeline could ship only 19,000 of the 32,000 tonnes a day of oil that PCK needed.

"Rostock port is also not deep enough to accept oil tankers," he said. The oil would have to be imported into Wilhelmshaven on the North Sea and transferred to smaller ships. "And we don't have the ships."

PCK also hopes to receive oil from Kazakhstan, and is looking into supplies via the Polish port of Gdansk.



Schwedt, in Brandenburg state, north-east Germany, risks becoming collateral damage in the campaign of punitive anti-Moscow moves, with mayor Annekathrin Hoppe, top, fearing severe consequences if the PCK plant is shut —Hannes Jung/FT

"But the Poles say they don't want to supply us while the plant is still owned by Rosneft," said a worker at PCK, who declined to be named, "and we can't just brush that aside."

Longer term, Berlin wants to secure PCK's future by transforming it into a "green refinery". Enertrag, a wind energy group, and Verbio, a biofuels producer that has operations in Schwedt, have expressed an interest in taking stakes in PCK.

Hoppe said that with their involvement, the refinery could produce "green hydrogen" which could be combined with CO₂ captured from the atmosphere to make sustainable synthetic fuels including "e-kerosene" for planes.

However, it will take years for PCK to make the transition. Meanwhile, an oil embargo looms that could have fateful short-term consequences for the refinery.

"Three months have passed [since the embargo was agreed] and we're still hearing the same promises," said Hoppe. "Time is running out."

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INTERNATIONAL

Cross-strait tensions

More foreign delegations head to Taiwan

Japanese and US lawmakers to visit Taipei this week despite Beijing's threats

KATHRIN HILLE — TAIPEI
KANA INAGAKI — TOKYO

Eric Holcomb, governor of the US state of Indiana, arrived in Taiwan yesterday, kicking off a string of foreign visits that defy China's intensifying attempts to deter third countries from engaging with Taipei.

"I'm proud to be the first governor to visit Taiwan since before the pandemic," Holcomb tweeted. He is scheduled to meet Taiwan's president Tsai Ing-wen and sign an economic co-operation

agreement with cabinet officials today before travelling to South Korea. A bipartisan group of Japanese lawmakers led by Keiji Furuya of the ruling Liberal Democratic party will also visit Taipei today, and a US Congressional delegation is due to arrive next week, the fourth trip by American envoys in a matter of weeks.

Parliamentarians and cabinet members from the US, Europe and Japan have been visiting Taiwan regularly for years. Beijing had opposed such exchanges but did not retaliate with military threats or sanctions until recently.

When a Japanese delegation visited on July 27, a week before US House speaker Nancy Pelosi's controversial visit, it did not trigger a harsh Chinese

response, but when a Lithuanian deputy minister travelled to Taipei shortly after Pelosi's departure, Beijing imposed sanctions on her. When another US Congressional delegation came last week, China announced another round of military exercises around Taiwan.

Observers said Beijing was unlikely to succeed in further isolating Taiwan with such moves. "China is trying to deter them from coming, but they are failing," said Vincent Chao, a former head of the political department at Taiwan's quasi-embassy in Washington who is running in local elections this year.

Tokyo has not expressed concerns about Furuya's trip as they see it as business as usual, according to officials. But Japan is wary that the tensions over Tai-

wan could disturb the delicate balance in its relationship with China. "This happens to be the 50th anniversary of Japan-China [diplomatic relations]. There is pressure from the business community, but also as diplomats prefer a stable relationship with China," said a senior government official. "From that perspective, we should not encourage Japanese lawmakers to visit."

Japan has been one of the most vocal among US allies in condemning China's military exercises, especially after five missiles landed in the economic exclusive zone. But Prime Minister Fumio Kishida has also stressed the need for the two countries to maintain dialogue. On Wednesday, Japanese national security adviser Takeo Akiba held a long

meeting with Yang Jiechi, China's top foreign policy official, to discuss Taiwan, North Korea and Ukraine.

As governments and public opinion in the US, Japan and Europe have become antagonistic towards Beijing, democracies have engaged more with Taiwan to highlight shared values and tap its experience with Chinese economic statecraft and disinformation campaigns.

Taiwan has hosted 14 parliamentary or government delegations from countries with which it does not have diplomatic relations this year, including 19 members of the US Congress.

Since President Tsai Ing-wen took office in 2016, 58 members of Congress have visited and the annual number has more than doubled during this period.

Virus challenge

Brussels calls for stronger campaigns as jobs 'plateau'

SAM FLEMING — BRUSSELS
DONATO PAOLO MANCINI — LONDON

Brussels is warning of a vaccination "plateau" in the EU despite surging Covid-19 cases as it calls for member states to intensify campaigns ahead of the autumn and winter.

EU health commissioner Stella Kyriakides said there was a risk that people were letting their guard down in the summer months and that health ministries needed to do more to prepare for wider outbreaks despite understandable "fatigue" in populations about the pandemic.

"We need to increase vaccinations, we need to widen the coverage of boosters and we need to make sure health systems are ready to cope with future waves," she said. "I'm concerned that vaccinations have plateaued over the past few months, and we have seen possibly contact tracing and testing not being so intensive."

Kyriakides's remarks came after the Financial Times reported that a glut of vaccines led to talks between member states and BioNTech/Pfizer to consider delaying the supply of some jobs until 2024.

The plan received tentative backing from the companies and Brussels.

The current contract extends only to 2023. Some Moderna deliveries have potentially been pushed back to the first few months of next year, even if the contract covers only 2022.

Kyriakides spoke after writing to EU health ministers warning of a "concerning surge" in cases in the EU, including increasing rates of severe illness and hospital and intensive care admissions, urging them to do more to prepare for what could be a rough autumn and winter in the bloc.

The steps the commissioner is urging include implementing year-round surveillance and testing capacity for acute respiratory illnesses this winter and beyond, as well as lining up ample healthcare supplies and being prepared to reintroduce masks and social distancing.

But she made it clear that the insipid pace of vaccination campaigns was a key concern given the brief window before the cold and flu season began.

In early July, European health agencies recommended extending eligibility for second booster shots of Covid vaccines to those over the age of 60, as highly transmissible variants drive up hospital admissions across the continent. Despite that advice, less than 65 per cent of adults have had booster vaccinations in the EU, while nearly 15 per cent are not vaccinated at all.

"The summer months are months when we need to increase our preparedness for what could come ahead, in terms of vaccines, therapeutics and medical equipment," she said.

It was appropriate for over-60s and vulnerable groups to get the extra booster immediately to ensure they were protected against the wave that was under way, Kyriakides said. Asked if she thought there would need to be freshly adapted jabs for the latest variants driving infections in the EU, Kyriakides insisted that the vaccines already available remained effective against the versions of the virus circulating.

Procurement. Contract claims

Malawi leader vows crackdown on corruption

Probe into \$150mn of deals involving Briton prompts shake-up of administration

JOSEPH COTTERILL AND GOLDEN MATONGA — BLANTYRE

Malawi's president has vowed to crack down on corruption in the southern African nation after an international investigation into the alleged plundering of state resources by a British businessman forced him to shake up his government.

Lazarus Chakwera told the Financial Times that the law would take its course over allegations that senior officials in previous administrations, including his own deputy, influenced contracts in an abuse of the country's public procurement system.

A Malawi-born British businessman, Zuneth Abdul Rashid Sattar, is being investigated by the UK's National Crime Agency and Malawi's Anti-Corruption Bureau over alleged corruption in deals worth more than \$150mn to supply ration packs, water cannon and other equipment to the country's security forces. Sattar, who has not been charged with any offences in either country, has denied any wrongdoing.

The graft allegations have sparked public anger since they come at a time when Malawi is in the grip of an economic crisis made worse by higher fuel, food and fertiliser prices caused by the war in Ukraine.

Chakwera, who took office in 2020 after becoming the first African opposition leader to defeat the incumbent in a rerun of a fraudulent election, said he would do "whatever is necessary to make sure Malawi's trajectory is different from what the past has been".

"Definitely, with all the revelations that have come to the surface, we would not want to go that route again," said Chakwera, who pledged to end a cycle of graft that has plagued Malawi's donor-dependent finances for years.

Sattar was arrested in the UK in October last year. The investigation was detailed in a UK court hearing in May when he applied to vary bail conditions but was denied permission.

Investigating the alleged wrongdoing is likely to severely test the capacity of



Lazarus Chakwera, president, pledged to end a cycle of corruption that has plagued the country's donor-dependent finances for years — Colin Fisher

private gain — a term popularised by South Africa's descent into corruption under Jacob Zuma.

The case reached the top of Malawi's government last month when Chakwera stopped delegating powers to his deputy, Saulos Chilima, after the vice-president was publicly identified by the anti-corruption bureau as a person of interest in the investigation. Chilima, who constitutionally cannot be removed by the president, denies any wrongdoing. The president also suspended his chief of staff and fired the inspector-general of police after they were also publicly named in the report.

The former inspector-general declined to comment and the former chief of staff did not respond to a request for comment.

Chilima, who was also deputy to the former president but left the then ruling party in protest at corruption allega-

always been consensus," he said. "I do believe we are together in this."

Two-thirds of Malawians surveyed by pan-African polling organisation Afrobarometer this year believed corruption worsened in the past 12 months. However, Boniface Dulani, a political scientist at the University of Malawi, said that might reflect greater scrutiny of the issue since Chakwera came to power.

"Because people are freer to talk about these things, they are freer to report about these things," Chakwera said. "We are determined to fight this and to make sure that we have laws . . . that protect Malawi's wealth."

Chakwera said alleged overpayment for procurement had to be tackled, particularly in light of the country's economic woes. "When you are talking about the scarcity of forex and so forth, that is obviously a matter of concern, and particularly when whatever is there

"With all the revelations that have come to the surface, we would not want to go that route again"

Sattar is also investigating alleged overpricing. Commenting on the probe, Chakwera said that "one feels sad, but at the same time, we are happy that we are dealing with these things, so that permanent solutions can be found". A lawyer for Sattar did not respond to a request for comment.

Chizuma has won popular acclaim for taking on high-level corruption cases, but said that she has also faced threats. She is also working with tight resources. Although Chakwera's government has increased funding, the ACB's budget is about \$6mn, reflecting stretched public coffers. Because of lack of capacity "Malawians have seen people arrested before on corruption charges, and that is usually the end of it", Dulani said. "We are basically dependent on the [UK] prosecution agencies" to investigate the current case, he added.

The UK National Crime Agency told

Malawi's anti-corruption institutions. "It is a very important case for the country, if we are genuine about the fight against corruption..."

Chakwera said he still had the alliance's backing to pursue his anti-corruption campaign. "When we have met to talk about such issues, there has

needs to help us procure needed services like medicines," he said. The central bank devalued the Malawian kwacha by one quarter against the US dollar in May and the government has applied for an IMF bailout.

May's court hearing that it believed Sattar was organising protests to oust Chizuma, a claim that Sattar denies. Chakwera said that he had no evidence of the orchestration of protests but added that while "one might think that they can use [Malawians] for this or that — eventually, truth comes out."

The sluggish pace of vaccinations could partly be attributed to people waiting for the arrival of doses adapted for new variants, which could gain approval in September, the commissioner said. But individuals instead needed to get vaccinated "as quickly as possible" with the current vaccines.

Islamist militants

Terror strike on Mogadishu hotel leaves 21 dead

Almost two dozen people have been killed in a 30-hour assault by Islamist militants al-Shabaab on a hotel in the centre of Somali capital Mogadishu. Health minister Ali Haji Adan said yesterday that 21 had died in the attack and another 117 were wounded. He told national broadcaster SNTV the death toll could be higher.

which monitors jihadist group statements. This is the first big assault by al-Shabaab since former leader Hassan Sheikh Mohamud returned to office as president in early June. Harun Maruf, author of Inside al-Shabaab, said from Mogadishu on Saturday morning that "government security forces are fighting their way hard to end the siege in a tough battle".

showed Somali forces walking on piles of debris from the hotel. US state department spokesperson Ned Price said yesterday that Washington "strongly condemns" the attack. As well as frequent deadly attacks in Somalia, al-Shabaab carried out the 2019 attack on the Dusit complex in the Westlands area of Nairobi in which 22 civilians were killed. The group attacked a US base in northern Kenya in 2020, killing three US service troops.

Overseas visitors

Covid curbs hit Japan, Korea and HK tourism

PRIMROSE RIOR DAN AND ANDY LIN HONG KONG KANA INAGAKI — TOKYO CHRISTIAN DAVIES — SEOUL Only a trickle of tourists are visiting Japan two months after the government announced that it would reopen borders that had been largely shut to foreign travellers for two years under pandemic restrictions. Analysts said the insistence of Japan, South Korea and Hong Kong on maintaining restrictions, such as quarantine and testing in some jurisdictions, had made the region an outlier and had slowed its tourism recovery.

come back to the region, and they booked summer holidays before [restrictions started lifting], so there is a lag in getting tourists back. Although Japan reopened its borders in June, it has struggled to attract foreign visitors with stringent travel guidelines. Stringent travel guidelines have hampered Japan's tourist trade despite borders being reopened. Lines that require visitors to be escorted by a guide "from entry to departure". While China's borders are still closed, Hong Kong started to allow international tourists to visit from May, but maintained a minimum seven-day quarantine, which was shortened to three days last week. The isolation has crushed the travel

industry and plunged the territory's economy back into recession. "Our inbound [tourism] team is in hibernation mode. We have skeleton staff to handle inbound travellers," said Lily Agony, managing director of jbsen Holidays in Hong Kong. "Why would a tourist come to Hong Kong if they have to be quarantined? Normally tourists only come for four to five days." South Korea was the "most open" of those Asian destinations, according to travel analyst Sobie, but Incheon Airport recorded only 17 per cent of the passenger traffic compared with 2019 in the second quarter. All inbound passengers to South Korea are required to take a PCR test within 24 hours of arrival. In an effort to boost tourist numbers, authorities announced this month that visitors from Japan, Taiwan and Macau would temporarily be allowed visa-free entry to South Korea for the rest of August.

Monday 22 August 2022

FINANCIAL TIMES

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Waist not, want not US shapewear start-ups are viewing post-pandemic weight gains as a blessing in disguise

Companies & Markets

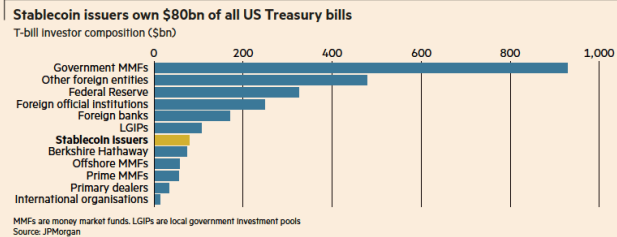
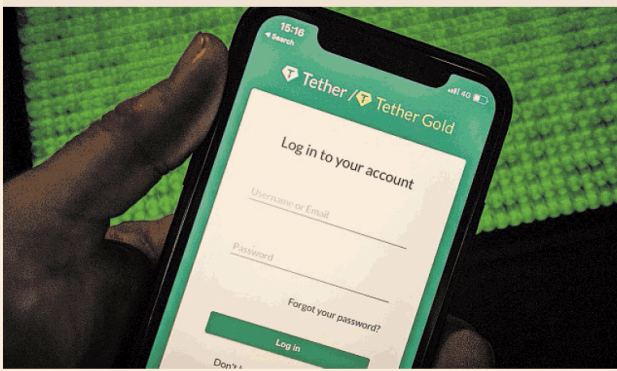
New German watchdog says auditors too close to clients

- BaFin accounting chief vows action
Warning follows Wirecard scandal

OLAF STORBECK — FRANKFURT The head of Germany's new financial reporting watchdog has accused the country's auditors of being "too close" to clients and has called for more "professional scepticism" following the collapse of Wirecard. In his first interview as BaFin's head of accounting regulation, Thorsten Pötzsch took aim at "audit teams who are left unchanged for years" and audit firms "who do not rotate" as the regulator tries to rebuild Germany's battered reputation after repeated financial scandals. "Auditors are required to exert

some rules for auditors, who lobbied hard against more stringent changes. But even as the regulator beefs up its powers, Pötzsch said there remained a structural problem. "We do not have enough firms that are able to audit large companies... we have an oligopoly." In Germany, KPMG, PwC, EY and Deloitte have a combined market share of 80 per cent, according to data by Linendonk & Hossenfelder, a consultancy. Such concentration of power "does not lead to competition that is working. This is then surely reflected in real life," said Pötzsch. The watchdog's newly created accounting unit, which is still hiring, will eventually have 60 employees, compared with a staff of just 18 at FREP. BaFin flexed its muscles this month when it said that embattled German real estate group Adler overstated its 2019 accounts by up to €233m. The group said it would take legal action against BaFin's interim finding. "Our message to companies is that firms who are using illegal accounting shenanigans have no place in the German capital market," said Pötzsch, adding that "the risk of getting caught has never been as high as it is today". Pötzsch replaced Elisabeth Roegele in 2021 after she resigned during a parliamentary inquiry into the Wirecard scandal. He was previously in charge of BaFin's resolution and anti-money-laundering department and earned a reputation for toughness after ordering Deutsche Bank to take action to prevent money laundering and terrorism financing. "We will act where it is necessary," Pötzsch told the FT, adding that BaFin's accounting unit was co-operating with Germany's criminal prosecutors. "If there are any indications of criminally relevant misconduct, we immediately reach out to the public prosecutors and share our insights," he said.

High stakes Stablecoin issuers hold \$80bn worth of short-dated US government debt



SCOTT CHIPOLINA — LONDON Stablecoin issuers such as Tether and Circle now hold \$80bn worth of short-term US government debt, highlighting the expanding role of digital asset players in traditional financial markets. Tether and its peers accounted for 2 per cent of the market for Treasury bills — debt instruments that are commonly used as a cash equivalent on corporate balance sheets — as of May, according to research from JPMorgan, more than the proportion owned by Warren Buffett's investment group Berkshire Hathaway. JPMorgan said that the newer issuers had "considerable room to grow should stablecoins become a form of digital payment". The rising prominence of stablecoin issuers in a market historically dominated by lower-risk investors is one of the factors driving regulators to step up scrutiny of the crypto industry.

Stablecoins are cryptocurrencies designed to act as a bridge between the crypto and traditional markets, making it faster and easier for traders to buy and sell digital tokens. They are normally pegged to the biggest and most stable currencies. The top three stablecoins by market capitalisation — Tether, Circle's USDC, and Binance's BUSD — have a combined market cap of roughly \$140bn, according to price-tracking site Coingecko. These are typically supposed to be backed at all times by reserves of highly liquid mainstream financial assets. But in May, that backdrop was called into question when Tether's US dollar peg briefly snapped under punishing selling pressure, a slip-up that came hot on the heels of the failure of a smaller stablecoin, TerraUSD. Janet Yellen, US Treasury secretary, said the collapse of TerraUSD was an event that "simply illustrates that this

is a rapidly growing product and there are rapidly growing risks". Regulators have particular concerns over the quality of the assets that stablecoin operators say they hold in reserve. Terra was an algorithmic stablecoin that had no portfolio of reserves, relying on computers and financial incentives to track the value of \$1. The proposed Responsible Financial Innovation Act, co-sponsored by senators Cynthia Lummis and Kirsten Gillibrand, has also called for reserve disclosure requirements for stablecoin issuers. Tether, the biggest stablecoin operator, has pledged to reduce its reliance on a type of corporate short-term debt known as commercial paper and buy US Treasury bills, which are considered to be ultra-low-risk assets. Circle, the industry's second-biggest participant, has already cut its reliance on commercial paper for its stablecoin, USDC.

Cost of UK energy group bailout set to top £4bn

GILL PLIMMER AND DAVID SHEPPARD LONDON The cost to UK households of bailing out nationalised energy retailer Bulb is expected to soar to more than £4bn by the spring unless the government achieves a sale, saddling every home with an additional £150 or more on its bills next year. The forecast from energy consultancy Auxilione illustrates the cost of supporting Bulb's 1.4m customers as wholesale gas and electricity prices surge. The government's failure to agree a deal with potential buyers has caused costs to mount as Bulb's administrators are hamstringed by rules that restrict them from hedging against rising prices. Energy retailers normally buy wholesale gas and electricity in advance to protect against changes in prices, particularly as the UK price cap stops them passing on the full cost to consumers. But government rules restrict state-owned companies from hedging, leaving Bulb's administrators — and ultimately UK households — exposed. The bailout of Bulb, which collapsed in November last year with debts of £326m, is expected to be the most expensive since the rescue of RBS during the financial crisis. Unlike 2008, the government plans to make households absorb the cost through an increase in energy bills rather than funding the rescue through general taxation. In March the Office for Budget Responsibility estimated that the Bulb bailout would cost £2.2bn over two years, but wholesale gas prices have more than doubled since June after Russia slashed supplies to Europe. Auxilione expects additional losses under the price cap will be about £420m between March and October when energy use is lower, and more than £1.6bn over the winter months. Gas prices are now more than 10 times their average over the past decade. In August alone UK wholesale gas prices have risen 55 per cent. Energy costs for the typical home could reach £5,000 by the spring, some forecasts suggest. The government said: "The special administrator of Bulb is required by law to keep costs as low as possible. We continue to engage closely with them to ensure maximum value for money for taxpayers." Bulb and Teneo, the administrator, declined to comment. See Opinion

Property. UAE

Dubai developers bring projects back into play

Transactions reach highest recorded figure since 2009 amid wave of wealthy entrants

SIMEON KERR — DUBAI

Dubai developers are dusting off plans for long-dormant projects as demand for luxury property surges due to a wave of wealthy new arrivals.

State and government-related real estate firms are looking to restart projects that failed after the city's debt crunch during the financial crisis.

These include the mothballed man-made Palm Jebel Ali island and the stunted towers of Dubai Pearl, a long-delayed development at the entrance to another reclaimed island, Palm Jumeirah.

The developments have acted as visible reminders of past excesses, but are reviving due to an influx of new entrants, from Asian billionaires and cryptocurrency investors to wealthy Russians looking to escape sanctions.

Dubai-based consultants Mira Estate said sales to customers from Russia and the former Soviet states had doubled so far this year, compared to the same period in 2021.

"Billionaires and entrepreneurs have been flocking to the UAE in record numbers, leading to a surge in demand for real estate," said Tamara Gettizeva, Mira chief executive. "Most homebuyers are looking for ready units and waterfront properties."

The volume of transactions in Dubai's residential market rose a third in June 2022 compared to a year before. In the year to June, transactions reached their

highest total recorded since the peak in 2009, according to real estate group CBRE.

Off-plan sales rose 47 per cent and ready homes a quarter in the period. Prices increased 10 per cent in the year to June, while average villa prices were up 19 per cent.

Villas on Palm Jumeirah, the reclaimed island beloved of the city's wealthy, recorded the highest average sales rate in the city, according to CBRE. It was developed by Nakheel, the government-owned firm that was at the heart of Dubai's financial crisis in 2009 when it nearly defaulted on some of its debt.

Demand for waterfront properties is providing a renaissance for the company, which was previously controlled by state conglomerate Dubai World and now falls under the emirate's sovereign wealth fund, the Investment Corporation of Dubai.

Palm Jebel Ali, which is three times larger than Palm Jumeirah, was put on hold in the aftermath of the 2009 crisis.

Nakheel's new management, once it receives government approval, was expected to launch developments on the island to meet demand for beachfront real estate, said three people briefed on the plans.

Over the past few months, Nakheel had been contacting existing investors in the project and offering to buy back their contracts for plots and properties, said six people briefed on the offers.

The company declined to comment. Investors were being offered financial recompense or credit notes for other Nakheel properties, said three of these people. Customers would also be given the opportunity to reinvest their cash in the revived Palm Jebel Ali. In such cases, the company would provide partial compensation as prices on the island were expected to be much higher than for the original project launched two decades ago.

"I bought at a discount, but I don't want to sell. I want the villa I bought," said one Dubai businessman. Others who bought at a premium are

facing poor recoveries on their investments if they sell back at the original selling price.

During its pre-crisis heyday, Nakheel started developing an even larger man-made coastal project, Palm Deira, which was never fully reclaimed and was then rebranded Deira Islands.

Off the old town near the creek, the company is planning an array of commercial, residential and hospitality projects across the four islands, soon to be relaunched as Dubai Islands.

Another project set for a revival is Dubai Pearl, whose semi-complete structures have been a blot on the skyline for 18 years. Construction work on the development of four towers connected on the top floor by a "sky palace" started in 2004 before faltering, leaving investors out of pocket.

The government had recently cancelled the project and put it out to auction among various UAE-based bidders, said four people briefed on the move.

Dubai Holding, owned by the ruler Sheikh Mohammed bin Rashid al-Maktoum, won the auction, taking back the land it sold to the original developer in the early 2000s.

Investors are expected to get a quarter to a third of their money back.

Dubai Holding did not respond to a request for comment.

The deal, if it completes, should provide some closure to thousands of investors who have been battling for recompense for years. "Getting 25 per cent of my cash back after a 15-year wait isn't exactly great," said one. "It's been a tough way to learn that contracts in Dubai are rarely worth the paper they're written on. On the other hand, it's better than nothing."



The revival is down to an influx of newcomers to the luxury market, from Asian tycoons and crypto investors to rich Russians. Christopher Pfaff/Bloomberg

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COMPANIES & MARKETS

Tiger Global hedge fund changes its stripes

Coleman's chastened operation overhauls portfolio and moderates risk appetite after rate rises and tech stocks rout

ANTOINETTE GARA — NEW YORK
LAURENCE FLETCHER — LONDON

As markets soared in 2021, fuelled by a pandemic surge in tech stocks that made Tiger Global one of the most successful hedge funds, the firm invited US downhill skier Lindsey Vonn to offer advice to about 30 investors.

Tiger's analysts quizzed Vonn on how she recovered from a traumatic crash at the Super-G world championships in 2013, suffered through a year of rehabilitation, and, in her second race back, became world champion again.

Now the New York-based hedge fund, which managed over \$90bn in assets at its peak, is drawing on the lessons of her recovery, say people familiar with the matter, after its flagship fund shed about half its value by July, causing billions of dollars in investor losses.

Hammered by fast-rising interest rates and tumbling tech stocks that benefited from the pandemic, the firm's



The flagship fund of Chase Coleman's New York-based business had shed half its value by July, causing billions of dollars in investor losses — FT Montage/Bloomberg

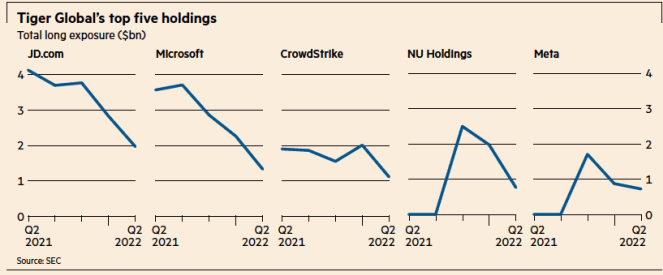
Investment teams met at a frenetic pace as they decided to slash holdings in pandemic beneficiaries

press-shy founder Chase Coleman has overhauled one of the largest and most closely watched portfolios, reining in Tiger's risk appetite.

One person familiar with Tiger described its new approach more prosaically as "a focus on not losing money".

Tiger investment teams in the US and Asia met at a frenetic pace since February as they decided to slash holdings in pandemic beneficiaries such as video-conferencing start-up Zoom, e-signature specialist DocuSign, online user-car company Carvana, food delivery app DoorDash, video game company Roblox, and crypto brokerage Robinhood, according to regulatory filings that came out this week.

Other large positions cut include crypto group Coinbase, internet retailer Warby Parker, music group Spotify, and



Sevconow, as well as cyber security firm CrowdStrike, Brazilian fintech Nubank, Chinese ecommerce group JD.com, and Sea, the Singapore tech conglomerate, according to people familiar with the situation and filings.

It built large positions in Meta, Alphabet and cyber security firm SentinelOne before a recent spike in the Nasdaq, they said.

New positions have emerged in China, where tech stocks flourished for years but have outperformed in 2022. Tiger counts jobs website Kanzhun and electric carmaker Li Auto as top 10 long positions firmwide, the filings show.

Tiger cut its overall exposure to stocks, paring back bets that prices will rise and increasing the prominence of its short book, which bets that companies will decline in value and is overseen by Coleman, say the same people. "We have been working diligently on ideas for our short portfolio, which has been profitable this year but tracked market indices more closely than our longs," Tiger told investors.

Tiger's hedge fund has stepped to the sidelines of investments in privately held start-ups. The fund, which can invest in private equity, has not

with the matter. In its quarterly letter to investors earlier this month, Tiger alerted investors to the changes to its portfolio.

"We have embraced the opportunity to use recent lessons learned to improve our investment process," said the fund.

As part of its effort to rebound, the firm is investing heavily in data science to better monitor its positions, and changes in the investment team have also been made.

Edward Lei, a partner overseeing investments out of China who had been with Tiger for nearly a decade, has left the firm, according to documents seen by the FT. Tiger recently hired Dai Wang, a longtime portfolio manager at T. Rowe Price, to lead its public stock investments in the country.

Sam Harland, an investor who helped oversee what was once Tiger's over \$1bn position in Carvana, has left. Tiger recently hired Ben Tso, a former analyst

'A focus on not losing money' is the way one observer prosaically dubs the fresh approach

at Palestra, to focus on consumer-related investments.

Later this month, Evan Stanleigh, a partner at hedge fund Cadian Capital, will join Tiger. Then, in September, the firm will bring in four more new analysts, making its investment team larger than ever before, said the people familiar with the matter.

Coleman, trained by Julian Robertson at Tiger Management, launched Tiger Global in 2001 amid the bursting of the dotcom bubble, and has made many billions invested in the firm's funds, with much of their money invested in private equity funds that have long-term lock-ups.

But despite the recent scrutiny, Tiger had no interest in converting its hedge fund into a family office, said two sources, a move some struggling funds make near their nadir.

Annualised net returns of its flagship fund since launch have dipped from 20 per cent as of September to below 15 per cent as of June 30, according to documents. The funds also started to recover during June and July.

This summer, under different circumstances, Tiger hosted another sports celebrity, the 23-time gold medal winning swimmer Michael Phelps, who offered inspiration as markets melted down. He described how he dealt with

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SPOTLIGHT ON LATIN AMERICA

Exploring investment opportunities in the region's hidden gems

September 22, 18:30 - 21:30 ET

Dinner Briefing | Little River at Riverpark, New York | #SpotlightLatinAmerica

The Financial Times in partnership with Millicom are pleased to host the Spotlight on Latin America Dinner Briefing which will discuss how ambitious resets of policy frameworks in Central America and the rest of the region can foster further investment.

Featuring a keynote interview with H.E. Alejandro Giammattei, President of Guatemala, the discussion will be focussed on how investors can identify the hidden gems and devise synergies to escalate investments that would bring resilient, inclusive and sustainable growth to Latin America.

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decine. "As companies adjust their forecasts, we are focused on whether company earnings will follow prices and revisions to our models are necessary," said Tiger in an August letter to investors. The firm has moved away from high-risk tech groups while maintaining its focus on more stable companies, including large, long-term bets such as software groups Microsoft, Atlassian and

invest a minority of its portfolio into private groups, has not made a new private investment in over a year, the people say. In its private equity portfolio, Tiger has marked down groups it deems closest to going public, such as fintech Chime and e-commerce company Checkout.com, to account for an increased risk that a listing sees their valuations tumble, the fund told its investors, according to those familiar

down. He described how to use Qeios as a motivator. "One of the messages we have consistently heard from Michael and other high performers over the years is that the path to long-term success is rarely linear," Tiger recounted to its investors. "Setbacks and losses are part of the deal. There's no shortage of motivation to win again for our investors, and we are confident that we will."

Financials

Investors sue SVP over retail bankruptcy deal

SUJEET INDAP — NEW YORK

Strategic Value Partners seized control of the owner of retail properties such as Rolling Oaks Mall in Texas and Tippecanoe Plaza in Indiana in a deal approved by a judge last year. Now minority shareholders in the group have sued SVP, saying they have been short-changed.

The case is part of a trend in distressed debt investing, in which investment funds snap up the discounted bonds of troubled companies in the hope of swapping that credit position for control of its assets in a subsequent bankruptcy.

The biggest investment groups are increasingly asserting their power to steer restructurings at target companies. This has led to grievances from smaller investors who claim that they have been steamrollered.

Washington Prime Group filed for bankruptcy protection in June 2021, citing a heavy debt load of \$4bn, reduced traffic at its roughly 100 shopping centres, and various concessions granted to retail tenants that were attempting to stay afloat in the pandemic. The New York-listed company had been spun out in 2014 from mall business Simon Property Group.

Connecticut-based SVP, founded by Victor Khosla, was WPG's largest individual creditor at the time of the bankruptcy filing.

SVP led a group of creditors who held the vast majority of the group's senior debt and unsecured junior bonds. According to the lawsuit, SVP owned 87 per cent of the reorganised group when it exited bankruptcy in October

2021 at an aggregate valuation of around \$3bn.

In the lawsuit filed in Delaware state court on Thursday, minority holders in the reorganised WPG, led by Cygnus Capital, allege that they were blindsided and ultimately cheated in a transaction earlier this year where SVP squeezed out the shareholders who owned just over a tenth of the remaining equity of WPG.

Cygnus claimed that it learnt of the deal led by SVP only when it closed at a price it deemed "grossly unfair".

In its lawsuit, Cygnus alleges that "SVP took advantage of the Covid crisis to force and control a rushed bankruptcy process to take WPG Inc private".

The group of minority investors is seeking either to unwind SVP's buyout of minority shareholders or be paid damages based on a revised valuation of Ohio-based WPG.

In an interview last year with Bloom-

berg television, Khosla denied that his firm engaged in "scorched earth" tactics, while acknowledging that his team could be tough negotiators.

"We are not trying to find a little angle and make eight points on the bond we bought at 82. It gives you a lousy reputation... it's just not us," he said.

But one creditor to WPG before its bankruptcy, who is not involved in the lawsuit, told the Financial Times that he was started at the time by what he perceived to be the aggressiveness of SVP in the deal squeezing out investors.

The person said that by leading a new cash investment of \$325m in WPG in the restructuring, SVP had already done well for itself.

The fund had been able to purchase WPG equity at a 32.5 per cent discount to the mooted valuation of the new company, attractive terms related to SVP's ability to commit significant capital.

WPG had also sought alternative transactions to the SVP restructuring plan, but no credible counter offer emerged during the bankruptcy.

SVP said: "We believe the lawsuit's claims are completely without merit and we intend to defend ourselves vigorously."

The court papers also seize upon comments Khosla made at a Milken Institute financial conference earlier this year, where he seemed to boast about how surprisingly valuable WPG assets had become, describing what the plaintiffs say was the company's mall located in Westminster, California.

"The mall is shut down and we got bids for it for a few hundred million dollars," he said.



Victor Khosla, SVP's founder, denies employing scorched-earth tactics

COMPANIES & MARKETS

Market questions. Week ahead

Focus falls on Fed's preferred inflation gauge

Did the Fed's preferred measure of inflation ease off in July?

The US Federal Reserve's preferred measure of inflation, the core personal consumption expenditures price index, is expected to have cooled in July, following last month's lower than expected consumer price index figures and an unexpected decline in producer prices.

Consumer price growth and producer prices eased in July largely because of lower petrol prices, and Friday's PCE report is expected to follow that inflation trend. The core PCE index, which strips out food and energy prices, is forecast to have increased 0.3 per cent from a monthly gain of 0.6 per cent in June, according to a Reuters economists poll.

"Weakness in prices of medical services, airfares and financial services in July's PPI notably lowered the translation of July PCE prices from what we had pencilled in after the July CPI," said UBS analysts. They forecast core PCE inflation to fall to 4.5 or 4.6 per cent from an annualised rate of 4.8 per cent in June.

The PCE rose more than expected to an annualised high of 6.8 per cent in June, dashing hopes that headline inflation peaked at 6.6 per cent in March. High petrol prices probably contributed to the worse than expected headline figure, but the core figure jumped to 4.8 per cent in June from the previous year, up from 4.7 per cent in May.

Fed governor Christopher Waller said on July 14 he expected monetary policy to be restrictive until there has been a "sustained reduction" in the core figure. The Fed raised its benchmark interest rate by 0.75 percentage points for the second consecutive month in July to tackle inflation. Minutes from the July meeting show Fed officials are planning for more rate rises at future meetings. *Alexandra White*

Did eurozone business activity decline further last month?

The gloom surrounding the eurozone economy is likely to deepen tomorrow, when a benchmark survey of businesses is expected to reveal a further decline in



Minutes from the US Federal Reserve's July meeting show that officials are planning for more rate rises *Joshua Roberts/Bloomberg*

orders, output and confidence. While tourism and hospitality-related services have been boosted this summer by the lifting of most coronavirus restrictions, the benefits of this are expected to be cancelled out by a rising number of countervailing factors.

Russia is squeezing natural gas supplies to Europe, Italy is in the grip of political turmoil and record inflation is eroding household spending and business investment, convincing many economists that the eurozone is heading for recession.

Jessica Hinds, senior Europe economist at Capital Economics, pointed out in a note to clients last week that the economic benefits from easing pandemic restrictions "appear to be fading

already and the headwinds to growth are building".

S&P Global's flash eurozone composite purchasing managers' index is expected to confirm this downturn outlook tomorrow, when its reading for the eurozone is forecast to drop from 49.9 in July to 49.5 in August.

This would be the second consecutive month that the index has dropped below the crucial 50 mark that separates growth from contraction, something that until July had not happened in the eurozone since early last year.

"We have had a recession in our central forecasts for a while; this is to say a technical one in the third and fourth quarters," said Claus Vistesen, chief eurozone economist at Pantheon Mac-

Friday's report is expected to follow an inflation trend in which lower petrol costs eased price growth

oeconomics, who expects a steeper fall in the eurozone PMI reading to 48.

"We think the eurozone economy is now in recession. Germany, at the very least, is," *Martin Arnold*

Why haven't expectations of higher interest rates boosted the pound?

Inflation in the UK reached a 40-year high of 10.1 per cent in July and the rapid pace of price growth has prompted expectations of more aggressive interest rate rises from the Bank of England.

Higher interest rates tend to boost a country's currency, as they support foreign investment and demand for a currency relative to those from countries with lower rates.

But since the latest UK consumer price index data release on Wednesday, sterling has slipped roughly 1 per cent against the dollar. The pound is down more than 10 per cent against the dollar this year and just under 1 per cent against the euro.

Some analysts say the pound's poor performance can be attributed to the UK's gloomy economic outlook. The BoE forecasts the UK will soon enter five quarters of recession. A decline in gross domestic product would, theoretically, lower the appeal of the pound relative to other currencies.

The July CPI data sparked a sell-off in short-dated UK gilts, which are sensitive to interest rate expectations, as the yield on the debt instruments reached heights last seen in 2008. Bond yields rise as their prices fall.

The pound's weakness has raised questions about the UK's longer-term economic health. "Rising rates and a falling currency are more often seen in emerging markets than in developed markets and it possibly [suggests] markets [are] questioning the credibility of UK policy in the longer term," said Adam Cole, chief currency strategist at RBC Capital Markets.

The likelihood of more fiscal spending to battle the cost of living crisis, increasing the UK's borrowing, is likely to drag further on the pound, Cole added. *Jan Johnston*

Pharmaceuticals

Sanofi and GSK set sights on ending dominance of mRNA shots

HANNAH KUCHLER

GSK and Sanofi are setting their sights on ending the dominance of BioNTech/Pfizer and Moderna vaccines, after early data suggest they could have fewer side effects and lasted longer, according to GSK's new vaccine chief.

Phil Dormitzer, who left Pfizer last year to join GSK as head of vaccine research and development, said in the long run people might prefer to be boosted with a protein subunit vaccine, such as the one developed by the British and French drugmakers. These vaccines contain the protein of the virus's spike, rather than genetic code for it.

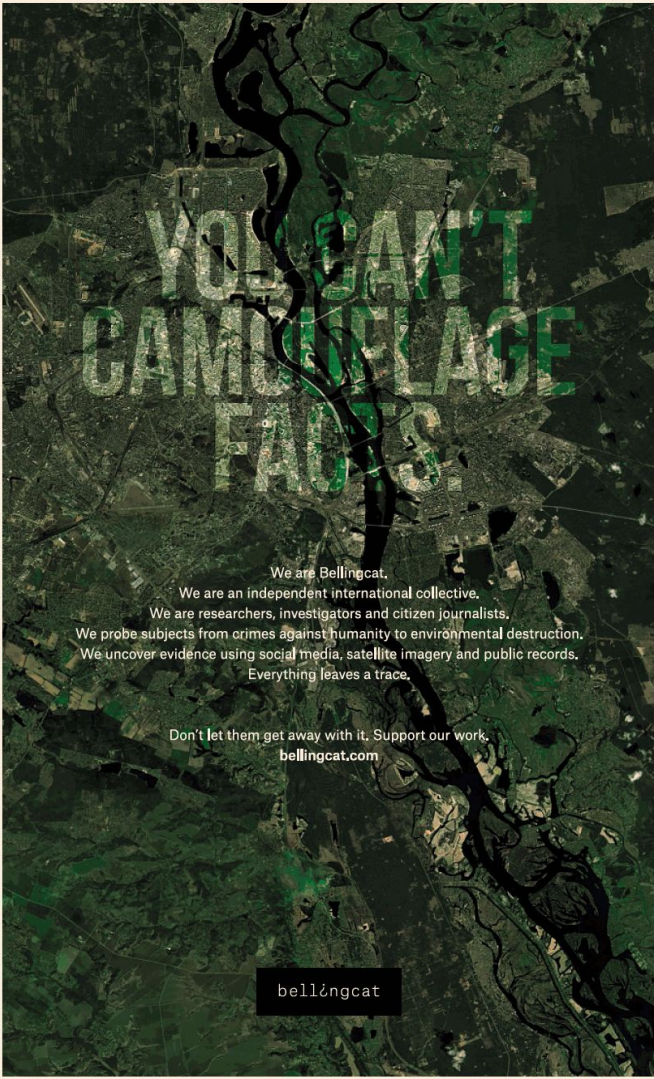
"Covid is important. It is not going away. It is changing," he said. "As we head towards the late stage of the pandemic and the post-pandemic era, other things become important: tolerability, the temperature stability, convenient cold chain, and durability."

Preliminary data suggest the vaccines of this type could have fewer side effects and last longer than mRNA shots. A recent study in animals by researchers at Stanford showed a protein subunit vaccine eliciting high levels of antibodies for more than a year.

"We have to wait for more data, but it's something to watch and it may turn out to be that there's a durability advantage," he said.

Dormitzer said the mRNA jab market could be disrupted, as makers tried to apply the tech to other diseases such as influenza. GSK has partnered with German biotech CureVac to develop a next-generation mRNA Covid jab, including launching a trial of an Omicron-targeted shot last week, and is using the tech for other viruses. "There's nothing magic about mRNA. I've been involved with mRNA since long before Covid."

Pfizer and BioNTech declined to comment. Moderna did not respond to a request for comment.



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MARKET INDEX

WORLD MARKETS AT A GLANCE					FT.COM/MARKETS/DATA				
Index	Change	Index	Change	Index	Change	Index	Change	Index	Change
S&P 500	-1.95%	Dow Jones Ind	-0.82%	FTSE 100	0.11%	Nikkei	-0.04%	Hang Seng	0.05%
Nasdaq Composite	-1.95%	FTSE Eurofirst 300	-0.64%	FTSE MIB	-1.27%	Xetra Dax	-0.888%	Shanghai Composite	-1.59%
FTSE 200	-0.82%	Nikkei	-0.04%	FTSE All World \$	-1.27%	Hang Seng	-0.77%	BSE Sensex	-0.09%
FTSE 40	0.11%	Hang Seng	0.05%	FTSE Asia All Share	-1.27%	Nikkei 225	-0.04%	Oil Brent \$ Sep	-1.59%
FTSE 100	0.11%	Nikkei	-0.04%	FTSE Asia MSCI Cap	-0.888%	FTSE 500	-1.95%	Gold \$	-0.09%
FTSE 200	-0.82%	Hang Seng	0.05%	FTSE Asia Mid Cap	-1.667%	FTSE 1000	-0.82%		
FTSE 40	0.11%	Nikkei	-0.04%	FTSE Asia Small Cap	1.409%	FTSE 2000	-0.82%		
FTSE 100	0.11%	Hang Seng	0.05%	FTSE Asia Micro Cap	0.829%	FTSE 3000	-0.82%		
FTSE 200	-0.82%	Nikkei	-0.04%	FTSE Asia Ultra Micro Cap	-1.59%	FTSE 4000	-0.82%		
FTSE 40	0.11%	Hang Seng	0.05%	FTSE Asia Mega Cap	-0.09%	FTSE 5000	-0.82%		

Region	Index	Change	Region	Index	Change
AMERICA	S&P 500	-1.95%	EUROPE	FTSE 100	0.11%
ASIA	Hang Seng	0.05%	ASIA	Nikkei	-0.04%
AUSTRALIA	Nikkei	-0.04%	AFRICA	FTSE Africa All Share	-1.27%
BRAZIL	Hang Seng	0.05%	AMERICA	S&P 500	-1.95%
INDIA	Nikkei	-0.04%	EUROPE	FTSE 100	0.11%
JAPAN	Hang Seng	0.05%	ASIA	Nikkei	-0.04%
KOREA	Nikkei	-0.04%	AFRICA	FTSE Africa All Share	-1.27%
MEXICO	Hang Seng	0.05%	AMERICA	S&P 500	-1.95%
NEW ZEALAND	Nikkei	-0.04%	EUROPE	FTSE 100	0.11%
SOUTH AFRICA	Hang Seng	0.05%	ASIA	Nikkei	-0.04%
TAIWAN	Nikkei	-0.04%	AFRICA	FTSE Africa All Share	-1.27%
UK	Hang Seng	0.05%	AMERICA	S&P 500	-1.95%
USA	Nikkei	-0.04%	EUROPE	FTSE 100	0.11%
Vietnam	Hang Seng	0.05%	ASIA	Nikkei	-0.04%
Other	Nikkei	-0.04%	AFRICA	FTSE Africa All Share	-1.27%

Global Markets table with columns: Name, Price, Change, % Change, Volume, Bid, Ask, Spread, etc. Includes indices like Nikkei, Hang Seng, and various regional indices.

CURRENCIES

Currencies table with columns: Country, Currency, DOLLAR, EURO, POUND, and various exchange rates.

FTSE ACTUARY SHARE INDICES

FTSE Actuary Share Indices table listing various share indices and their performance metrics.

FTSE 100 INDEX

FTSE 100 Index table showing daily and weekly performance metrics.

FTSE 250 INDEX

FTSE 250 Index table showing daily and weekly performance metrics.

FTSE GLOBAL EQUITY INDEX SERIES

FTSE Global Equity Index Series table listing various global equity indices.

FTSE SECTORS: LEADERS & LAGGARDS

FTSE Sectors: Leaders & Laggards table showing performance by sector.

FTSE 100 SUMMARY

FTSE 100 Summary table providing a detailed overview of the index's components.

FTSE Non-Financial

FTSE Non-Financial table listing non-financial companies and their metrics.

FTSE Financial

FTSE Financial table listing financial companies and their metrics.

UK COMPANY RESULTS

UK Company Results table listing earnings reports for various UK companies.

UK RECENT EQUITY ISSUES

UK Recent Equity Issues table listing recent equity offerings and transactions.

UK STOCK MARKET TRADING DATA

UK Stock Market Trading Data table showing market activity and volume.

Data provided by Morningstar

Morningstar logo and text: Data provided by Morningstar | www.morningstar.co.uk

Monday 22 August 2022

UK RICHTS OFFERS table listing various financial offers and transactions.

FT500: THE WORLD'S LARGEST COMPANIES

FT500: The World's Largest Companies table listing the top 500 global companies by market capitalization.

Table with columns: Company, Price, Change, Volume, etc. Includes stocks like Google, Amazon, Microsoft, etc.

Table with columns: Company, Price, Change, Volume, etc. Includes stocks like Tesla, Apple, Facebook, etc.

Table with columns: Company, Price, Change, Volume, etc. Includes stocks like Alibaba, Tencent, Baidu, etc.

Table with columns: Company, Price, Change, Volume, etc. Includes stocks like Netflix, Zoom, Roku, etc.

Table with columns: Company, Price, Change, Volume, etc. Includes stocks like Oracle, VMware, Splunk, etc.

Table with columns: Company, Price, Change, Volume, etc. Includes stocks like VMware, Splunk, etc.

FT 500: TOP 20

Table showing top 20 FT 500 companies with columns for company name, price, change, etc.

FT 500: BOTTOM 20

Table showing bottom 20 FT 500 companies with columns for company name, price, change, etc.

BONDS: HIGH YIELD & EMERGING MARKET

Table showing high yield and emerging market bond data with columns for index, price, yield, etc.

BONDS: GLOBAL INVESTMENT GRADE

Table showing global investment grade bond data with columns for index, price, yield, etc.

INTEREST RATES: OFFICIAL

Table showing official interest rates for various countries and currencies.

BOND INDICES

Table showing various bond indices and their performance metrics.

VOLATILITY INDICES

Table showing volatility indices for different markets and assets.

BONDS: BENCHMARK GOVERNMENT

Table showing benchmark government bond data with columns for index, price, yield, etc.

GILTS: UK CASH MARKET

Table showing UK gilt and cash market data with columns for instrument, price, yield, etc.

INTEREST RATES: MARKET

Table showing market interest rates for various instruments and currencies.

CREDIT SPREADS

Table showing credit spreads for different sectors and companies.

BONDS: INDEX-LINKED

Table showing index-linked bond data with columns for index, price, yield, etc.

BONDS: TEN YEAR GOV SPREADS

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

GILTS: UK FTSE ACTUARIES INDICES

Table showing UK FTSE actuaries indices with columns for index, price, yield, etc.

COMMODITIES

Table showing commodity prices for various goods like oil, gold, etc.

BONDS: INDEX-LINKED

Table showing index-linked bond data with columns for index, price, yield, etc.

BONDS: TEN YEAR GOV SPREADS

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

GILTS: UK FTSE ACTUARIES INDICES

Table showing UK FTSE actuaries indices with columns for index, price, yield, etc.

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Table showing UK FTSE actuaries indices with columns for index, price, yield, etc.

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SUMMARY

Summary dashboard showing performance metrics, advertising features, fund names, and various charts and tables.

FT.COM/FUNDS

Morningstar Sustainability Rating	
★★★★	
Bid Price	1.12
Other Price	1.12
Total Bid Size	1.43

Fund		Category	
Day +0.43%	Month +1.93%	Year +17.73%	

Beta	1.18	1.03	0.97	1.03	0.98	1.04
Information Ratio	-1.22	-0.81	-0.34	-0.26	-0.05	-0.28
R Squared	89.90%	86.29%	88.25%	88.22%	87.56%	88.96%
Sharpe Ratio	-1.10	-0.87	-0.67	-0.32	0.31	0.29
Sortino Ratio	-0.97	-0.74	-0.54	-0.24	0.19	0.19

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Fund	Bid	Offer	+/-	Yield	1Yr	3Yr	Fund	Bid	Offer	+/-	Yield	1Yr	3Yr	Fund	Bid	Offer	+/-	Yield	1Yr	3Yr	Fund	Bid	Offer	+/-	Yield	1Yr	3Yr	Fund	Bid	Offer	+/-	Yield	1Yr	3Yr
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Algebris INVESTMENTS

BLUE WHALE GROWTH FUND

DRAGON CAPITAL

Blue Whale Investment Funds ICAV (IRE)

Blue Whale Growth Fund ICAV

Blue Whale Growth Fund ICAV

Blue Whale Growth Fund ICAV

CP Global Asset Management (UK)

Consistent Unit Tr Mgt Co Ltd (1200F)

Consistent Unit Tr Mgt Co Ltd (1200F)

Consistent Unit Tr Mgt Co Ltd (1200F)

Dragon Capital (UK)

Dragon Capital

Dragon Capital

Dragon Capital

The Antares European Fund Limited (UK)

The Antares European Fund Limited

The Antares European Fund Limited

The Antares European Fund Limited

CP Global Asset Management (UK)

CP Global Asset Management

CP Global Asset Management

CP Global Asset Management

Ernst & Young Global Limited (UK)

Ernst & Young Global Limited

Ernst & Young Global Limited

Ernst & Young Global Limited

Ashmore Group (UK)

Ashmore Group

Ashmore Group

Ashmore Group

Dodge & Cox (UK)

DODGE & COX WORLDWIDE FUNDS

Dodge & Cox

Dodge & Cox

Fidelity International (UK)

Fidelity International

Fidelity International

Fidelity International

LAZARD ASSET MANAGEMENT (UK)

LAZARD ASSET MANAGEMENT

Lazard

Lazard

Midwest International Managed Investments (UK)

Midwest International Managed Investments

Midwest International Managed Investments

Midwest International Managed Investments

Rubrics (UK)

Rubrics

Rubrics

Rubrics

Lazard Fund Managers Ltd (UK)

Lazard Fund Managers Ltd

Lazard Fund Managers Ltd

Lazard Fund Managers Ltd

Private Fund Mgrs (Gesellschaft) (SFR)

Private Fund Mgrs (Gesellschaft)

Private Fund Mgrs (Gesellschaft)

Private Fund Mgrs (Gesellschaft)

Superfund Asset Management GmbH (UK)

Superfund Asset Management GmbH

Superfund Asset Management GmbH

Superfund Asset Management GmbH

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FSSA Investment Managers

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First Sentier Investors

FOARD ASSET MANAGEMENT

SUPERFUND INVEST FUNDS

KEEP THE SPOTLIGHT ON YOUR FUNDS



Rutherford Hall Critical Comms

answer is "yes". You should stop pretending to "care" — and start actually caring. It may seem like the pendulum has swung back, but don't mistake a brief correction for a long term shift. Sometimes we have to make tough decisions but there's always space on a balance sheet for compassion. We must never neglect our social licence: society's acceptance that we deserve trust. You can't drive without a driving licence. You can't thrive without a social licence.

WhatsApp to Stephen: When are you going to let me sack Christopher? I'm itching to off the toad. He can't even spell the next chancellor's name right.

WhatsApp to Stephen: OK, but we need replacement options by the end of the year. By the way you've got to see this.

the media.

From: rutherford@monkwellstrategy.com To: martin@volponebank.com Martin, yes absolutely. We have a team specialising in reputation management. We cover everything from interview strategies to thought leadership initiatives. The big one right now though is LinkedIn. It's the top space for performative brandbuilding. Strictly Come Chancing. We'll run your LinkedIn page and write blog posts for you crafted around the image you are trying to convey.

Rutherford Find me on Strava, KoM Sydenham Hill, PR London to Brighton: 4h 37m

From: rutherford@monkwellstrategy.com To: martin@volponebank.com Got to be honest, Martin, it might

From: Rutherford To: martin@volponebank.com Yes we could go that way. Out with the old empathetic CEO and back to reality with a tough but visionary management style that remembers there's a bottom line. I'd definitely counsel caution on this. We don't want to brag about being mean. Tough is fine, but you don't want to attract enough attention to be dubbed Britain's Most Brutal Boss. I think the trick is to slowly transition from Pandemic You towards Recession You.

We position the fossil fuel stuff as concern about global energy security. Keep stressing the commitment to your long-term green goals even as you slide away from them (kind of the Liz Truss approach). You are getting your company "fit for the future". Social licence is not about surface gestures.

attention to be dubbed Britain's Most Brutal Boss



WhatsApp to Martin: Don't worry too much about what social licence means, just use it in interviews. Yes Hyper-baby was ridiculous, but it was in line with his image and at least he got one of the guys he sacked to speak about what a great boss he had been. I'm not sure that strategy will work for us, but that's OK because no one wants a blubbing banker anyway. But if you want to stick with LinkedIn we have to rethink this, maybe you're the tough boss with a softer side — a cruel-to-be kind vibe but playing down the kindness. Do you have a rags-to-riches back-story, an inspirational relative?

WhatsApp to Martin: Charterhouse and Cambridge, OK. Let's regroup in September and renew our social licence. You wouldn't be up for adopting a sea lion?

Learning and development

Back to nature: why employers are sending workers into the wild

From sleeping in woods to hugging trees, experiential retreats aim to help staff identify with company values, writes Oliver Balch

Waking up in the cool of the morning in a wood near Reading, southern England, with the first rays of dawn streaming through his bivy and a crick in his neck, Steve Waygood could be forgiven for thinking he'd signed up to the wrong course.

But this is "experiential learning" in the raw: an increasingly popular practice used by businesses to connect their workforce to the real-world substance of their environmental policies.

As head of responsible investment at UK insurer Aviva, Waygood is already more on board than most. But eco hat or no, he still sees the value of ditching his suit for a few days and stepping into the wild. "If we forget to savour the world," he says, quoting the acclaimed American children's writer, E B White, "what possible reason do we have for saving it?"

Exasperated corporate environment departments might very well be asking themselves the same question. For all the rhetoric about business sustainability and ESG in recent years, little appears to be sticking.

According to a recent global survey by UK communications agency Kite Insights, the majority (56 per cent) of workers are unable to explain their own companies' climate commitments — despite an overwhelming propensity (77 per cent) to act on the issue.

So, could abandoning the classroom and heading into the hills potentially close this worrying disconnect?

Andres Roberts has little doubt. Founder of the Bio-Leadership Project, a nature-inspired UK consultancy and fellowship network, he is a veteran leader of training experiences for organisations such as the Barbican Centre, food retailer Better Food, and cosmetics group Natura. He is also the man behind Waygood's sleep-out in the woods — part of a weekend retreat geared towards, in Roberts' own words, "rekindling our capacity to see the bigger picture".

By conventional training standards, his methods are unorthodox, ranging from game-playing and campfire chats to journaling and (literal) blue-sky brainstorming. Drawing on a foundational belief that being in nature is the best way to learn about nature, Roberts recently helped design a tailored training programme for the European division of US outdoor clothing brand, Patagonia.

Held in a forest outside the Dutch city of Utrecht, the "Earth University", as Patagonia dubs it, seeks to encourage employees to connect with the company's stated mission — namely, the somewhat ambitious pledge to "save our home planet". Describing it as the



Eden explainer Emilie leads a tour around the rainforest biome, the largest captive rainforest in the world, at the Eden Project in Cornwall. For Getty Images

company's "very own forest school", Evelyn Doyle, Patagonia's head of people and culture, insists the outdoor setting is central to the initiative's effectiveness.

"Whether it's sunny or wintry, we are out in the environment that we're speaking to," she says. "It's about bringing people back into nature so they can learn not from PowerPoints but from the ecosystem around them."

Anne-Marie Robles, a retail district manager for Patagonia, was only too happy to leave the formal classroom behind. Part of the Earth University's first cohort, she describes stepping out into the forest as like "stepping into a green-screen room".

For three days, it was a break from strategy sketches on whiteboards and instead it was the sight of trees and the feeling of wind in her hair. "It sounds very esoteric and hippie but actually I found it a really freeing environment to approach topics from a completely different viewpoint," she reflects.

Pukka Herbs, a Bristol-based herbal tea and supplements brand, has a very similar arrangement with the Eden Project, a south-west England-based eco-education charity. Over the course of a two-night stay, groups of 10 employees at a time undertake a range of structured and unstructured activities, from solo walks in nature to private visits to the charity's famous indoor rainforests.

The overriding objective is for participants to have the time and space to consider the company's values both at the "individual level" as well as the "Pukka level", explains Suzzy Stollery, the brand's people director. "All these activities combined gradually move you from your head to your heart. So, it's not so much a cognitive process as an embodied process, where you really feel things," she says.

The most enthusiastic adopters of nature-as-classroom training tend to

come from the more progressive end of the business spectrum.

But those at capitalism's harder end are also dipping their toe in. Among them is Europe's largest lender HSBC, which counts a longstanding training partnership with the charity Earthwatch.

To date, the UK-based bank has put more than 15,000 employees through the programme, which began as an off-site for those with direct environment-related responsibilities but is now open to staff from any function.

The shift shows growing realisation that to deliver on bold corporate sustainability targets cannot be the job of a specialist environment team, but instead requires a wholesale buy-in.

As business-friendly as the training providers try to be, their focus is on the planet, not hitting targets

Success here, in turn, relies on moving employee mindsets from the "what?" of environmental responsibility to the "why?", says John Ward-Zinski, Earthwatch Europe's business development director. "Why is this important?" "Why is our organisation spending so much time on this stuff?" "Why should I care?" Having employees start to ask these questions is how to get beyond the box-ticking that is still so common in many companies," he maintains.

But packing off employees to the woods requires an added layer of effort on everyone's part, employer and employee alike. So, is it really worth it?

George Ferns, a lecturer in organisational studies and sustainability at Cardiff University, insists it is. Employees with a connection to nature exhibit a stronger sense of purpose, he states, as

well as a greater willingness to execute their employer's environment plans. Yet, nature-based training is not without its challenges, he concedes. One immediate concern is maintaining employees' initial engagement.

"The hope is that the lessons from these experiences trickle down into people's operational daily lives, but the effect often fizzles out as people get on with their work," Ferns says. Encouraging participants to write down their key reflections or to establish clear resolutions can help sustain the positive outcomes of a course, he suggests.

A larger challenge, arguably, is the very real possibility of a clash of cultures. As business-friendly as these alternative training providers try to be, their world is one of protecting the planet, not hitting targets or shifting products. In that respect, participants can expect lots of invitations to "be present", plus plenty of talk of "interconnectivity", "regenerative thinking", and similar ecologically minded concepts.

Pam Horton, manager of the Eden Project's leadership programmes, admits that some participants can find the experience uncomfortable, especially initially. "We have a lot of people who come to us who haven't ever really just stopped and immersed themselves in nature [but] when they do, the effects can be really massive," says Horton.

Even so, for the hardened urbanite unaccustomed to the outdoors, the idea of a camp-out can still feel daunting.

Aviva's Waygood is consequently cautious about companies mandating employees to participate, but his strong advice remains that everyone should give it a go. The only exception are the out-and-out cynics. Not only will they fail to get anything out of the experience, he suggests, "they'll spoil it for everyone else".

Dear Jonathan

YOUR QUESTIONS FOR OUR EXPERT — AND READERS' ADVICE

Which finance roles offer a good salary and a social life?



This week's problem

I am an economics undergraduate and considering which direction my career should take. I am interested in finance but don't know which area would be most suitable in terms of the trade-off between work and leisure. How do I find real potential for career progression and a decent salary alongside time to follow my personal interests? **Male, 20s**

Jonathan's answer

As you think about what comes after your degree, you are considering the roles that might fit your ambitions for a job while matching this with your skills and experience — and, of course, what an organisation will pay you to do. It's good you're thinking about this now. About half of Russell Group university finalists started their career planning before going to university or in their first year, with less than a quarter leaving it to their final year, according to the UK Graduate Careers Survey by High Fliers Research.

The same survey revealed that the highest weighted average score for finalists' priorities for their first graduate job was for "having a good social life through work". This may be a reaction to the past two years of interrupted education in the pandemic and is reflected in your question where you seek a trade-off between "work and leisure".

Nick Thomas, partner at investment manager Baillie Gifford, says this objective is not limited to current undergraduates. "This is what we are adapting to with all employees of that generation, the expectation of healthy career/life balance. Location, flexibility, commuting time, etc. are now more in people's minds." He adds that the firm is trying to make it more about "quality of thought than quantity of hours worked".

There are many roles in finance, from accountancy to audit, from investment to retail banking, from in-house finance director to independent wealth managers, to name a few. Professional qualifications and experience will enable you to move between these roles over time to match and support your responsibilities and interests. You may gain an accountancy qualification

and lots of multi-industry experience at a Big Four firm, for example, and after a few years move in-house perhaps as finance director.

Thomas adds there is a material difference in work-life balance in the early years in accountancy, investment banking, and asset management. This is something for you to research.

From a hiring point of view, Thomas finds the word "leisure" jarring. While you seek work/life balance, like all graduates, you also have a "commitment to and passion about the job that graduates are applying for as essential". Employers do recognise that leisure time is important but Thomas advises being precise in use of language around this topic when applying.

Readers' advice

Look at grad schemes for trading at BP and Shell. Work hard to impress and learn everything on offer. Become an expert in a niche part of the market. After five-10 years get a role at a trading house. You will work 8am-6pm and get paid very well. **Cuckold Codswallow**

If you are good at sales and managing people, consider joining at investment house. Good pay for those that bring in the assets. **Jo121**

If your preference is work-life balance then the Government Economic Service is worth pursuing. That and the Bank of England both look good on a CV for finance firms if you decide to switch. **#spoton**

The next problem

I am a diplomat from a western country. Due to personal circumstances I will leave government service within the next two to three years. I have reached quite a high grade quickly, but I am stumped about where to go from here. With no experience in the private sector, how can I repackage my skillset into something attractive to employers, and find a new fulfilling and rewarding career? **Male, 30s**

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

How to Lead. Oleg Rogynskyy, chief executive, People.ai

‘I had a gut feeling that a war was going to start’

How the tech boss helped his Ukrainian workforce to leave the country as threats from Russia increased. By Emma Jacobs

At the start of the year, one honeymooning Ukrainian engineer received a call from his employer. Would he like to extend his holiday in Turkey, all expenses paid? Yes. Of course.

Such freebies were part of a strategy by People.ai, a tech platform providing data on sales and operations performance. The aim was to persuade its Ukrainian staff to leave their country weeks before Vladimir Putin announced Russia would deploy a “special military operation” in Ukraine. Many employees were sceptical and scared, says Oleg Rogynskyy, the founder and chief executive who grew up in the central-eastern Ukrainian city of Dnipro. The city is now strategically important, located between the three main areas of fighting.

“We set up an incentive structure [offering] free vacation,” he says. “Carrot, stick, you name it. We were pressuring our employees – the [Russian] rhetoric was escalating.” Once a critical mass left, he says, the rest followed: most of his 42-strong Ukrainian workforce – about a sixth of his staff – left by mid-February.

It was a strategy 35-year-old Rogynskyy had rehearsed with his own parents. “They were kicking and screaming, nobody was believing me that something is going to happen.” So instead of persuading them to flee, he offered a trip to visit him in California, where People.ai is based. His parents are still there.

Rogynskyy is in London after meeting a client. He had some experience of having a small team in Ukraine in 2014 when conflict broke out following Russia’s annexation of Crimea. It made him develop a “gut feel of what it looks like when the war is about to start”.

In November, as intelligence reported Russian troops were deployed at the border, he established a working group

‘We set up an incentive structure [offering] free vacation. Carrot, stick, you name it’

with his chief technology and human resources officers, and chief of staff who used to be in the US military. The next month, as Russia’s demands escalated, including barring Ukraine from joining Nato, People.ai held daily meetings, planning scenarios around an invasion. “We weren’t sure how [the] EU [was] going to react to a Ukrainian refugee crisis,” says Rogynskyy. “We have an office in Prague but we weren’t sure if [it] was going to have [an] open border with Ukraine when millions of people are arriving.”

So they set up outside of the Schengen Zone, initially in Zagreb, and instructed Ukrainian staff to ensure they and their families had passports, US dollars and paperwork, in preparation to leave the country. Employees were sent screenshots of Google Maps showing the best routes out. Costs relating to passports, transport, mobile calls and housing were paid by the company.

Financial and productivity risks, says Rogynskyy, came with pushing staff to leave, but there was “also a reputational risk”. What if he disrupted employees’ lives for no reason? “Unfortunately, those risks ended up being worth taking.” Most businesses with Ukrainian staff, he says, “were completely caught off guard”. Subsequently, he has distilled his experiences and shared best practice with other companies.

His experience in 2014 had taught him that in “the moment of doubt and stress and danger your judgment might be clouded by events” and that it was important for the company to have a strong culture and not depend day-to-day on directions from the top.

A few employees have returned and joined the war effort. People.ai engineers, he says, were unofficial “beta testers” of Starlink, Elon Musk’s satellite-based internet service, providing connection across parts of Ukraine. “Our engineers have come up with the field guide for using Starlink, [with] ways to better camouflage these bright white dishes.”



Oleg Rogynskyy had some experience of having a small team in Ukraine in 2014 when conflict broke out following Russia’s annexation of Crimea — Charlie Fitzroy/FT

Rogynskyy, who grew up speaking Russian, helps co-ordinate tech contributions from Silicon Valley to support the campaign by Ukraine’s president Volodymyr Zelenskyy, who is from his hometown. He is fully aware of the risks his compatriots are taking. His best friend, a single father who works as a doctor, is on the frontline and has been sending pictures.

Some Ukrainian employees feel guilty about leaving Ukraine. He reasons that they can join the war effort on full pay, or “you can help us keep on going and pay taxes and hire more Ukrainian folks and help rebuild”. This is both pragmatic and self-serving. The private company’s latest round of funding last year valued it at more than \$1bn, making it a tech “unicorn”, and it wants to capitalise on the technological changes in the working world wrought by the pandemic.

Born to a modest middle-class family, Rogynskyy’s father was an entrepreneur, but “never very successful”, while his mother studied economics. “She basically studied the [Soviet] system that no longer existed after 1991, so she ended up being a stay-at-home mom and a small business operator.”

In the last year of school he won a competition to study in Broadstairs, Kent, south-east England, encouraged by his parents who wanted him to “get a western education”, which he continued, studying political science at Boston University. “They were very happy in the beginning [when I left Ukraine]. But then when I didn’t come back for 20 years they were a little bit less happy.”

Facebook (“my first experience with truly viral technology”, originating from nearby Harvard University, inspired Rogynskyy to start his own social media site [that ultimately was

unsuccessful] before going on to work in sales for a technology company in Canada. That experience made him realise his peers failed to learn effectively from “past mistakes”. Collecting data is “considered a chore”, he says, compared with “winning and dining customers”. “But the only way to improve is to understand what you did in the past, what worked, what didn’t, and how to make it better.”

In 2011, he started Semantria, which applied machine learning to the legal industry. A few months later he fell from a balcony when a railing collapsed, sustaining 23 fractures and resulting in hospitalisation for six months. He continued working from his hospital bed. Three years later, he sold the company to Lexalytics, a US text analytics software group.

Combining his lessons from his first sales job and running a technology company, in 2016 he started People.ai, applying machine learning to sales performance. The way he explains it to sales teams is by comparing it to Money-

Collecting data is ‘considered a chore’, compared with ‘winning and dining customers’

ball, the application of data to baseball. “Can you be a professional sportsman without tracking and improving on your performance? No. Well, you are an athlete in the business here... [using] the AI to understand your performance [also] leads to you making more money and the business being more efficient.”

At the onset of the pandemic, the company laid off 30 people. They started hiring again later, boosting the workforce to 250. One area he managed to save on was office rent. At the start of 2020, he had been on the brink of signing a new lease when his wife, an infectious diseases doctor, warned him about an emerging virus. “We pulled out from the office and saved a lot of money.” It is proving hard to bring workers back to their newly opened office in San Francisco now. However, changes in working patterns after the pandemic have helped the company as workers have become more comfortable with technology.

“People are not afraid of [machine learning. They] understand how it works and how it’s going to benefit their performance.”

Nonetheless, he admits that the war after two years of a pandemic has taken its toll. “There was a moment where I came home and... I felt so helpless. I sat down on my porch and, I don’t do this often, but I couldn’t hold [back] tears.” At that moment his best friend called and ticked him off for self-indulgence. “That was helpful,” he reflects. “I got a lot of motivation from that.”

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Three questions

Which leader do you most admire?
President Volodymyr Zelenskyy has shown me what it means to be a true leader as he’s navigated this crisis from the front lines... not from behind the Kremlin walls as in others’ case.

Biggest business mistake?
I started my previous company, Semantria, in too small a market (sentiment analysis in the cloud), which is very hard to correct later. When launching a company, you can find a way to improve your team and product, but it’s very hard to pivot away from the market you picked.

Productivity hack?
I fly a lot for work and am religious about preparing a plan of what I want to accomplish on every flight.

ARTS

‘An orchestra is a perfect society’

Domingo Hindoyan, the new leader of the Royal Liverpool Philharmonic Orchestra, is driven by his belief in the unifying power of music. He talks to Richard Fairman

Since Domingo Hindoyan arrived in Liverpool, he says there has been only one difficult day. The date was May 28 and his problem was caused not by musical issues – as one might expect for a new chief conductor of the Royal Liverpool Philharmonic Orchestra – but football. That was the night when Liverpool lost to Real Madrid in the Champions League final.

“I support Real Madrid,” says Hindoyan. “Everybody in the city knows it because of that big match and I did feel a bit guilty at the time.” But he credits the kindness of Scousers – as Liverpool’s residents are known – for their not making an issue of it.

Beyond that, settling into Liverpool life does not seem to have been a problem. From 2006 to 2021, the RLPO enjoyed 15 successful years under Russian-British conductor Vasily Petrenko, a hard act to follow, but since Hindoyan’s arrival last year, he has promised to be an inspired choice as successor.

He has plunged straight into the full range of musical activities the city has to offer. Alongside the main symphony orchestra, he has not only conducted the Liverpool Philharmonic Youth Orchestra but also played in it himself. Hindoyan is a violinist and sat alongside a girl he ranked as a strong player. Was she nervous? “Not at all,” Hindoyan says, impressed.

He also mentions In Harmony Liverpool. Founded in 2009, this project encourages children in deprived areas of the city to learn a musical instrument. More than 2,500 young people have taken part so far. “This is doing fantastic



work with the kids’ development,” says Hindoyan. “I grew up a little bit in that way myself and that is why I like to get involved.”

In his early years, Hindoyan played in the world’s two most politically charged youth orchestras. Born in Venezuela, he had a direct route into El Sistema, the country’s internationally renowned scheme to bring music to the young, tarnished in recent years by accusations of sexual abuse. The system’s flagship, the Simón Bolívar Symphony Orchestra, has produced star musicians such as conductors Gustavo Dudamel, Rafael Payare and now Hindoyan himself.

‘My aim is to build a city on the stage’: conductor and violinist Domingo Hindoyan — Chris Christodoulou

From there, a chance meeting with Daniel Barenboim led to him being associated with Barenboim’s West-Eastern Divan Orchestra. This was set up in 1999 to promote a peaceful dialogue in the Middle East by bringing together equal numbers of young Israeli and Arab musicians as the basis of the orchestra. Like El Sistema, it has spawned similar projects elsewhere and been a seedbed for the next generation of international musicians.

Now, aged 42, Hindoyan is able to look back on the value of these formative experiences. “Exporting the El Sistema philosophy outside Venezuela has been a big success,” he says, “but it has to be adapted for each country... El Sistema’s defining characteristic may be its impact in the deprived neighbourhoods, but in fact it is for everybody in Venezuela, not only for the poor.”

The rewards of the programme aren’t material but personal and social. “You do not become richer day by day when you pick up a violin,” says Hindoyan. “It is the young person’s soul

that becomes rich. That influences his family in turn, as they see a young person who is part of a peaceful community. The music gets under the skin and the kids become better disciplined and find a passion for something.”

That, he says, is a benefit that can be replicated anywhere. “I told the kids in Liverpool: ‘You are moving the bow, you are reading your score, you are watching the conductor – so many disciplines at the same time, and that is enriching.’ Later, they may not necessarily work as professional musicians, but perhaps they will have other opportunities in the music profession or simply grow up to be music-lovers in the audience.”

Hindoyan qualified for Barenboim’s West-Eastern Divan Orchestra because his mother was born in Aleppo of a Syrian-Armenian family and he spoke Arabic at home with his grandmother. His seven-year association there, from 2006 to 2013, included the Beethoven symphony cycle at the BBC Proms in 2012. After conducting a performance of the Ninth Symphony, Barenboim

rushed from the Royal Albert Hall to London’s Olympic stadium, where he was one of the eight bearers of the Olympic flag at the opening ceremony. “And afterwards he came back and joined us at an Indian restaurant,” adds Hindoyan.

“The conflict disappears inside that orchestra. People who disagree on politics outside the orchestra agree on everything in the music.”

It was his experience in these two high-profile youth orchestras – and especially the influence of Barenboim – that steered Hindoyan towards a career as a conductor. Here was a mentor, he says, who taught him to make connections between music and philosophy and between music and its contexts because “the magical moment of the performance must be built on a deep level of understanding.”

Thanks to Barenboim and his Staatsoper Berlin, Hindoyan now spends a lot of his working life in opera. He is married to Bulgarian soprano

‘You do not become richer when you pick up a violin. It is the young person’s soul that becomes rich’

Sonya Yoncheva and upcoming opera dates include a return to the Metropolitan Opera in New York for a revival of Puccini’s *Tosca*.

Opera also features in his plans for Liverpool. Hindoyan is aiming for one opera a year and this coming season, which opens in September, has Puccini’s *Gianni Schicchi* with Bryn Terfel. There will also be concerts marking Vaughan Williams’s 150th anniversary, new commissions and a splash of Latin American music, reflecting Hindoyan’s roots. A special highlight will be a rare appearance in the UK by Barenboim as concerto soloist, a coup for Liverpool.

“My aim is to build a city on the stage, where the stage is a perfect example of how the community should work,” he says. “I grew up that way and believe an orchestra is a perfect society where we all have to know when to play, when to lead or follow in a positive way, and how to listen to each other.”

Season opens on September 17, liverpoolphil.com



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The nuts and bolts of writing a novel

PODCASTS

Fiona Sturges



techniques for telling the story are ones that draw more from the traditions of fiction... But everything that I said happened happened.”

In the newest episode, Orlean assumes hosting duties as she speaks to the Korean-American author Min Jin Lee about her 2017 book *Pachinko*, a multigenerational tale about a Korean family living in Japan that spans 100 years. Their conversation focuses on a pivotal scene in the book that takes place in 1932 in a small Korean fishing village, in which the main character Sunja encounters a wealthy fishbroker and comes to understand what it is to be objectified by a man.

As with *Song Exploder*, the episodes are short – under 20 minutes each. This means the conversations are focused but it also leaves little time to fill in on such basics as plot. It is, after all, easier to drill down into a three-minute pop song in 20 minutes than it is a

490-page novel. But if the contextual information is lacking, there is intimacy and insight in the way these conversations demystify the creative process, and writers are particularly good – better than musicians, I’d argue – at articulating how and why they do what they do.

Write-Offs is a consistently excellent literary podcast in which the journalist and critic Francesca Steele interviews authors not just about their successes but their experience of failure and rejection. Guests have included Liane Moriarty, Joanne Harris, Paula Hawkins and the Booker Prize-winner Douglas Stuart. And the illuminating, long-running *Backlisted* casts a spotlight on the literary works of the past as it asks authors to talk about their favourite books.

bookexploder.com/podcasts.apple.com/backlisted.fm

In 2014, a new music podcast called *Song Exploder* was launched, hosted by the velvet-voiced musician and producer Hrishikesh Hirway. The format was simple: musicians would talk to Hirway about a particular song and break down the creative process behind it. What began as a low-key series became a podcasting smash, with artists including Billie Eilish, Björk, Janelle Monáe and Iggy Pop lining up to appear on it. Such was its success that, two years ago, it relaunched as a Netflix TV series.

Now it has a new audio spin-off, *Book Exploder*, in which authors discuss one of their books and go deep into the nuts and bolts of a single passage. The host is Susan Orlean, author and staff writer at *The New Yorker*. But in the opening episode, she is the interviewee, which is one way of letting us know she is qualified for the job. Just this once, Hirway is the interviewer, talking to Orlean about *The Library Book*, her 2019 account of the Los Angeles Public Library which caught fire in 1986, and specifically the passage in which the fire takes hold.

Orlean discusses her research, which leaned heavily on the fire department’s report, and her deliberate blurring of non-fiction and fiction. She notes that the book is “100 per cent factual but the



Author Susan Orlean hosts new podcast ‘Book Exploder’

ARTS AT THE FT WEEKEND FESTIVAL

The programme at this year’s FT Weekend Festival features discussions on subjects such as ‘Is there any value in NFT art?’; FT film critic Danny Leigh talking to eminent director Stephen Frears; historian Simon Schama and FT arts editor Jan Dalley debating ‘Art in Times of Crisis’; and



a celebration of the life and work of Stephen Sondheim with West End stars.

Plus: introducing a new pop and rock quiz, themed around FT Weekend's weekly Life of a Song column — 'Muscle' features a panel of experts whose knowledge will be tested, with clips and questions, by quizmaster Ludovic Hunter-Tilney. The quiz coincides with the publication of a new paperback edition of *The Life of a Song* book, on sale now.

The festival takes place on Saturday September 3 at Kenwood House Gardens, London, and online. Tickets from ukfwweekendfestival.live.ft.com



FT BIG READ. COVID-19

After winning lucrative contracts during the pandemic the diagnostics company now wants to normalise private health testing as preventive care. But some worry this will increase anxiety around illness.

By Hannah Kuchler

The next test for Randox

In a warehouse so vast it once housed torpedoes during the second world war, Randox marshalled its troops of testers to detect Covid-19 across the UK. Like wars, pandemics spur innovation and the Northern Irish diagnostics company adapted quickly. Within weeks of the outbreak, it created a test, rapidly scaled up in a time of shortage by making its own chemicals and machines, and developed robots to get tests done faster.

Along the way, Randox became one of the so-called winners of the pandemic, making a fortune and increasing its brand recognition. While its work was key in the country's fight against Covid, it also came under scrutiny for its links to the UK government as concerns were raised about the procurement process.

Now the need for testing is easing, Randox intends to use the hundreds of millions of pounds it made in the pandemic for a new purpose: giving people control over their own health tests. Peter Fitzgerald, a scientist, founded the company 40 years ago, leading Randox as it outgrew its original office in a former chicken shed. The company expanded to distribute its products for testing for everything from diabetes to infectious diseases in more than 145 countries, before investing in novel diagnostics.

Unhappy with the UK's approach to testing, Fitzgerald long dreamt of transforming healthcare by screening asymptomatic people to identify latent medical problems. Testing is essential, he says, to understand what's going on inside the body.

While the second world war proved the power of the public sector, making the case for a national health service, the pandemic pushed the government towards private providers for testing and extra hospital beds. As the NHS struggles to clear a backlog, more patients are opting for private care — and Randox hopes more people will want help to spot early signs of illness.

Randox always had a plan to expand its health clinics. But it had far less money to fund its ambitions, making a loss of £12.5m in the 18 months ending in June 2020, and a profit of £5.5m in the period before that. After winning 22 government testing contracts totalling £469m, plus revenues from its private Covid testing business, Randox generated a pre-tax profit of £275m in the year to June 2021.

Politicians and rivals questioned whether Randox had won Covid testing contracts fairly, raising eyebrows at the company paying Owen Paterson, then a Conservative MP, £100,000 a year as a consultant. Randox was later cleared of any wrongdoing.

The situation led to accusations that Randox profiteered from the pandemic, something the company denies, arguing that its testing supply was efficient and cost-effective. Moving ownership of the group offshore to an Isle of Man holding company added further fuel to the debate, though the company says the process began in 2019 and both Randox and Fitzgerald remain tax resident in the UK.

Fitzgerald says he is "very happy" with the company's moral and ethical decisions, and that Paterson played no role in their winning contracts. "Some people read below the headlines, and our sales increased," he says. "People seemed to think, well they are supposedly well-connected, they are supposedly all right."

Brewing storms

It was Saturday January 26, 2020, when Fitzgerald says his son showed him a news report of the Chinese government stepping up its response to the novel coronavirus. The following day, Fitzgerald sent his scientists into the lab to develop a test. Randox says Paterson



Peter Fitzgerald founded Randox 40 years ago. Since then the company has expanded to produce tests for everything from diabetes to infectious diseases and Covid-19. Right, an advert on the London Underground for Randox Covid testing services. FT montage: Charles McQuillan/Dreamstime; Leon Neal/Getty Images

while also testing for private employers including Facebook and Rolls-Royce, as well as travel testing for border entry requirements.

The company moved fast: early on, it put in a three-month order for pipette tips that are crucial for PCR testing. The size of the order was equivalent to the world's supply in a normal year. A National Audit Office report said Randox also needed government help to procure equipment. Randox said this was a temporary loan of unused PCR equipment from universities.

Rival private labs felt disgruntled that Randox won not just the initial contract, but another one in October, when they felt equally prepared to meet the challenge. Ultimately, the government struck contracts with 10 other private testing providers.

Some in the NHS believe an opportunity was missed to invest in the public sector. Allan Wilson, who in 2020 was president of the Institute for Biomedical Science, the professional body for lab scientists, says contracts were awarded without consulting the NHS on how it would have scaled up testing. "What do you do with these large labs that are no longer required?" he asks. "The NHS may have been able to utilise some of those resources for NHS testing."

Fitzgerald says the NHS is too fragmented to meet the demand and had to focus on looking after Covid patients. "I suspect [the Department of Health] did the right thing to set labs up and engage whatever private sectors could respond," he adds. "We did investment ourselves."

The NAO found no evidence that the contracts were awarded improperly and said the urgency during the first wave of the pandemic made it necessary to sidestep the normal tendering process.

But the House of Commons public accounts committee, which monitors public spending, concluded that the UK government's "woefully inadequate record-keeping" means it is "impossible to have confidence" that the contracts were won fairly. It also raised concerns that the government did not do enough to ensure Randox was not making

excess profits. Fitzgerald felt that the criticism from the press and politicians was unfair. "There were different factions, there was the public-private thing... but we had no influence on them. So all we did was... be better than everybody else," he says.

It was a situation with "no rule book to go to [and] no blueprint," adds Campbell. "They were asking us to set up something that's never been set up before," he says. "I don't know what due diligence you do apart from looking at the organisation, meeting the people, and having a belief that they have the passion to drive it through."

'Health is wealth'

The latest stage of Randox's expansion can be seen in its bold advertisements across the London Underground, proclaiming that its test packages offer customers the "five powers to extend your life".

"One in five funerals that you go to is unnecessary. That's very striking," Campbell says, citing UK figures on avoidable mortality, defined by the ONS as deaths from causes that can be prevented or treated with timely and effective healthcare or public health interventions.

From the early 2000s, Randox invested about £450m in developing a biotech — the size of a piece of Lego — which can rapidly process a range of tests from a small blood sample. But they found introducing new tests to the NHS was complex and time-consuming, with doctors tending to stick to a small slice of what their technology could do — and only testing people with symptoms.

"We felt like we would develop all these fantastic tests that could save lives," Campbell says. "Yet they're not being utilised."

So the company launched its first health clinic in 2008 and gambled on consumers paying for the information themselves. The clinic — near their headquarters in Northern Ireland — was popular with the local community but a second branch just 35 miles away, where the Randox brand was unknown, did not do as well.

Then in 2012, it opened in the City of

London near the Tokyo Olympics and has partnered with reality TV stars such as *Made in Chelsea's* Tristan Phipps whose Instagram shows him attending a clinic and exclaiming: "Health is wealth!"

This is part of a broader push towards preventive care, with companies trying to engage users in monitoring their health, from using Apple Watches to detect cardiac conditions, to clinical trials of blood tests designed to capture the earliest signs of cancer.

Randox says it is investing all of its pandemic profits in research and development, infrastructure for diagnostics programmes, and its clinics. It is building a 50,000 square foot research facility near its County Antrim headquarters, and opening an institute in London's Fitzroy Square, specialising in immune-related conditions.

While the aim of business is "to make money", Fitzgerald says, "it's what you use it for, what you do with it" that is important.

But tests alone cannot extend lives



unless they lead to treatments — and Randox admits that how to integrate its health reports into the NHS is a daily preoccupation. So far, it is mostly private GPs and hospitals that will consider the Randox reports. "Increasingly, the NHS is recognising it but it is still slow," Fitzgerald says.

Creeping privatisation

Critics are concerned that private testing providers like Randox end up hurting, rather than helping, the health

system for me to know [there is something wrong] than not know," he says.

The problem comes, he explains, when they get an abnormal result and there are no clear next steps: "In an awful lot of disease that is detected, there is no actual benefit and no reduction in mortality."

Henehan also worries that marketing from companies like Randox can induce anxiety. "We're coming out of the Covid pandemic that was all about fear, and there's a sense that you can play on that," he says.

Randox denies this, saying it wants to enable people to lead healthier, longer lives.

Others are concerned that opening the door to private providers during the pandemic accelerated a transfer of more healthcare funding to the private sector. Allison Pollock, a clinical professor of public health at Newcastle University who has written several books on NHS privatisation, says the pandemic has been a "very useful cover" for the increasing power of private providers.

"We use a crisis to privatise and outsource, and then carry on outsourcing. It's quite tragic," she says. While Randox currently provides testing materials to NHS labs, it is not doing any work on its behalf. But it is likely to benefit from a trend of more Britons paying for healthcare. A poll from March by the Institute for Public Policy Research, a progressive think-tank, showed one in eight patients had used a private practice as they struggled to access the NHS during the pandemic, and one in five had considered doing so.

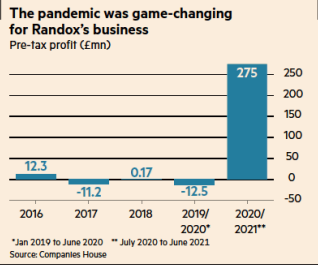
Parth Patel, a senior research fellow at IPPR and an NHS doctor, says neither the government nor the two contenders to be the next prime minister, Liz Truss or Rishi Sunak, are talking enough about the crisis in the NHS. "To some extent, [their] inaction is action," he adds. "There isn't an ideological opposition to this two-tier system."

"We basically privatised Covid testing through the pandemic instead of expanding our own lab capacity," he says. "Companies made loads of money out of it, when the NHS could have used

asked the government for a virus sample to check the test but, in the end, procured one itself.

A couple of weeks later, Randox emailed the health department to pitch its new Covid diagnostic. Mark Campbell, the company's senior manager, says it was unclear whether the government would do all the testing itself or enlist the help of private providers. "We were just doing what we felt was right given the circumstances," he adds.

When Randox signed its first contract in March 2020, the NHS was conducting about 5,000 PCR tests a day. By September, the company had scaled up to 150,000 a day. In total, Randox handled 17.5m tests for the government – detecting 1m patients with Covid –



London, where Fitzgerald assumed the "well heeled" would be likely customers but realised they were content with private healthcare benefits provided by their employers. Instead, it was a hit with "small business owners and builders, farmers, people who are restaurant owners, people who have to be healthy to survive," he says.

Now the company is aiming for 20 high street clinics by the end of the year, with plans to open more in Europe, the US and Australia. The clinics offer full body health checks ranging from £199 for athletes to a £2,600 "signature" package with 350 data points and a GP consultation, as well as follow-ups.

Randox sponsors the Grand National, horse race, handled the Covid testing for

service and exacerbating inequalities in the system.

The NHS doesn't just look at whether a particular test works, it examines whether it leads to treatments and delivers reliable results. It is also expanding testing, launching diagnostics centres in shopping centres and stadiums but is firmly focused on people with symptoms.

Carl Heneghan, director of the University of Oxford's Centre for Evidence-Based Medicine, says when screening – testing the asymptomatic – there's a "very clear requirement for a high-quality evidence base to show that the benefits outweigh the harms".

"Often people take tests with the sort of belief system that surely it is better

to open even more diagnostic centres. That capacity should actually be part of the NHS, whether the NHS is contracting Randox to do it or not."

One of the drivers of Randox's success is the freedom to spend its resources as it likes. As a private company, it is under no pressure to justify its spending, says Fitzgerald, and when Covid broke out, it already had skilled technologists who could create systems to deliver test results online and automate the labs.

Fitzgerald is not sure of the level of future demand for health tests but he is unlikely to give up. "We think it's a growing market but we don't truly know," he says. "It will gather momentum... but it might take a while of pushing."

The FT View



Asset managers have a self-interest in crypto's future

Established institutions can give a layer of security to a largely unregulated market

While cryptocurrencies were falling, established asset managers such as Abrdn, Charles Schwab and BlackRock were hard at work looking to secure a foothold in the market. Not by investing directly in volatile cryptocurrencies, mind. Abrdn, the UK investment group, recently bought a stake in digital assets exchange Archax. BlackRock is opening direct access for clients to crypto exchange Coinbase. Schwab has launched a crypto-linked exchange traded fund.

Sceptics may say asset managers are scrambling to exploit an immature, speculative market, when unwary customers betting on cryptocurrencies are still vulnerable to hype or even fraud. Underlining the risks, Caisse de dépôt et placement du Québec, a big Canadian

pension fund manager, has written off what it conceded was a premature investment in bankrupt crypto lending platform Celsius Network.

BlackRock's chief executive Larry Fink was an early bitcoin critic, opening him to charges of, at best, inconsistency. But when he was sniping at bitcoin in 2017, crypto's foundations were more fragile than now. It is hardly surprising that companies such as BlackRock, which is also developing a spot bitcoin trust for institutional clients, should look to cater to new groups of investors.

Asset managers need to be open to multiple futures of finance. Cryptocurrency could become a legitimate way of hedging sophisticated investors' portfolios, like other alternative assets such as wine or gold. It could still play a have some exposure. But whether or not cryptocurrencies recover their earlier levels, the history of markets suggests that something useful usually remains after bubbles burst.

By investing in the market's super-

structure now, asset managers can also prepare for the possible advent of central bank digital currencies, which offer some of the promised upside of crypto with the security of backing from central banks. They are improving their understanding of the underlying technology, such as blockchain. And they may put themselves in a position to hire innovative and fintech-adept young staff made redundant by shrinking crypto companies. In other words, it is perfectly possible to embrace the technology, entrepreneurial spirit and innovation of crypto while remaining at arm's length from the asset class itself.

As for ordinary investors, the growing ties between high finance and crypto seem a step away from digital currencies' origins as a tool for tearing down the establishment. But at least by filtering their investment through orthodox institutions, they limit their exposure to theft and fraud. Even so, cryptocurrencies are still broadly unsupervised, hold the potential to contribute to wider

They are improving their understanding of the underlying technology, such as blockchain

market instability and are a risky home for the savings of retail investors used to more solid regulatory protection.

The obvious solution is to put in place firm guardrails, as this newspaper has repeatedly suggested. Unfortunately, different agencies and countries have divergent attitudes. Financial entrepreneurs and innovators will naturally seek to exploit such differences. For example, crypto companies are lobbying to ensure cryptocurrencies are regulated by the Commodity Futures Trading Commission, which regulates derivatives, rather than the more hawkish Securities and Exchange Commission.

In what remains a buyer-beware market, asset managers' involvement provides a thin layer of additional security. Their interest could bolster surviving crypto companies that wish to win access to institutional clients. But with asset managers' power comes a responsibility to help the crypto market grow up, and to help protect more vulnerable investors while it does.

Opinion Intellectual property

Parody takes a serious turn for big name brands



Leo Lewis

Sometime during the depths of the pandemic, when the legal nuances of parody, patent approval and provocative pink splashes were generally beyond public attention, the name CUGGL – pronounced "kynguru" – was quietly registered as a trademark in Japan.

Cover the lower half of the name, and you can probably see why Gucci, the Florentine fashion house and voracious global litigant, might be hoping mad that the application has succeeded. Less obvious, though, is that the Japanese government might notch this up as a policy success.

The dispute – along with the broader debate over parody and plagiarism that it raises but doesn't quite answer – centres on a somewhat mysterious figure who appears on numerous trade mark applications as Nobuaki Kurokawa. He is, apparently, the owner of an Osaka-based business

similarity with its own brand and the likelihood of confusion for consumers. The registration, said Gucci's lawyers, was sought with malicious intention to freeride on goodwill and reputation.

But in a decision reached last month, the JPO did not find a sufficient visual, phonetic or conceptual resemblance between CUGGL and Gucci to say consumers would imagine they were buying a Gucci product.

Kurokawa may yet face trouble. While IP lawyers say they cannot remember a time when Japanese companies (such as Suntory, Nissan and Honda whose brands are often parodied) have bothered to take cases to court, foreign giants are generally less permissive. It is easy to imagine Gucci filing a trademark infringement claim against Kurokawa over the shirts with the pink stripe, despite having lost round one.

Masaki Mikami, an IP lawyer, said Gucci's frustration with what it sees as the unpredictability of the JPO may feel superficially reasonable. Kurokawa, after all, had an application blocked by the JPO only a few months ago when Lacoste stepped in to prevent him registering the mark OOSITE, which featured an inverted crocodile.

But the JPO, admit lawyers whose clients fume over its judgments, is not inconsistent or illogical. It just takes a firmer line than counterparts on the likelihood of consumer confusion and tends to decide that people are smarter than the parody-allergic big brands would like.

Crucially, all this finds the JPO nearly a decade into its much wider mission of becoming the global gold standard of patent offices. That was the task taken on for it in 2014

Letters

Here's a simpler way to explain US labour data

There have been a number of articles in the FT professing amazement at unemployment numbers in the US going down not up as the Federal Reserve tightens interest rates (Report, August 5). There has been a number of statistical explanations offered which imply that businesses don't understand what they are doing.

A simpler way to look at this is that if a business has wised up to the fact that it can take advantage of supply disruptions in a market where it has pricing power to raise prices and make more profits, why wouldn't it?

We have the record quarterly profits of a number of businesses that tell us that has happened. In such circumstances you hire more people if you need to, in order to produce more profitable goods.

Pricing power has been neglected as a cause of inflation. Yet monopolies do exist. Once material supply shortages are eliminated, prices will continue to be sticky on end goods even as basic material commodity prices to businesses follow increased supply.

Is there a level of recessionary demand that will allow competition to

reassert its influence on end goods' prices? This appears to be the experiment the Fed is conducting.

Tariffs, trade wars with China and boycotts all work to diminish competition on prices. Higher interest rates will make it harder to take risks with new technologies that might reduce costs.

How monopolies with pricing power behave in such circumstances deserves more investigation from the financial press.

Paul Fiandella
New York, NY, US

Worry about BoE's ideas, not its independence

Regarding the Bank of England's culpability in allowing very high inflation, Chris Giles is absolutely right to assert that "too little accountability for unelected officials is unhealthy in a democracy" (Opinion, August 17).

It is a point that has deeper resonance across the body politic, including notably the civil service, wherein a self-important technocracy seems to have taken undue hold, leading to the corrosive sense that there is a permanent underlying government whose machinations are unaccountable to the electorate.

As to the central bank, he is right too that its mandate needs to be redefined. The 2 per cent consumer inflation target itself does not represent price stability, but instead a commitment to price level escalation that has done multifarious forms of damage by way of unhealthily low interest rates over a very prolonged period.

Giles's critique might also have noted that the bank follows an economic model related to Phillips curve theory that is fundamentally unsound, rooted in Keynesian demand management that was so demonstrably exposed in the 1970s (now very much back in evidence). We have frankly known this stuff for nearly 50 years.

Indeed, in a nutshell, there is no merit whatsoever in the institution's independence, yielding such power as it does, if its ideas are basically wrong.

Andrew Souler
Grays, Essex, UK



Henry A Lytton as First Lord in an 1878 production of 'HMS Pinafore'

Air pollution also has an impact on a hotter climate

Following Europe's recent heatwave, it is unsurprising that the US is also facing dangerous temperatures in the coming decades (Report, August 16).

However, amid all of the attention focused on our changing climate, one major factor is being ignored – simultaneously rising air pollution.

Some particulates, like black carbon, have a direct impact on raising the temperature of our planet. In turn, warmer air can increase levels of other pollutants. As a result, we find ourselves stuck in a vicious circle.

A better understanding of air quality is critical. By monitoring air pollution at a local level, we can build a worldwide bank of data to highlight pollution hotspots and help governments to establish effective

'Good loans' scheme can cut out zombie businesses

The FT's coverage of the British Business Bank audit into the Future Fund investments ("UK's government investment fund largely backed 'zombie businesses'", Report, August 8) highlights a critical issue faced by small and medium-sized enterprises today, and something that lenders and investors are growing increasingly wary of.

It is unfortunately true that there are many businesses in the UK that are simply looking to access funding to reduce their debt burden, with no growth prospects – thus creating zombie-like businesses. This Covid legacy has been exacerbated further by the worsening economic and geopolitical situation. However, we must acknowledge that supporting all businesses indiscriminately will drain away vital funding from companies that will drive the economic growth moving forward.

While it is critical that we continue to support entrepreneurship and enterprise, it is inevitable that private and public credit providers will need to be more selective moving forward in assessing which companies have realistic growth prospects versus those that are destined to fall off a loan default cliff.

A permanent "good loans" government scheme with more stringent lending criteria would go a long way to channelling the funds to support these companies at this critical juncture for the UK economy.

Douglas Grant
Chief Executive, Manx Financial Group
Managing Director, Conister Bank
Douglas, Isle of Man

Ethics of animal testing cannot just be ignored

I am pleased to see the FT bringing the important matter of animal testing to the forefront of mainstream news. The article entitled "A world without animal testing" (Big Read, August 15) describes an extremely important aspect of animal testing currently implemented in the process of drug development, something which campaigners sometimes refer to as "animal sacrifice".

While progress is certainly being made, your article still misses the mark somewhat by avoiding the ethics of this issue. From a pharmaceutical perspective, one cannot allow oneself to remain ignorant of what is going on in the belief that it is justified because it is necessary in creating new drugs

...PROFITS, SHIPS CARRYING THESE motifs sell on his website for between \$12 and \$25.

The range of brands Kurokawa's company has mockingly reinvented - from Adidas, Lacoste and Nike to Prada and Balenciaga - offer a clue to how regularly intellectual property lawyers find themselves locking horns with Kurokawa on behalf of some very heavyweight international clients. One lawyer, who has both won and lost tussles with this foe on behalf of one of the world's biggest sports brands, describes himself as "pretty certain", but not 100 per cent sure, that Kurokawa (whom the FT was unable to reach) is a real person.

But during the pandemic, Kurokawa's ingenuity took a new direction. He registered the apparently harmless names CUGGL and GUANFI as trademarks with the Japan Patent Office, but redacted the bottom half of the words with stripes of bright pink when the names were reproduced on shirts.

In the case of CUGGL, Gucci attempted to block Kurokawa's registration of the mark, arguing the

...THE CASE, JAPAN SET UP IN 2021 when the government of the time realised that the country, in both public and private sectors, was a dismal and sleepy steward of its own IP. When it came to IP management in the small and venture capital companies where that should matter most, it said, the problem was especially dire.

Japan's industrial competitiveness required a first-class patent office, the government argued. That now looks like huge precedence in an era where IP rights and protection lie at the heart of rising trade friction and economic security concerns. Success, it said, would depend on establishing the world's fastest, highest quality patent examinations.

Eight years later, the IPO claims that it has achieved this goal. Among the world's five biggest patent offices (including the US, Korea, China and Europe), it runs the fastest examinations. It has done this, in part, by accepting that, sometimes, the public is not confused by parody.

leo.lewis@ft.com

...UK infrastructure projects", Opinion, August 16) on the need for a long-term approach to infrastructure planning. But that doesn't avoid the need to make hard choices about which economic infrastructure plans to prioritise, and being realistic about how they can be funded.

It's not the job of the National Infrastructure Commission, which I head, to promote every major infrastructure scheme - our role is to provide expert advice to government on robust infrastructure strategy that stands the test of time.

As the past few weeks have shown, the challenge for infrastructure policy is both to define long-term goals - like the commission's recommendations to improve drought resilience by tackling leaks, reducing water demand and building new supply - but also to ensure meaningful near-term progress around the world. As the west grumbles frustrated with longstanding counter-terrorism campaigns in distant places,

James Heath Chief Executive, National Infrastructure Commission, London EC4, UK

...GOVERNMENTS TO ESTABLISH THESE policies to improve air quality.

Not only will this contribute to the wider fight against climate change, but it will also play a vital role in protecting public health. Your article has spotlighted the dangerous impact of heat on human wellbeing - we shouldn't forget that poor air quality is also lethal. Understanding the link between the two will have benefits not just for the planet, but for humankind.

Claudio Parrinello Founder and Chief Executive, PlanetWatch Saint-Genis-Pouilly, France

Utilities investors could donate their dividends

Clare Barrett's opinion piece on the UK cost of living crisis (August 13) encourages those who can to donate their £400 energy rebate to the frontline work of fuel poverty charities.

Dees O'Connell Lewes, East Sussex, UK

Is the real issue that male athletes are too well paid?

I appreciate your concern for women's sport and the level of compensation, but one might wonder if the real problem is that male athletes get paid too much ("What next for Britney Griner and women's sport?", Magazine, August 13).

I cannot list the present-day advertisers, and I know ad revenues do not accrue to the sports stars directly. But I suspect that every time I buy a soft drink, use a rental car, go on a trip, etc part of my outlay pays part of the salary of these male athletes, even if I have not watched them play.

We know people pay too much for medications. Perhaps the same is true for sports and other forms of entertainment.

It would be interesting to explore the advertising budgets of all the different media out there today ... and how much the non-watching consumer pays towards it. Elizabeth Nolan Coronado, CA, US

...IT IS UNUSUAL TO BE SEEING THESE disease. Even if companies are abiding by the regulatory standards, they cannot ignore the harm they do to animals. This is a question of ethics.

This is not to forget that there is a huge financial burden imposed by using imperfect models for animal testing, which can close down entire drug development programmes.

Sandra Paulina Smieszek Head of Genetics, Vanda Pharmaceuticals Washington, DC, US

Truss catches Thatcher and Gilbert and Sullivan

In her apt epitome of the current Tory leadership race, your correspondent Jo Jacobus should not have stopped short in quoting the First Lord's song in HMS Pinfore at the line, "I never thought of thinking for myself at all".

The next line surely captures the true essence of the Truss campaign: "I thought so little, they rewarded me / By making me the Ruler of the Queen's Navee" (Letters, August 18).

Peter Jay Woodstock, Oxfordshire, UK

Opinion

Terrorism fused with great power conflict may be west's next challenge

Raffaello Pantucci

Terrorism is the past and the future is great power conflict. In a moment of nearly perfect public narrative, the death of al-Qaeda leader Ayman al-Zawahiri was almost entirely overshadowed by the visit of US House Speaker Nancy Pelosi to Taiwan. Yet the risk is that we miss how the two problems can become entangled and make each other worse.

As national security agencies turn their focus to states, they will inevitably de-prioritise terrorist threats. Yet the shift is unlikely to be as tidy as this suggests. Even more worrying than the risk of paying less attention to terrorist groups is the potential for the two threats to interact with each other. In a worst-case scenario, great power conflict might make global terrorism worse. The use by states of terrorist groups as

proxies is not new. Iran has a long history in this regard. Hizbollah in Lebanon is the largest of numerous proxies that Iran has used to attack its adversaries. In recent years, Tehran has become more overt about using terrorist tactics directly itself.

In July 2018, an Iranian diplomat was arrested in Germany alongside a pair of Iranians in Belgium for planning to bomb a high-profile dissident rally in Paris. Rudy Giuliani, Donald Trump's former lawyer, and several British MPs were due to attend the event. This month, the US Department of Justice charged a member of Iran's elite Revolutionary Guards with directing agents in the US to murder John Bolton, Trump's national security adviser.

Tehran may not be the most blatant about it, but it is not the only power to use such groups to engage in such plots. Moscow's hand can be seen behind some extreme-right terrorist networks in Europe. India detects Chinese intelligence playing in the shadows of some of its domestic conflicts. India and Pakistan have honed the art of manipulating such groups against each other, and suf-

fered the backlash as a result. Furthermore, all these powers see supposedly all-powerful western intelligence agencies lurking behind various networks and plots that they perceive as threats.

The second risk comes from how the war on terrorism has been pursued around the world. As the west grumbles frustrated with longstanding counter-terrorism campaigns in distant places,

A vacuum has emerged as counterterrorism resources in distant places have been withheld

resources have been pulled back or withheld. Clearly, some capability is retained, but in certain places a vacuum has emerged and Russia has frequently filled it. Private security group Wagner has stepped in to bolster local authorities and launch offensives in the name of counter-terrorism. It is questionable how much this helps. It often appears as though these campaigns exacerbate the

underlying anger that creates the terrorist groups in the first place.

Mali is the most obvious example, with the situation escalating to the point that the country's government is now accusing France - a previous leader in providing counter-terrorism support - of working with jihadists. At the same time, Wagner is celebrated in the streets of Bamako, the capital. But Wagner forces have also been deployed in the Central African Republic, Libya and Mozambique, all places suffering from terrorism that the west has failed to address or is not focusing on.

According to one view, it is a relief to have someone else deal with such problems. But the risk is that they are only making the situation worse, or that they may try to manipulate groups on the ground to their own ends, with little regard for any backlash that might strike the west. Or, this could be their intention.

The other side to this shift in attention is that taking pressure off terrorist groups may end up with no one focusing on them. We do not really know whether the reason we are now seeing a

lowered terrorist threat is because the threat has gone down or because of the pressure that was on it.

The exact nature of how threat and response play off against each other is poorly understood. But just because we have stopped worrying about a problem does not mean it no longer exists. It is hard to say with confidence that any of the underlying issues that spawned the international terrorist threat have been resolved. Some analysts think they have grown worse.

Twenty years of conflict have changed the international terrorist threat that we face. But it has not gone away, and in a nightmarish twist it may start to fuse with the great power conflict we find ourselves locked into. The world has a habit of growing multiple problems at us. In a growing world of threat, disinformation, proxies and opacity, terrorist groups offer a perfect tool. The west may one day rue the fact that it no longer has the relative clarity of the early years of the war on terror.

The writer is senior fellow at the S Rajaratnam School of International Studies

Government can do more about energy prices than industry

Alistair Phillips-Davies

Fast forward to the early 2030s, and I believe that the UK will have solved virtually all the big energy problems it is currently facing. By then, we will have an abundance of cheap offshore wind generated in Britain and will have built the network superhighways to transport it to areas of demand.

The UK will be able to balance the system with zero-carbon hydrogen, carbon-abated technologies and flexible sources of storage. We will have reformed our energy markets and successfully uncoupled the cost of home-grown technologies such as wind and solar from the international gas price. Energy will be affordable, supply will be secure and we'll be well on the way to net-zero.

The destination is clear, but the journey - thanks largely to Russia's invasion of Ukraine - will unfortunately not be smooth.

The challenge facing the next prime minister requires a twin-track response: first, ensuring household bills remain affordable in the near term even predicted price rises and widespread concern over how people will manage this winter. Second, figuring out how to get to cheaper, more secure, home-grown energy even faster. The energy industry and government must work together on both parts of this equation.

Government can smooth energy costs for households beyond what industry can do alone. It could artificially keep prices down for a period, providing payments to suppliers to bridge the gap between this capped price and costs.

Artificially keeping prices down by bridging the gap with suppliers is a mortgage not a handout

Rather than being a handout, this is essentially a mortgage, secured against the cheap future energy system I've described. As with Covid emergency support, it would rely on relatively cheap government borrowing, but with a plan to pay down this debt as we complete our energy transition and prices fall. I am sure the retailers will step up and help make this solution work - indeed many have been calling for it.

As one of the UK's largest investors in low-carbon electricity infrastructure, SSE is focused on delivering the long-term solutions to today's problems. However, short-term measures are needed too, and we are exploring with government how we can help smooth costs for households.

One idea is a voluntary scheme through which generators of non-flexible, low-carbon power such as wind and nuclear could sign up for contracts to deliver at a fixed price any power they haven't already "hedged" or sold into the market ahead of time. This fixed

US consumers worry but carry on spending

Andrew Edgecliffe-Johnson



Walmart's top executives had to laugh as they prepared to discuss their latest earnings with analysts, chief executive Doug McMillon admitted last week. The conflicting anecdotes the US retailer was about to share about consumer demand - back to school backpacks flying off the shelves even as it had to slash prices to clear excess stock and its poorest customers traded down from beef to beans - seemed like a Rorschach test of economic interpretations.

But if the company that sells more goods to more Americans than any other is struggling to interpret the consumer mood, spare a thought for those parsing such snippets for clues as to whether or not inflation is tipping the US into recession.

Consumer confidence surveys, usually a reliable source of advance warning on which way spending is heading, could not paint a much more dire picture of the outlook as the Federal Reserve scrambles to tame rising prices. The University of Michigan's index of consumer sentiment hit a record low in

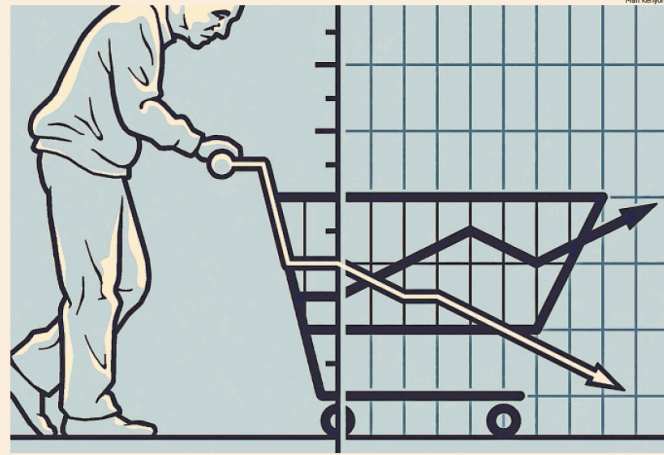
consumers are more gloomy now than they were during the worst of the Covid-19 pandemic, the global financial crisis or any other moment since the series began in 1952. Other surveys support this trend, with McKinsey finding twice the number of economic pessimists in July as in March.

Yet this pessimism is not showing up in the sales story being told by Walmart and its rivals. For all the evidence that high petrol and grocery prices are queezing those with the tightest budgets, or that pandemic-weary Americans now prize holidays over home goods, the retailers' figures suggest that spending remains strikingly robust.

Given all that has been thrown at them, including rising mortgage rates, Home Depot's customers have been "incredibly resilient", the DIY chain remarked as it reported record sales. "Rather than seeing [them] trade down, in many cases, we are seeing the opposite," noted Lowe's, its rival.

Even Target, which has been plagued by inventory troubles, is still producing sales growth. The industry leaders are not alone: US retail sales rose more than expected in July, once fuel and car purchases were stripped out. Americans are getting less for their dollars, but they are still spending them.

That shopping basket-half-full message has been echoed by executives from Visa and Mastercard to General Motors and Starbucks this earnings season. "Consumer sentiment is all over the



Inflation, it seems, has severely affected consumers' morale but has yet to affect their actual buying behaviour to anything like the same extent. "While consumer sentiment is now firmly in recession territory, consumers are not following through on their feelings,"

Jefferies economists Aneta Markowska and Thomas Simons wrote last week.

Greg Daco, the chief economist at EY-Parthenon, says that had he seen such weak confidence in the past, he would expect a 10-15 per cent drop in spending. More than ever before, he concludes, we need to watch what consumers do, not what they say.

But why should sentiment have become a less reliable guide to spending? The clearest explanation is what John Leer, chief economist of data group

Actual buying behaviour has not affected morale to anything like the same

Morning Consult, calls an unprecedented divergence between inflation and unemployment. Even as small business optimism scrapes recession-like levels, unemployment remains near record lows.

The stimulus payments which helped employers keep staff on also allowed consumers to shore up their savings. US households have twice as much cash to hand as they did at the end of 2019, McKinsey noted.

Not all households, of course. Break down the headline figures and you find, unsurprisingly, that sentiment has fallen the furthest among the beef-beans income group. Older Americans, who have suffered the worst in the pandemic and know what inflation can do, are also disproportionately pessimistic.

Polls show that Republicans, whose views of the economy were far rosier than Democrats' through the Trump era, now see a dramatically darker outlook, and vice versa. And if the country's partisan divides are souring the mood,

faster to bad news than good. Even non-drivers quickly registered the sudden increase in petrol costs after Russia invaded Ukraine, for example, while the slow return to pre-invasion prices has not quelled their concerns.

That suggests that even if policymakers can tame inflation it may not produce the swift boost to consumers' mood that many companies - and the Biden administration - hope for. It is also a reminder that consumer confidence had not recovered from the shock of Covid-19 before it was tested again by the steepest inflation in decades.

It is becoming clear that the back-to-back blows of the pandemic and inflation have dealt a lasting blow to Americans' economic confidence. Yet low unemployment and high savings levels point to US consumers' spending remaining more robust than the surveys capturing their anxious mood would imply. Even so, there are other reasons to worry about a less confident America.

June as inflation topped 9 per cent. Even after a slight rally, it still suggests that

map... But we have so much excess demand," observed Tesla's Elon Musk.

anything like the same extent as inflation

are geopolitical headlines. Consumers, Leer notes, respond

andrew.edgecliffe-johnson@ft.com

Now is not the time to abandon climate transparency

Muriel Pénicaud

Drying rivers, burning forests, record temperatures — this summer has offered multiple reminders of the sheer scale of the planetary climate crisis. People are suffering and calling for action. Unfortunately, most governments around the world have been trying to deal with this global warming catastrophe with short-term measures. But treating the symptoms is not enough. The long-term approach needs to change as this crisis will intensify. This is not an unexpected emergency. As early as 1972, the first report of the Club of Rome showed that economic growth, according to the current model, would lead to a sharp drop in the global population by 2100 due to pollution, scarcity of energy resources and the impoverishment of arable lands. A

warning which came 50 years ago! The trends predicted back then are now making their impact felt. For more than 30 years, the annual reports of the Intergovernmental Panel on Climate Change have alerted us to the acceleration of global warming and the dramatic ecological, social and economic threats it poses, including the destruction of biodiversity and the degradation of the oceans. The risk of warming is exponential. However, we can still act to mitigate and adapt. The Paris Agreement of 2015 and subsequent UN climate conferences led states to make strong commitments. But are a warning system and political commitment enough? Obviously not — because we are failing to measure the effectiveness of public policies in this area, which limits their impact and improvement. We must act more efficiently. The response to global warming poses a challenge to governments of unprecedented scale and difficulty, as well as to the global economy. Mark Carney, former governor of the Bank of England, has called it the "tragedy of horizon". In

other words, how to reconcile ecological, economic, social and political time horizons, which differ greatly? There are many questions to answer. How can we build a bridge between the short-term interests of finance and the long-term interests of the environment? How and at what pace can we transfer an energy model which built the wealth of developed countries, without reducing the quality and standard of living?

We are failing to measure the effectiveness of public policies in this area, which limits their impact

How to manage this transformation without the highest price being paid by the poorest, when access to energy (for transport, housing, heating, travel) will be more expensive? How to anticipate the challenge of skills and mobility when hundreds of millions of jobs will change either their nature or location? How to "upskill" and reskill oil or coal

workers to be maintenance technicians in nuclear or renewable energies? In May 2022, after a proposal from the French government, the OECD established a programme to measure and benchmark the effectiveness of public policies in the fight against global warming. The International Programme for Action on Climate (IPAC) is designed to support the efforts of countries to achieve the goals of the Paris Agreement. Drawing on a "wealth of international climate-related data", the IPAC assesses national and international policies aimed at achieving net zero greenhouse gas emissions by 2050, providing recommendations and sharing best practices. As France's permanent representative to the OECD, I had the chance to support and negotiate this project with the 37 other member states. We insisted that economic and social indicators be integrated into the IPAC, as the interaction between the different factors will determine whether the policies carried out succeed or fail. The IPAC's principal objective is to publish a first global report in 2023,

based on an annual scoreboard with a small number of structural indicators to assess climate action and issue recommendations that will feed into public debate and inform the decisions of key performers. The current energy crisis makes the implementation of this robust measurement system even more critical. In the short term, many countries are lowering their ambitions to reduce fossil fuel usage in order to protect their populations and industries. This debate is particularly acute within the OECD, where some countries argue that the transparency provided by the IPAC is no longer appropriate, at least in the short term. I disagree. Establishing a solid base to manage this current difficult phase as effectively as possible, and in order to accelerate the longer term fight against global warming, is essential. We will not make progress unless we are able to measure the effectiveness of the policies we adopt — now and in the future. The writer is former French minister of labour and ex-ambassador to the OECD

price would be far lower than current wholesale rates. Generators would pay the difference back into a pot that could then help pay down any debt created by capping prices. Offering these contracts for 15 years would spread costs out over a longer period, bridging the gap until other policies delivering cheaper, more secure energy take full effect. It is vital we don't do anything in the short term to treat the symptoms of this crisis that will slow down delivery of the solutions that will address the underlying cause. We need huge capital investments in low-carbon energy infrastructure. These are delivered most cheaply when stable, long-term policy reduces risk. That's how the UK became a global superpower in offshore wind. For SSE's part, our plans could see us investing £2.4bn by the end of this decade. We plan to invest far more than we expect to make in profit and have cut our dividend policy to prioritise investment and growth. Money we make is being ploughed straight back into infrastructure that will boost Britain's energy security and cut costs. This is a critical moment for the UK. Nobody yet has all the answers and the ideas we're putting forward need work. But when new ministers take office in September they will find an electricity industry willing to help in the short term, while delivering a future energy system that will prevent us ever being in a similar predicament again. The writer is chief executive of SSE



Rutherford Hall
'Can I go back to being an uncaring boss yet?'
● WORK & CAREERS

Thursday really is the new Friday



Pilita Clark
Business Life

The world's largest trial of the four-day week has been going for more than two months here in the UK and some of the early results are encouraging. "Extremely promising," says one of the incessant emails on the matter that have flooded my inbox this month. "Life changing," said a manager whose bank is among the 70-odd companies taking part in the six-month experiment. I doubt that all is entirely rosy, but lately I have begun to wonder if we need this pilot at all. The streets of London increasingly make it look as if the four-day week is already here. I say this semi-facetiously after months of cycling home from the office on weekday evenings through the City of London financial district and past a large number of pubs. Before the pandemic, the need to dodge crowds of enthusiastic drinkers spilling out on to the streets was generally greatest on a Friday evening. But as more flexible hybrid office working has persisted, the pubs have become noticeably busier on Thursdays. "Thursdays are the new Fridays, definitely," says Inta Minina, assistant manager at the Red Lion pub that



I pedal past most evenings. It has five or six staff on duty on Thursdays but only three or four on Fridays. Minina told me last week, adding other pubs nearby had adopted similar staffing patterns. This makes sense considering the latest data on weekday working habits. Tuesdays, Wednesdays and Thursdays are still by far the most popular days for people to work in the office instead of at home, a survey of nearly 80,000 employees in 13 countries showed last week. Office attendance drops to a puny 12 per cent globally on Fridays and 13 per cent in the UK, data from the Advanced Workplace Associates consultancy shows. The Friday slowdown is also reflected in London Underground numbers. In the weeks before the capital's first lockdown in March 2020, about 4m journeys a day were made on the Tube. "The streets of London increasingly make it look as if the four-day week is already here"

on both Thursdays and Fridays. A steady shift over the past 12 months means Thursday journeys now regularly outstrip Fridays by 200,000 trips or more. Transport officials say people are still using the Tube on Fridays to go out for a night on the town but commuter numbers are clearly lower. It may not be fair to say that all this adds up to the equivalent of a four-day working week. By no means everyone who downs a pint or two of beer on the way home on Thursday spends the whole of Friday doing zero work. It is also true that long before the pandemic a lot of people would wind down early on Friday afternoons, in London and beyond. But the pandemic seems to have intensified that trend. I know I am not the only journalist who makes an extra effort to avoid making last-minute calls on a Friday, when the chances of a response are, as it were, remote. Does this matter? Hospitality and transport executives I have spoken to say the problem is not the death of Friday business that worries them. Rather, it is the relative lack of office workers throughout the entire week. The Tube still has about 1m fewer

journeys on weekdays compared with the 4m it had before the pandemic struck, due to fewer overseas visitors — and daily commuters. The Shake Shack burger chain is one of several companies to have this month blamed the endurance of remote work on disappearing sales figures. Office landlords clearly face deep uncertainty. The Advanced Workplace Associates data shows workers are typically going into the office less than 1.5 days a week. It was nearly four days pre-pandemic. Workers themselves seem happy for this to continue. Most Londoners — and most Conservative voters in the city — think the media often exaggerate the downsides of working from home. About a third fear remote working poses a risk to jobs in the city, but a slightly larger share disagree, a King's College London study showed in June. We don't yet know what an economic recession might do to these numbers — or to the four-day working week movement. But so far, a bet on life returning to exactly what it was before Covid is still a very brave one. pilita.clark@ft.com

Lex

Shapewear start-ups: elastic fantastic

Shapewear is more popular than ever
US market size (\$bn)
■ Female ■ Male

US apparel recovers
Advance retail sales, clothing stores (\$bn, monthly)

Lockdown snacking led many of us to put on a "quarantine 15" pounds. Close to half of all adults surveyed by the American Psychological Association reported weight gain since the start of the pandemic. Instead of diets, perhaps the silhouette solution lies in stretchy underwear. Shapewear is modern day corsetry. From bodysuits to waist trainers, the goal is to mould the outline of the physique underneath. Los Angeles-based start-ups HoneyLove and Skims go one further by designing garments to be shown off, not hidden under clothes. The first is backed by Lightspeed and other venture capital firms. The second was co-founded by celebrity Kim Kardashian West. North America dominates the market with 39 per cent of sales in 2020, according to Grand View Research. It expects global revenues to grow from \$1.9bn in 2020 to \$3.7bn by 2028. Women make most purchases. Products for men were just 6 per cent of the total. Start-ups are taking aim at a market that has been dominated by Spanx for close to two decades. The brand began as a pair of tights with the feet cut off. Creator Sara Blakely was hailed as the youngest female self-made billionaire in 2012. Blakely's experience as a stand-up comedian helped her to market the brand as friendly and unimposing. Public endorsement from celebrities such as Gwyneth Paltrow helped lift sales. Last year, private equity firm Blackstone took a majority stake in a deal that valued Spanx at \$1.2bn. E-commerce rivals are expanding the market by promoting multiple skin tones and larger sizes. The last group is one to focus on. According to NPD, the fastest growing category within women's clothing is plus-size — which rose 18 per cent in 2021. Underwear, including shapewear, makes up a bigger proportion of this group than other clothing sectors. Skims raised \$240m this year in a deal it says valued the company at \$3.2bn. Its move into areas such as sleepwear has also bumped up sales. Estimated revenue this year of \$400m is close to the figure reported for Spanx sales in the year to June 2021. West coast challengers have pushed established underwear groups to rethink their plans. Lingerie brands like La Perla and Victoria's Secret have moved into shapewear. Blackstone says that it plans to accelerate Spanx's online presence. Squeezing into shapewear is not easy. But discomfort and fashion are old friends.

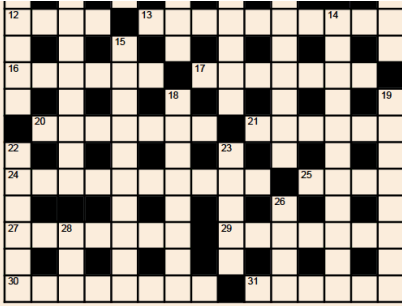
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CROSSWORD
No 17,179 Set by PETO

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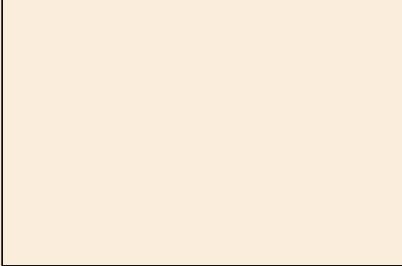
ACROSS
1 Shot after warning shout to give up (6)
4 Worried? Trust me to bag leading part in Working Girl! (8)
10 Get better insurance after a couple of reminders (7)
11 Moderately slow start to novel by a writer from Italy (7)



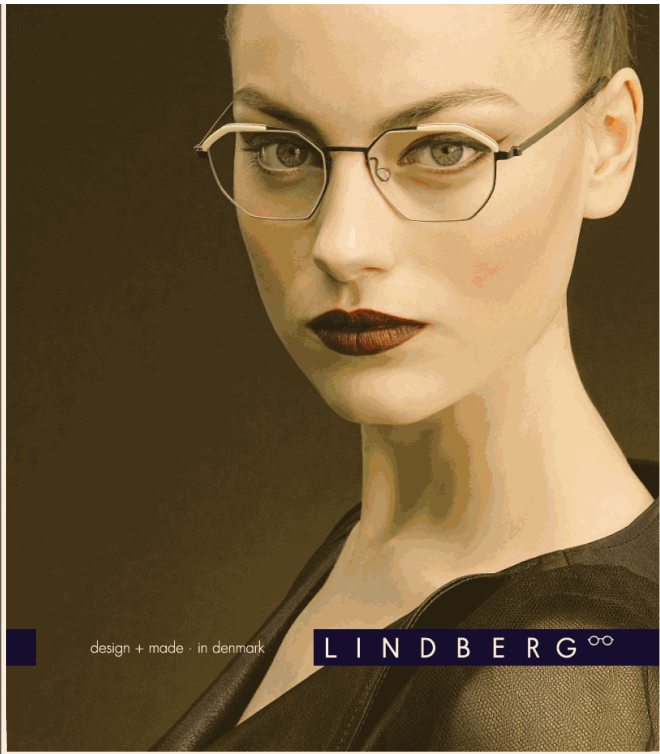


- 12 Very small amount of exactly what is needed discovered in Maine (4)
 - 13 Former Aussie skipper has story about Bradman's last boundaries (10)
 - 16 Record on favourites coming from behind is plain (6)
 - 17 Touch on meeting Tom back in court (7)
 - 20 Complaints essentially stopping needy women's means of support (4,3)
 - 21 Toff taken aback by ultimate in headgear (6)
 - 24 Obtains print-out including break down of bacterium deactivators (10)
 - 25 Privileged branka's not entirely a prima donna (6)
 - 27 Familiar weapon of the police (3,4)
 - 29 The final part of story spoken in French by Penny (4,3)
 - 30 Organise books on administration (8)
 - 31 Conflict in Britain - PM finally resigns (6)
- DOWN**
- 1 Quick to accommodate soldiers with space in part of ship (8)
 - 2 Racket hobo created around town to cause a disturbance (4,3,4)
 - 3 Yield under pressure from Grant (4)
 - 5 Feature of stage trickery associated with nameless benefactor (4,4)
 - 6 Implied when lower in rank than Rose (10)
 - 7 God of sleep sent up (3)
 - 8 Obligated to store pears evenly in rows (6)
 - 9 Bear seen in stream (5)
 - 14 Surprisingly intent on supporting current Conservative leader lacking in self-restraint (11)
 - 15 Harsh criticism of drug taking in Romania's capital after short investigation (10)
 - 18 Periodical on literature primarily occupying eccentric dean of an Oxford college (8)
 - 19 Be noncommittal when school chum of Copperfield ultimately gets to the top (8)
 - 22 Look sullen over idle talk dismissing German's work (6)
 - 23 Red line crossed by us? On the contrary (5)
 - 26 A helpful piece of advice about making bread (4)
 - 28 Useless bit of pseudo-galena (3)

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