

FINANCIAL TIMES

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INTERNATIONAL NEWSPAPER OF THE YEAR

ASIA

Climate tipping point Subarctic forests threatened by war and wildfires — BIG READ, PAGE 17

Queen's coffin begins journey south as King Charles prepares for whistle-stop tour across Britain



Alisa Konstantinova/Reuters/Pool

King Charles III will embark on a tour of the United Kingdom this week, in a public show of commitment to the architecture of the UK as it comes under increasing strain, writes Peter Foster in Edinburgh.

The new King will address both houses of parliament in London today before embarking on a programme of visits to Scotland, Northern Ireland and Wales.

This will begin in Edinburgh, where the body of the late Queen Elizabeth II arrived yesterday after a six-hour procession from her Scottish summer retreat of Balmoral.

Opinion polls show the monarchy is less popular in Scotland than in England, though it still has majority support.

Liz Truss, the new British prime minister, will accompany the King at church services during his tour under the terms of long-planned official arrangements. However, some constitutional experts warned that her presence risked politicising events designed to cement the King's pointed promise to serve his subjects "wherever you may live in the United Kingdom".

Tomorrow the King will visit Northern Ireland, where politics has also been rolled by fallout from the 2016 Brexit vote that has increased public support for a united Ireland.

On Friday King Charles will visit Wales. Until his accession he was Prince of Wales, a title that he conferred on his son, William, soon after his mother's death, to the annoyance of some Welsh nationalists.

Mourning the Queen page 5
Opinion page 19

Ukraine offensive makes significant gains

● Kremlin forces routed ● City of Izyum near liberation ● Russian troops flee Luhansk area ● Putin's biggest setback yet

JOHN PAUL RATHBONE AND ROMAN OLEARCHYK — KYIV

Ukraine needs to secure the vast territory it has recaptured from possible Russian counter-attack, the country's defence minister has warned, as he said Kyiv's lightning offensive had gone far "better than expected".

The attack has routed the Kremlin's forces, led to the recapture of some 3,000 square kilometres of Ukrainian territory and prompted an unusual admission by Russia's defence ministry that its troops had to retreat.

"A counter-offensive liberates territory and after that you have to control it and be ready to defend it," defence minister Oleksii Reznikov told the Financial Times, while cautioning: "Of course, we have to be worried, this war has worried us for years."

The Ukrainian blitzkrieg — which Reznikov described as a "snowball rolling down a hill" — is the biggest setback so far for Russia since the full-scale invasion that its president, Vladimir Putin, ordered in February. Air-raid warning sirens rang out over Kyiv yesterday morning and there were reports of

heavy Russian shelling of the city of Kharkiv overnight. However, the latest Ukrainian offensive marks a success along the northernmost of the three active front lines in the conflict.

Ukrainian forces continued to press home the advantage yesterday. General Valerii Zaluzhnyi, commander of the armed forces, said they were just 50km from the Russian border.

Russian sympathisers also fled from occupied territories in the Luhansk region, south of Kharkiv, said Serhiy Haydaya, the Ukrainian head of the Luhansk region's military administration.

Reznikov cautioned that Russian reinforcements could launch a counter-attack on his country's stretched supply lines. Ukrainian forces could also be encircled by fresh Russian troops if they advance too far.

Ukrainian morale was further bolstered after Russia's defence ministry acknowledged on Saturday that its forces had pulled back from the strategic city of Izyum, claiming it had decided to "regroup" and transfer them south-east to the Donetsk region.

Ukrainian troops had encircled Kupiansk, north of Izyum, a road and rail

hub that supplies Russia's defences across north-eastern Ukraine. This left thousands of Russian troops cut off from supplies across a stretch of fiercely contested battleground.

The liberation of Izyum "would be the most significant Ukrainian military achievement since winning the battle of Kyiv in March," analysts at the US-based Institute for the Study of War said.

They expected Ukrainian forces to "capture the city of Izyum itself in the next 48 hours if they have not already done so".

Officials and military analysts cau-

tioned the offensive's success did not mean that Ukrainian troops were about to roll back Russian forces to the border.

Reznikov said the nearly simultaneous counter-offensive around Kherson was making slower progress as it was an agricultural region "with irrigation channels" the Russians could use as defensive trenches.

Casualties there have been reportedly heavy and Ukraine's general staff said that 1,200 Chechen soldiers had been deployed to reinforce Russian positions.

Fled like Olympic sprinters page 2
Martin Sandbu page 19



Rising costs steer farmers' decisions on crop planting

Salad days are over — PAGE 4

Australia	AS7000cnc GST
China	RMB30
Hong Kong	HK\$33
India	₹1220
Indonesia	Rp45200
Japan	¥4500cnc ACT
Korea	₩1500
Malaysia	RM150
Pakistan	Rupee 350
Philippines	Peso 140
Singapore	S\$5800cnc GST
Taiwan	NT\$240
Thailand	฿140
Vietnam	US\$4.50

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China emerges as IMF competitor with \$33bn in rescue loans to debt-hit nations

JAMES KYNGE AND JONATHAN WHEATLEY — LONDON

China has doled out tens of billions of dollars in selective "emergency loans" to countries at risk of financial crises in recent years, turning it into a formidable competitor of the western-led IMF.

The bailouts represent a pivot from the huge infrastructure loans China has extended over nearly a decade as part of its \$838bn Belt and Road Initiative, a programme that made it the world's biggest financier of public works, eclipsing the World Bank.

Three of the largest recipients of the lending have been Pakistan, Sri Lanka and Argentina, which together have received \$32.83bn since 2017, say data compiled by AidData, a research lab at William & Mary, a university in the US. Other countries receiving rescue

lending from Chinese state institutions included Kenya, Venezuela, Ecuador, Angola, Laos, Suriname, Belarus, Egypt, Mongolia and Ukraine, according to AidData, which did not provide details for these countries.

"Beijing has tried to keep these countries afloat by providing emergency loan after emergency loan without asking its borrowers to restore economic policy discipline or pursue debt relief through a co-ordinated restructuring process with all major creditors," said Bradley Parks, AidData executive director.

The research lab maintains the world's most comprehensive database on China's global financing activities, largely compiled from information from recipient countries.

The data set includes thousands of loans from more than 500 Chinese gov-

ernment institutions and state-owned entities to 165 low and middle-income countries.

Unlike the IMF, which announces the details of its credit lines, debt relief and restructuring programmes to debtor countries, China operates largely in secret.

Commentators said that China's rescue lending risked exacerbating the problems of debt-distressed countries.

"The suspicion is that countries seek out the loan to avoid going to the IMF, which demands painful reform," said Gabriel Sterne, a former senior IMF economist now at Oxford Economics who argued that Sri Lanka's current financial meltdown demonstrates that Beijing's support is sometimes insufficient.

Parks also said that China's approach often "postpones the day of reckoning".

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World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS						
	Sep 9	Prev	%Chg	Sep 9	Sep 2	Sep 9	Sep 2	Sep 9	Sep 2	Chg				
S&P 500	4058.40	4006.18	1.30	\$/£	1.004	1.003	£/€	0.863	0.863		US 2 yr	3.51	3.49	0.02
Nasdaq Composite	12076.35	11982.13	1.81	\$/¥	1.158	1.158	€/£	1.153	1.155		US 10 yr	3.29	3.29	0.01
Dow Jones Ind	32102.96	31774.52	1.04	€/¥	0.867	0.866	¥/£	143.055	140.420		US 30 yr	3.45	3.43	0.01
FTSE100	1858.36	1854.22	1.48	¥/€	142.450	140.035	£ index	77.130	77.488		UK 2 yr	3.10	3.13	-0.03
Euro Stoxx 50	3572.49	3512.38	1.71	\$/₹	164.985	162.209	\$/¥/€	1.114	1.134		UK 10 yr	3.09	3.14	-0.05
FTSE 100	7351.07	7262.06	1.23	\$/₹/€	0.986	0.982					UK 30 yr	3.47	3.49	-0.02
FTSE All-Share	4041.46	3990.56	1.28	€/₹	0.996	0.997					JPN 2 yr	4.09	4.08	0.00
CAC 40	6212.33	6125.90	1.41								JPN 10 yr	0.25	0.25	0.00
Nikkei 225	33988.21	32804.22	1.45											

Dubai	Nikkei	28214.75	28065.28	0.53
	Hang Seng	19392.25	19864.62	2.56
	MSCI World	2636.17	2614.10	0.84
	MSCI EM	957.22	956.51	0.07
	MSCI ACWI	612.34	607.73	0.76
	FT Wilshire 2500	5222.23	5185.06	0.72
	FT Wilshire 5000	40789.28	40498.83	0.71

COMMODITIES	Sep 9	Sep 2	%Week
Oil WTI \$	86.98	86.31	-2.64
Oil Brent \$	91.83	94.16	-2.89
Gold \$	1709.35	1694.30	0.89

JPN 30 yr	1.31	1.30	0.01
GER 2 yr	1.31	1.32	-0.01
GER 10 yr	1.89	1.71	-0.02
GER 30 yr	1.80	1.77	0.03

Prices are latest for addition	Data provided by Bloomberg
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INTERNATIONAL

Eurozone Inflation

ECB considers shrinking its balance sheet

Policy makers to discuss €5tn bond holdings after moves by Fed and BoE

MARTIN ARNOLD — FRANKFURT

The European Central Bank has agreed to start discussions in early October on shrinking its balance sheet, increasing the pressure on the already stretched budgets of southern European governments.

Eurozone monetary policymakers met last week in Frankfurt and raised interest rates by 0.75 percentage points to tackle record inflation, but some also questioned how much longer it could continue to maintain its €5tn bond portfolio — amassed over the past seven

years — at its current size. Two people involved in the talks said the ECB was likely to decide by the end of the year to reduce the amount of maturing bonds it replaces in a portfolio of mostly government securities that it only stopped adding to in July. The proposed shift, which causes a central bank's balance sheet to shrink and is known as quantitative tightening, may come into force in the first quarter of 2023, the insiders said.

The ECB said on Friday: "The governing council has not discussed either the substance or the timing of any future quantitative tightening."

A change would bring the ECB into line with other major central banks, such as the US Federal Reserve and Bank of England. Both the UK and US central banks have already started to

shrink their bond portfolios as part of their efforts to tackle soaring inflation by pushing up financing costs, leading to accusations that policymakers in Frankfurt remain behind the curve.

The discussion on shrinking the ECB's

"The current inflation number is so out of whack with our target that we have to react"

balance sheet is due to start at the governing council's meeting in Cyprus on October 5, when it will not be making monetary policy decisions. Any announcement on the issue is unlikely until later in the year, with the first

opportunity coming at the October 27 monetary policy meeting in Frankfurt. ECB president Christine Lagarde said on Thursday that "now is not the time" to start shrinking its bond holdings.

The ECB's balance sheet — including assets held by national central banks in the eurozone — expanded from €2.2tn at the end of 2014 to €8.76tn this summer on the back of bond-buying sprees to tackle low inflation and support the economy during the coronavirus pandemic. With inflation now more than four times the ECB's target at 9.1 per cent, policymakers have questioned the current size of the bond portfolios.

If the ECB reduces the amount of bonds it buys under reinvestments, it is likely to increase long-term borrowing costs for eurozone governments, which

have already shot up close to eight-year highs in recent weeks.

Italy's 10-year bond yield briefly rose above 4 per cent on Friday morning, more than five times higher than a year ago. Rome's borrowing costs are being driven up by higher ECB rates, fears about the cost of offsetting the impact of high energy prices on households and companies, and anxiety about potential political volatility after this month's election.

However, policymakers have become increasingly alarmed over eurozone inflation, which Lagarde described as "far too high" above its 2 per cent goal.

"The current inflation number is so out of whack with our target that we have to react," said one person involved in this week's discussions.

Attacks anniversary

Biden calls on Americans to defend democracy in 9/11 speech

COLBY SMITH — WASHINGTON

Joe Biden called on Americans to defend their democracy every day in remarks commemorating the 21st anniversary of the terrorist attacks on September 11 2001.

Speaking yesterday at the Pentagon, one of the sites struck by a hijacked aeroplane, the US president underscored the obligation of Americans to "defend, preserve and protect" the democratic principles that underpin the nation's social, political and economic fabric.

"Remember, the American democracy depends on the habit of the heart of 'We the People', he said, reinforcing the opening line of the US constitution. "It's not enough to stand up for democracy once a year or every now and then. It is something we have to do every single day."

He added: "This is a day not only to remember, but a day of renewal and resolve for each and every American and our devotion to this country, to the principles it embodies, to our democracy. That is what we owe those who remember today, that is what we owe one another, and that is what we owe future generations of Americans to come."

The defence of democracy has become a regular theme for Biden ahead of midterm elections in November. The president used his predecessor Donald Trump and his Make America Great Again movement as a threat to the country.

Biden said he had "inspired" Americans would "meet this significant responsibility" and come together to secure the country's democracy, citing as well the work of the nation's counter-terrorism and intelligence agencies in continuing to seek out those responsible for the 2001 attacks.

Over the summer, the US killed al-Qaeda leader Ayman al-Zawahiri in a drone strike in Afghanistan. Zawahiri was Osama bin Laden's second-in-command and took control of the group that plotted the 9/11 hijackings, among other attacks on US soil, after US Navy SEALs killed bin Laden in a raid in 2011.

"I made a promise to the American people that we would continue to conduct effective counter-terrorism operations in Afghanistan and beyond. We've done just that," Biden said after the operation, which occurred just one year after the US withdrawal from Afghanistan.

US vice-president Kamala Harris, who spoke yesterday at the 9/11 memorial at the base of where the World Trade Center once stood in lower Manhattan, also underscored the important role America plays on the global stage and how domestic threats to the country's democratic values threaten that standing.

Yesterday's tributes included an address by First Lady Jill Biden to victims' families and first responders in Shanksville, Pennsylvania — where a hijacked aeroplane that had been heading for the US Capitol crashed after 40 passengers and crew on board sought to seize back control from the attackers.

"9/11 touched us all. It changed us all," she said. "But it reminds us that with courage and kindness, we can be a light in that darkness."

Ukrainian offensive. Stalemate broken

Russians fled advance 'like Olympic sprinters'

Plan that regained territory was months in the making and relied on western equipment

ROMAN OLEARCHYK AND JOHN PAUL RATHBONE — KYIV

Ukrainian commander Petro Kuzyk knows the secret of the offensive that has led to the collapse of Russian forces in the north-east of the country — a mixture of gritty determination, careful planning and astute use of limited western military equipment.

The result, an advance by Ukrainian troops that has liberated 3,000 square kilometres in just six days, is Kyiv's biggest victory since it pushed Russian troops back from the capital in March. Many Ukrainians hope the rout could mark a turning point in the nearly seven-month conflict.

"Our counter-offensive was long prepared," said Kuzyk, a commander in the Svboda swift reaction force of Ukraine's national guard who took part in the attack. "We degraded their potential with constant and accurate strikes... The general staff [also] distracted them into thinking the big counter-offensive was to come in the south." By the time Kuzyk and his men moved in to attack last week, the Russian forces around the south-eastern corner of Kharkiv province were already primed to panic. Many left in such a hurry that meals were still set out on canteen tables and there were crates of valuable ammunition and other weaponry stashed near the trenches.

"We hoped for success but didn't expect such cowardly behaviour," Kuzyk told the Financial Times, his voice groggy with exhaustion after six days of fighting. "They abandoned their tanks and equipment... They even grabbed bicycles to escape. That the Russian army is completely degraded made our work easier; they fled like Olympic sprinters."

The Ukrainian offensive around Kharkiv has pushed Russian forces back to within 50km of the border in the north-eastern frontier, according to General Valeriy Zaluzhnyi, commander of the Ukrainian army, and follows a separate attack launched in the south, around the strategic city of Kherson.

The combined arms operation, in



In retreat: armoured vehicles abandoned by Russian troops in the Kharkiv region of Ukraine — Reuters

which Ukraine deployed a co-ordinated attack with tanks, infantry and air cover, has confounded sceptics who thought the army lacked the troops and equipment to break what had seemed to be congealing into a military stalemate.

It has validated a deliberate strategy by Kyiv to corrode Russia's numerical strength and vast artillery machine by using more precise western rockets and artillery strikes as well as partisan attacks to destroy key Russian ammunition dumps, logistical bases and command posts behind the front lines.

Oleksii Reznikov, the defence minister, has called it a "David versus Goliath" strategy. In the north-eastern offensive, that meant capturing the railway and logistics hubs that the Russian forces use to move the huge amounts of weaponry and fuel they need to maintain their artillery and numerical advantage over the less well-equipped Ukrainians.

"If you remove the asymmetric advantage the Russians have in artillery, they don't only stop fighting, they flee," said Serhiy Kuzan, a military adviser to Ukraine's defence ministry who had just returned from the eastern front. "This

was the secret to the operation. The Russian army is a blown-up balloon."

What has surprised everyone is the speed at which the balloon seems to have deflated, at least in this section of the 1,500km frontline. At first the Ukrainians moved on Balakliia, where Kuzyk said Russian defences were "chaotically organised... with a well-guarded first line" but second and third lines that were just "sporadic observation posts".

When Balakliia was surrounded, the Ukrainians advanced on Kupiansk, a rail and road hub that supplies Russia's defences across the north-east. This left vulnerable the Russian troops stationed in nearby Izyum. "Their entire arsenal of weapons along the Izyum axis was captured," Kuzan said. "The Russians have an advantage in weaponry, but the speed of our forces did not allow them to exploit it."

Adding to Ukrainian momentum, the Russian defence ministry then said on Saturday it had ordered its troops to pull back from Balakliia and Izyum, claiming this would allow them to focus on a different frontline. "They said it was an

"They even grabbed bicycles to escape. That the Russian army is completely degraded made our work easier"

evacuation. But it was panic retreat," said Kuzan.

Both Kuzyk and Kuzan said Ukraine needed more weaponry to keep forcing the Russians back. "If we get that, the challenge will be to stop our forces at the border," Kuzyk said.

Mark Galeotti, a veteran Kremlin watcher and military analyst, warned: "You should never completely underestimate the Russians, even if they can seem like Keystone Cops army."

"But it [the offensive] does provide Ukraine with the military magic of momentum, which deliberately keeps the Russians guessing as to what might come next and all the different ways Russia should disperse its troops." What it has arguably done is give Ukraine a massive morale boost — to its own troops and to its western partners — while severely denting Russian confidence. Ramzan Kadyrov, Chechnya's strongman leader, is among those who are criticising Russia's military for the retreat. He said that if the army's strategy didn't change, he would speak to the "leadership of the country".

Additional reporting by Max Seddon

Blackout prevention

EU wrestles with details of gas price cap and windfall levies

ALICE HANCOCK — BRUSSELS

Just days after Russia said it would not restart gas flows through a critical pipeline to Europe, the bloc's energy ministers backed overarching plans for a price cap on all gas imports and a levy on power producers.

But, in an emergency meeting late last week, they struggled to agree on the details. With European Commission

155bn cubic metres of Russian pipeline gas, around 40 per cent of its total supply. That has now dropped to 9 per cent, with reduced flows still reaching Europe through Turkey and Ukraine. The squeeze on supply has helped push prices up to around 10 times their average over the past decade.

EU gas storage levels have reached 83 per cent of their total capacity, well ahead of an 80 per cent target set for the

to power producers facing increasingly high collateral demands.

Several EU capitals also called for a break in the link between gas and electricity prices. Others want to temporarily cut the cost of carbon levies that companies pay for their emissions. This is where agreement over what should be done breaks down. On gas price caps, countries including Italy, Austria and Greece are opposed to capping only the

would be applied only to pipeline gas or to all imports, including liquefied natural gas, was not agreed. Denmark and the Netherlands are among the countries that are not keen on an overall cap as they fear that cutting prices would only increase consumption.

A windfall levy on the profits of non-gas power producers could be structured as either a revenue clawback or as a more dramatic one that limits that kick in

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...with European Commission president Ursula von der Leyen expected to focus her annual State of the Union address on Wednesday on energy, bureaucrats are trying to find common ground between the 27 member states to prevent blackouts this winter. Fredrik Persson, president of industry body BusinessEurope, said "tackling skyrocketing energy prices and finding ways to mitigate them is an urgent matter of survival for both European industries and households". Moscow's announcement last Monday that gas supplies would not be restored through the Nord Stream 1 pipeline until sanctions imposed after its invasion of Ukraine were lifted has raised fears of a total cut-off by Russia. Last year, the EU imported around

...of an average of 100 million tonnes per year at the end of October, raising hopes there will be sufficient supplies this winter. The commission put forward proposals last Wednesday that included skimming off the profits of energy companies and recycling the proceeds to homes and businesses, easing state aid rules to bail out companies hit by high energy bills, a mandatory cut to peak electricity demand and, more tentatively, a cap on the price of gas, including from Russia. At Friday's meeting, according to the Czechs, who hold the European Council's rotating presidency until January, ministers agreed that Brussels should focus on four areas: reductions in peak electricity demand; windfall levies on non-gas power production; a broader gas price cap; and provision of liquidity

...to be opposed to capping windfall profits as they fear Moscow would cut the remaining supplies. Broader consensus was found for a wider cap on imports, but whether this will be enough to keep prices under control when prices reach certain thresholds. There is also debate over whether thresholds should be specific for each source of power generation – such as coal, nuclear, wind and solar – or applied uniformly. Analysts at energy pricing agency Argus praised the EU's desire to protect households from poverty, but said that the "unprecedented pace of policy generation has resulted in a number of proposals that would not achieve this aim". But Henning Gloystein, director of energy and climate at Eurasia Group, said the mix of price caps, windfall levies and demand reduction "should actually go quite far in preventing energy costs from spiralling further". French power alert page 4



Moscow has shut off gas supplies through the Nord Stream 1 pipeline

INTERNATIONAL

Pandemic exposes divide in European cancer care

Covid-19 has hindered treatment but some countries have managed to shine

SARAH NEVILLE — STOCKHOLM

Lotta Nilert was one of the millions of people globally who were receiving cancer treatment when the coronavirus pandemic erupted. But her care at Stockholm's Karolinska University Hospital did not miss a beat.

"Between the surgeon, the oncologists and the ward they're very well co-ordinated. They know their patients well so they know how to prioritise," said the Swedish retiree, 70, adding she was now "feeling fine" and hopeful of making a full recovery.

Nilert was among the lucky ones. Cancer care around the world has been severely disrupted as the coronavirus crisis consumed resources and deterred many from seeking treatment. Even in wealthy European countries, cancer screening and treatment have been delayed and waiting lists have swelled.

The European Cancer Organisation, which represents professionals and patients, has calculated that about 100mn cancer screening tests were

missed across Europe and 1mn cancers went undiagnosed during the first year of the pandemic.

Mark Lawler, co-chair of the ECO's special network studying the impact of Covid-19 on cancer, said that in the UK alone, the impact could be felt for a decade. "We probably need to be working at 130 per cent capacity for a number of years just to catch up," said Lawler, a Queen's University Belfast professor.

Isabel Rubio, head of breast surgical oncology at Clinica Universidad de Navarra in Madrid, said Spain had increased the resources devoted to breast screening to ensure women who missed out in 2020 could have their scans. But resources for treatment had not risen to the same degree, leaving some unclear when their surgeries would take place. This was "more of a stress to the patient, besides the stress of having breast cancer", she said.

In France, a study reported in The European Journal of Cancer simulated scenarios based on data from a large French comprehensive cancer centre's discharge database. It found 6-8 per cent of 15,000 patients who required hospital care experienced delays of more than two months. Pre-pandemic resilience of countries' health systems has been an important indicator of how well they fared during the Covid crisis, according to Lawler. "There's a big challenge in certain cen-

tral and eastern European countries and unfortunately that reflects a lack of investment and focus in the first place on cancer services," he explained. One pervasive problem across Europe is staff shortages, with ranks depleted by sickness, stress and other factors. Lawler said four out of 10 people working in cancer care described themselves as burnt out, while three in 10 showed signs of clinical depression, in a survey conducted by his organisation.

The world-renowned Karolinska has also suffered from a staffing squeeze and has been forced to hire additional nurses from private agencies. But its success offers a salutary example to other health systems, demonstrating that a depleted workforce need not necessarily condemn a system to poor performance.

A collaborative management culture – in which individual fiefdoms are discouraged and senior clinicians take responsibility for providing an agreed number of operations or procedures – and the sophisticated use of data has allowed it not only to maintain its pre-pandemic performance but greatly exceed it, performing 1,500 more surgeries than originally planned.

Caroline Hällsjö Sander, an anaesthetist who manages the hospital's operating theatres, called up a dense, colour-coded chart on a screen on the wall that allowed staff to track cancer patients' progress and ensure that the most urgent are prioritised. Patients delineated in blue have a scheduled time slot in an operating theatre within 30 days.

Lawler said countries with the equipment and facilities to diagnose cancers at earlier and more treatable stages were more likely to have done well, citing the Netherlands as another top performer. Its target that no patient should wait more than six weeks for treatment after a diagnosis has been honoured, after the government made it a priority.

This Merck, who runs the Netherlands' Comprehensive Cancer Organisation, said: "Due to Covid we've created waiting lists for elective care, for plastic surgery, eye surgery, orthopaedics, dermatology but [cancer] is a life-threatening disease and for that kind of care we don't have waiting lists, even during the pandemic."

At the Karolinska, simple steps have also made a difference. It operates a waiting list – "like an airline", Sander said – of people willing to be called in at short notice. Surgeons also commit to carrying out a set number of operations, with performance against these targets rigorously monitored.

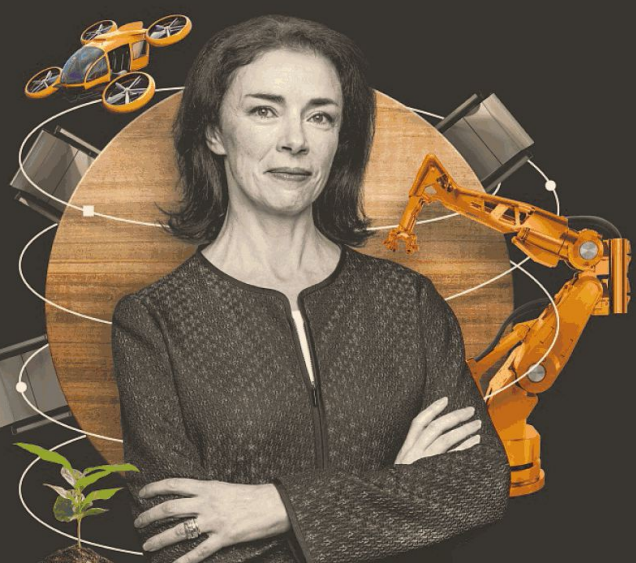
Sander said she believed the Karolinska's approach was unique in Europe. "I think we're in the front line here," she said. "It can always get better, of course, but quality-wise we have good results."



'[Cancer] is a life-threatening disease and for that kind of care we don't have waiting lists'

Life saving: radiotherapy treatment is carried out in Rome during the pandemic — Yara Nardone/Reuters

S&P Global



If everyone knows it, it's not an advantage

Scientific study

Researchers identify how air pollution causes lung tumours

CLIVE COOKSON — LONDON

people who have never smoked," said project leader Charles Swanton. "Cells

An international team of scientists has made a breakthrough in identifying how air pollution causes lung cancer in people who have never smoked, in a development that could help medical experts prevent and treat tumours.

Researchers found the fine particles in polluted air cause inflammation in the lungs, which activates pre-existing cancer genes that had been dormant. It was previously believed that air pollution triggered genetic mutations that lead to cancer.

The findings, based on research led by the Francis Crick Institute in London and funded by Cancer Research UK, were released at the European Society for Medical Oncology Congress in Paris on Saturday.

As fewer people smoke, air pollution is emerging more clearly as a cause of tumours in the lungs. An estimated 500,000 lung cancer deaths a year worldwide are caused by very fine pollutant particles with a diameter below 2.5 microns, known as PM_{2.5}, which are emitted in vehicle exhaust and fossil fuel combustion.

"Our study has fundamentally changed how we view lung cancer in

with cancer-causing mutations accumulate naturally as we age, but they are normally inactive. We've demonstrated that air pollution wakes these cells up in the lungs, encouraging them to grow and potentially form tumours."

The project is part of a £1.4m Cancer Research UK programme to understand how lung cancer starts and progresses. The scientists analysed data about PM_{2.5} exposure and lung cancer in 400,000 people from the UK, Taiwan and South Korea, and carried out laboratory experiments with mice, human cells and tissues.

Two important environmental carcinogens, tobacco smoke and light, damage DNA and create mutations that generate tumours, but the researchers found no evidence that PM_{2.5} particles directly mutate DNA, which prompted them to look for a different explanation. They found that the particles caused inflammation, which activated pre-existing mutations in genes that drive the development of many lung cancers.

"The mechanism we've identified could ultimately help us to find better ways to prevent and treat lung cancer in never smokers," said Swanton.

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INTERNATIONAL

Emergency request

France issues power alert to neighbours

Electricity trading error adds to problems over nuclear reactor outages

BARNEY JOYSON — MADRID
SARAH WHITE — PARIS

France sent an emergency power alert to neighbours including the UK and Spain last week, asking them to be ready to send as much electricity as possible after a huge trading error jeopardised French supplies.

The unusual alert added to Europe-wide energy stresses as the region faces its worst power crisis in decades because

of soaring costs driven by Russia's cutting of gas flows.

It also underlined severe strains in France's power network, which is struggling with an unprecedented number of outages at its nuclear reactors — the linchpin of its generation system.

French grid operator RTE said it sent the call for neighbouring countries to prepare to export more power overnight on Tuesday. The UK's National Grid and a person close to Spain's power network confirmed that their countries had received the alert.

The request was triggered by a trading error by one of France's regional energy providers, which accidentally oversold

huge amounts of electricity over a two-day period. Electricité de Strasbourg — which supplies the area around the eastern French city and is majority-owned by state-backed utility EDF — said it was investigating the "dysfunction".

It said that it had erroneously sold 2.05 gigawatts and 5.75GWh of electricity in separate transactions on September 6 and 7, and later added that the incident had cost it €60m after it rebalanced its supply needs. Filings with RTE describe the issue as an IT incident.

Such requests for emergency help are rare. According to energy companies and grid officials, network operators typically send no more than a few per

cent, acting when they see a risk of supply falling short of demand. Energy companies are, however, nervous about potential disruptions to intra-European electricity and gas trading if the region is hit by shortages this winter.

The French alert was sent after rebalancing operations at the end of the day showed that there could be a deficit of electricity at Electricité de Strasbourg, a person familiar with the matter said. EDF declined to comment.

Alerts are sent via the European Awareness System — which grid managers use to exchange information — and are used to ensure supplies from elsewhere can be mobilised. In last week's

French case, the extra supplies were ultimately not needed, RTE said.

Energy providers continuously enter into trades to match supplies with demand. The amounts at stake are large — one gigawatt alone is equivalent to the capacity of some nuclear reactors, or enough to power a small city.

France was already turning regularly to neighbours such as Britain, Germany and Spain to provide extra electricity because of its reduced nuclear supply.

The French government is upping the pressure on the operator of its nuclear power industry, EDF, to fix outages by the winter after unexpected corrosion problems in some reactors.

Human rights

EU moves to impose ban on products made using forced labour

JAVIER ESPINOZA AND ANDY BOUNDS
BRUSSELS

Brussels is set to ban products made using forced labour, a move that could further increase strains in its trade relations with China in the light of allegations about such abuses in the province of Xinjiang.

Shoes, clothes and commodities such as timber, fish and cocoa are among the products most likely to be affected, according to those with knowledge of the plans.

The US in June enacted a blanket ban on all imports from Xinjiang province, where there have been allegations of widespread human rights violations — including torture, arbitrary detention and forced labour — against Muslim Uyghur and other minorities.

The EU ban will instead focus on all products made from forced labour — including those made within the bloc — to avoid breaching World Trade Organization rules on non-discrimination.

The Green/European Free Alliance bloc in the European Parliament has backed a US-style ban.

Henrike Hahn, a German Green MEP and member of the parliament's China delegation, said: "We are not like-minded friends of the totalitarian regime in China. We demand a ban on imports of products from Chinese forced labour and on products from Chinese companies in general produced with forced labour."

The European Commission is expected to announce its plans this week. "Forced labour constitutes a serious violation of a person's human rights," said a confidential draft paper seen by the Financial Times, adding that it was the EU's "priority" to eradicate it.

The paper, which does not cite individual countries that could be targeted, added that the EU did not have time for a "fully fledged" impact assessment because of the urgency of the issue.

The ban, which is likely to become law by next year at the earliest, would apply to products where forced labour had been used at any stage of production, harvest or extraction and to all products, of any type, including their components, the paper said. "All economic operators, economic sectors, stages of production or steps of value chains should fall under the scope," it added.

The EU will use the International Labour Organization's definition of forced labour. The UN body estimates that 25m people worldwide suffer forced labour conditions. It is releasing fresh estimates today.

The 27 EU member states will be responsible for detection and enforcement and must respond to complaints by non-governmental organisations, companies and others. They will have to conduct an investigation and can request co-operation from the country producing the goods.

Officials accept it could be hard to find proof, especially if countries do not cooperate. But if there is a good likelihood of forced labour being used, member states will be able to seize products and ban imports. An official said the EU had lowered "the burden of proof" to help

Agriculture. Energy crisis

Salad days are over for cost-hit food producers

Industry warns soaring price of power needed by farmers will lead to crop shortages

ANDY BOUNDS — BRUSSELS
JUDITH EVANS AND
EMIKO TERAZONO — LONDON
SARAH WHITE — PARIS

Tony Montalbano's family has been growing vegetables in south-east England for decades, uninterrupted by recessions, economic shocks or bouts of high inflation.

But this year, the soaring cost of heating his greenhouses as a result of an escalating energy crisis unleashed by Russia's war in Ukraine has forced him to consider abandoning cultivation of his usual crop of cucumbers.

"The pricing has gone out of control, it's ridiculously high," Montalbano, 40, said of his energy bills. This year's output from his farm in the county of Essex would be half its normal size because of his moves to reduce costs, he added. "Gas has just shot up and that's something I hadn't prepared myself for."

Across Europe, farmers and food businesses are cutting production as they struggle to cope with soaring energy costs. Montalbano said his energy bill was about five times what it was this time last year. The prospect of seasonal food shortages has prompted industry warnings and frantic calls for government support, at a time when Russian president Vladimir Putin has cut gas flows in response to western sanctions.

Crops that require intensive heating in colder climates such as cucumbers, tomatoes and lettuce are the most directly affected. But the energy crisis is impacting the European food supply chain more broadly, with bakers, dairy farmers and other producers, including growers of sugar beet and olives, also struggling to pay bills, as costs rise much faster than the prices they can secure from wholesalers.

Pekka Pesonen, secretary-general of Copa-Cogeca, which represents EU farmers, said last week that the knock-on effects of high bills had been more severe than expected. The price of inputs such as fertilisers and animal feed had shot up, while rising refrigeration, heating and transport costs had deterred farmers from planting.

The EU is discussing plans to cap the



Under pressure: farmers such as this tomato grower in France are being hit by the surge in energy prices
Getty Images

six months. It is already too late for many. Jimmy Russo, co-owner of UK-based Valley Grown Salads, said: "I suspect that 75-80 per cent of UK salad growers will not plant next year... because it doesn't make any economic sense. It's fair to say the salad sector has been abandoned."

The hot weather this summer has compounded the problem, leaving Russo unable to grow most of his normal crop. But natural gas which last year cost him 50p a therm now costs £3.75, and he has been quoted £5 a therm for the winter. "You can't sell a cucumber at £2.50," he said.

In the Netherlands, which accounts for almost a fifth of world tomato exports, many glasshouses are going dark. Companies that normally use lighting to help grow tomatoes "will most likely not do so in the coming winter due to the high electricity price," said Alexander Formsa, energy specialist at Glastuinbouw Nederland.

supermarkets with 20,000 tonnes of tomatoes a year, of which about a quarter is produced in the winter.

Energy costs have surged tenfold compared with last year, said Torben Roll, its chief operating officer. "A huge amount of tomatoes will be missing" from the northern European supply chain, he said, adding growers in warmer climates such as Spain and Morocco might not be able to fill the gap.

Some French sugar beet growers have brought forward their harvest amid fears of gas shortages. Tereos, France's largest sugar producer, said it would move early to begin the energy-intensive process of turning beets into sugar. "There were worries among industrial groups that if there were gas shortages, they could get cut off," said Timotheé Masson, an economist with the French beet producers' union.

While rising energy prices most directly affect the use of heated greenhouses in colder climates, farmers in

"I suspect that 75-80% of UK salad growers will not plant next year... The salad sector has been abandoned"

ers are operating at a loss, according to research for Italy's farming union Coldiretti.

Filippo De Miccolis Angelini, a Coldiretti member who farms grains and vegetables including olives at his farm in southern Puglia region, said his monthly energy bill had almost tripled compared with last year, while fertiliser prices were four times higher.

Some farmers are also choosing to sell on the electricity that they agreed to buy at a fixed rate, rather than use it for agriculture. "I know farmers who have a fixed price contract for two years... and calculated that it doesn't make any sense to use it rather than sell it, trade it to someone else. It's a business decision," said one.

Back in south-east England, Montalbano said some fellow growers closer to retirement age were pulling out, while those who owned land were also cashing in. But as a younger tenant, he said he had few options but to look at less

price of energy for companies and households but could mandate reductions in use, which could hit farmers. The UK has unveiled a plan that would support businesses, but only for

Alfred Pedersen & Son, the largest tomato supplier in Sweden and Denmark, which operates 350,000 square metres of greenhouses, said it is also switching off this winter. It supplies

warmer climates are still being hit by higher input costs and extreme weather. In Italy, where growers were already struggling with a drought over the summer, about a third of the country's farm-

energy intensive crops, such as peppers. "If I don't grow, how do I pay my bills?" he said. "I'm keeping going from my savings, meaning I'm going backwards. So where do I go?"

enforce the ban. China has denied it is abusing human rights in Xinjiang, one of the world's largest producers of cotton and a key supplier of materials for solar panels.

Record exodus

Millions of migrants take flight from repression and economic woes in the Americas

MICHAEL STOTT
LATIN AMERICA EDITOR

The Americas are in the grip of their biggest migration crisis ever, as tens of thousands of people fleeing repression in Venezuela and Cuba swell the flow of people from Central and South America towards the US border, according to a top American official.

Ricardo Zúñiga, President Joe Biden's special envoy for the "Northern Triangle" countries of Guatemala, El Salvador and Honduras, told the Financial Times that an "alarming" increase in authoritarianism and a failure by governments to improve lives lay behind the record human displacement.

"We have never seen anything of this scale in the Americas," said Zúñiga, a Honduran-born US career diplomat who is a principal deputy assistant of state at the state department. "We have never had... such a large movement of people across the whole region at the same time... it's no longer [just] movement from Latin America to the

United States. Everyone is dealing with this everywhere."

The number of migrants being detained at the US border with Mexico continues to break records, creating a major political problem for the Biden administration before midterm elections in November.

Some 2.35mn migrants were apprehended in the 12 months to the end of July, an increase of 63 per cent on the same period a year earlier, according to US Customs and Border Protection figures. Just over half the migrants stopped in the month of July came from Mexico and the Northern Triangle countries, the traditional source of people heading for the US. Large numbers of Venezuelans, Cubans, Colombians and Nicaraguans were also present, as well as smaller numbers of Brazilians, Haitians and Ecuadorians.

Zúñiga said that Venezuela's deep political and economic crisis remained the biggest single driver of migration in the Americas. More than 6.8mn Venezuelans have fled a collapsing economy

and an increasingly authoritarian government, a number comparable to the refugee exodus from Syria's civil war. Many have sought refuge in other Latin American countries, such as Colombia, Ecuador, Peru and Chile.

But Zúñiga also pointed to post-pandemic economic damage in the region and to a "loss of hope" by Cubans after

the authorities cracked down on protests there last year. More than 175,000 Cuban migrants were apprehended in the US in the 10 months to the end of July, the fastest rate of migration since the 1959 revolution.

Another factor behind the surge is that criminal gangs have spotted a profitable opportunity to traffic migrants to

the US. "Migrant smuggling was always a sideline but for some [gangs] it's now a main line," said Zúñiga.

The Biden administration launched a \$4bn four-year strategy in July 2021 to address the root causes of migration in Central America but says that the problems are so deep they will take many years to resolve.

Andrew Selee, president of the Migration Policy Institute in Washington, said the "root causes" strategy was important but it focused only on Central America. In Venezuela, Cuba and Nicaragua, "the US has no ability to return people [because there are no deportation flights] so there's a huge incentive for people to leave, but there's also little stopping them from trying to reach the United States, except for the fear of what could happen to you along the journey."

In Central America, economic growth this year is expected to be well above the regional average. But Selee said that most families with a relative already inside the US now had the means to leave and "it's often a better investment

to migrate than to invest what you have where you live."

"We're very aware of the limits on any outside actor to change centuries of political, economic and social patterns," Zúñiga said. "The fact remains that in Central America, just like in the rest of the region, the main issues revolve around inequality and exclusion and very low confidence on the part of the population that conditions are going to improve."

Despite the Biden administration's focus on democracy and human rights, several central American nations have taken an increasingly authoritarian turn. In Guatemala, Nicaragua and El Salvador, attacks against independent media are increasing, opposition politicians are being targeted and the US has sanctioned dozens of officials for alleged corruption.

"We know it's this massive challenge and we know... that events have been pretty difficult," Zúñiga said. "But... we're very warned by what's happened that things can get worse."



Migrants seek to board a boat in Necolí, Colombia — Loajun Sarmiento/AFP via Getty Images

MOURNING THE QUEEN

Activist prince becomes king – and assumes his new role in public life

Charles was renowned for speaking out on societal issues but recognises that task must now fall to others

ROBERT SHRIMSLEY — LONDON

The monarch stays out of politics. This is one of the most widely accepted nostrums of the modern British constitution. While the crown has huge powers vested in it, they are nowadays held on the understanding that they are exercised only in accordance with the advice and wishes of the elected government.

That the sovereign keeps away from party politics is clear but the true scope of their influence and involvement is a subject of deliberate opacity.

While there were moments in the past 70 years when Queen Elizabeth's intervention has been visible, they are rare.

What is little known is the impact she had in her weekly meetings with the prime minister – possibly the only government business that never leaks – or after her daily wade through official papers, both from the UK and the other Commonwealth nations where she remained head of state.

The issue will gain renewed importance because so much more is known about many of King Charles's views and because he, while Prince of Wales, has been active in promoting his causes with ministers and allowing his opinions to become known. But the King made clear in a BBC interview four years ago that he understood he had to behave differently as monarch. "Clearly I won't be able to do the same things I've done as heir," he said.

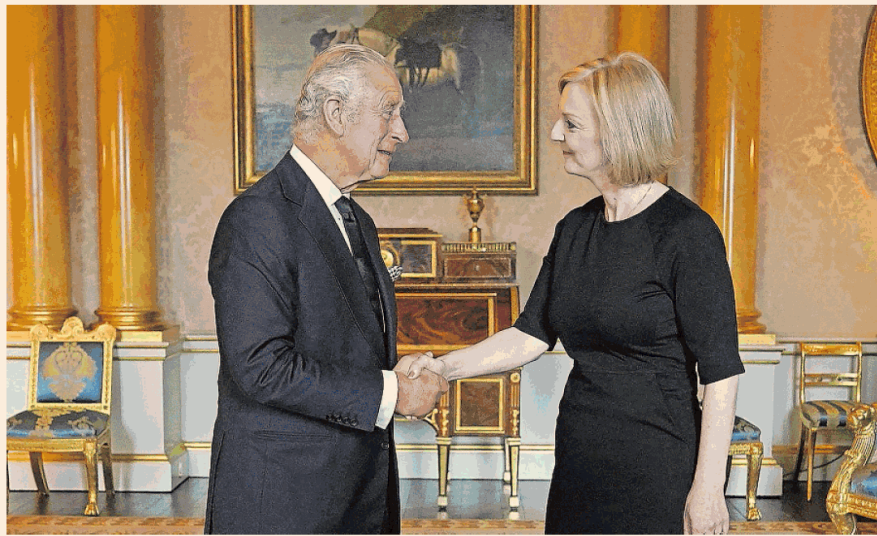
He reinforced this point with his address to the nation on Friday. Speaking for the first time as the King, he stated: "My life will of course change as I take up my new responsibilities. It will no longer be possible for me to give so much of my time and energies to the charities and issues for which I care so deeply."

That work would pass to others, he said, adding that he would "uphold the constitutional principles at the heart of our nation". The implication is that he does not renege from his belief that senior royals should speak on societal issues but that it is now for others, most obviously the new Prince of Wales.

Walter Bagehot, the doyen of English constitutional writers, stated in 1867 that the monarch was entitled to be consulted and could encourage and warn. This alone is significant influence, especially when it was in the hands of someone with 70 years on the throne and 15 British premiers (including the newly appointed Liz Truss), to say nothing of the more than 150 prime ministers of the other Commonwealth realms.

Thus the monarch must give royal assent to every piece of legislation but there has not been a question in modern times of that consent being refused.

The monarch formally opens each new session of parliament (a roughly annual event) but the speech, stating



Newcomers: the King and Prime Minister Liz Truss during their first meeting at Buckingham Palace

Yu Mok/Pool/APP

to dissolve parliament and dismiss a prime minister, forcing an election.

Again however, this is not a power they would use against the wishes of the government or parliament. But there is a grey area. During the Brexit battles of the previous parliament, those close to Buckingham Palace worried over what would happen if the government lost a no-confidence vote and the Queen was forced to ask another leader to try to form an administration.

Perhaps the most dramatic use of these royal powers came not in the UK but in Australia in 1975 when the governor-general, the Queen's representative in the country, used his powers to sack the prime minister, Gough Whitlam. Letters show that the Queen was not told in advance of the move though the crisis had been brewing and had been discussed with Buckingham Palace.

Whitlam had failed to secure parliamentary approval for a budget and then refused to call an election. The governor-general, John Kerr, saw it as a constitutional crisis that necessitated an election. Both he and the Queen had been seen as symbolic heads of state and the use of the power shocked many Australians. Nonetheless, Whitlam was defeated in the election that followed.

In this instance, efforts were made to shield the Queen from the political fallout but it highlights the sensitivity of the

would be improper or unconstitutional but just a raising of an eyebrow, even, you know, a quarter of an inch, we thought would make a difference."

The Sunday before the referendum, the Queen had a brief exchange with a woman in Crathie churchyard where, in clearly considered but seemingly off-the-cuff remarks, she said: "You have an important vote on Thursday. I hope people will think very carefully about the future."

Her words were duly reported. The Queen's remarks were beautifully calibrated. Nationalists could not point to any stray phrase but the warning to think carefully was widely interpreted as a nod to caution and therefore the status quo. However, until Cameron's unprecedented decision to reveal such politically sensitive exchanges, no one could prove political intent. What difference it made cannot be known but the Tory leader clearly felt it helped.

The Queen also notably clashed with Margaret Thatcher when the prime minister refused to back sanctions against apartheid South Africa. The monarch was concerned about the damage this might do to the Commonwealth and was also more broadly worried at the impact of Thatcher's policies on the social fabric of the UK. In an extraordinarily unusual incident, the Sunday Times was briefed about the Queen's

'It will no longer be possible for me to give so much of my time and energies to the charities and issues for which I care so deeply'

King Charles III

tions. The best known have been on non-partisan issues such as architecture, alternative medicine and the environment, where he was an early advocate of organic farming, sustainability and climate awareness.

But he was also revealed to have addressed ministers on more sensitive issues. David Blunkett, the former Labour education secretary, recalled being pressed by the then-prince to expand grammar schools.

After a lengthy legal battle 27 letters by the Prince to senior ministers – the so-called "black spider" memos – in reference to the handwriting – were revealed showing the breadth of his political lobbying. His demands included better equipment for troops in Iraq and a badge call to halt the spread of bovine TB. He also sought more widespread availability of alternative medicines, lobbied for a particular individual to lead a crackdown on supermarkets that mistreated farmers and proposed his own aide brief Downing Street on the design of new hospitals.

While the royal family has no direct power over policy, these letters raised concerns that the future King would continue to push ministers over issues that concerned him. The monarch has the power to influence debate with very small gestures, not least by gently posing questions both in private and public.

Divided region

Northern Ireland visit comes at a fraught time

JUDE WEBBER — BELFAST

King Charles III will meet some of the United Kingdom's most loyal subjects when he visits Northern Ireland tomorrow at a time of deep political crisis and profound demographic change in the 101-year-old region.

Mourners on Belfast's Shankill Road, the centre of the largely Protestant, unionist community that cherishes its British identity, blinked back tears as they laid flowers at a giant mural to honour the late Queen Elizabeth II who was born five years after Ireland was partitioned in 1921.

"This is a country with so much bad politics but a big, big heart for Queen and country," said Lee Williams, who met her as a boy on a trip to Buckingham Palace where his father served as a Welsh Guardsman. "It's who we are."

Nationalist leaders who want to see the region reunited with the Republic of Ireland have joined unionists in praising the Queen for pursuing reconciliation on an island scarred by violence, including the three-decades-long Troubles in Northern Ireland involving republican IRA and loyalist paramilitaries. But that is just about all they can agree about.

While King Charles will be greeted by political and religious leaders and receive a message of condolence from the speaker of the Stormont Assembly tomorrow, the Northern Ireland region has no functioning devolved executive.

The Democratic Unionist party, the biggest pro-UK political force, has paralysed political institutions for months to force changes to post-Brexit trading rules for the region.

After Sinn Féin triumphed in elections in May – the first elections in the region's history not to be won by unionists – the DUP's boycott has thwarted the formation of a new executive under a nationalist first minister.

"Unionist leaders have not enabled Northern Ireland to have its own government at a time when the monarch visits, someone who means so much to them, sentimentally as well as politically," said Conal Parr, a history lecturer at Northumbria University. "For them not to be sitting [at Stormont] is quite shameful."

The latest census data due next week are expected to show for the first time that Catholics outnumber Protestants in a region expressly created to perpetuate a protestant majority and where for many, identity, religion and politics remain tightly bound.

Bongani Ambrose, a taxi driver who fled Robert Mugabe's Zimbabwe and has been living in Northern Ireland for 25 years, felt that King Charles "will do well as long as he doesn't cross into politics".

Both sides of the region's enduring divides paid tribute to Queen Elizabeth's deft forays into the minefields of

what measures will be forthcoming, will have been written by the government. These and other powers held under the so-called royal prerogative are those which notionally belong to the monarch and can be used without parliamentary approval but which either in fact or custom belong to the government or sometimes parliament. The most important prerogative such as the right to sign treaties and declare war are now exercised by government. Even these are being diluted. While the power to declare war now lies with the government, it has become accepted practice that it must be approved by MPs. Likewise the monarch has the power

monarch's most important constitutional right – the power to dismiss governments and dissolve parliament. But through Queen Elizabeth's reign, there have been moments of more direct interventions. Perhaps the most notable in recent times came during the 2014 Scottish independence referendum. Talking years later, David Cameron, the then prime minister, revealed that, as he grew more concerned by the tightening opinion polls and the apparent Nationalist surge, he sought the monarch's help. He told the BBC: "I remember conversations I had with the Queen's private secretary, not asking for anything that

unhappiness by her press secretary. It has never been proved that he acted at the Queen's behest – blame has tended to focus on senior courtiers – but there is no doubt the briefing reflected her views. It was deeply embarrassing to both sides but cannot be said to have altered Thatcher's course. Royals are adept at lobbying for their own interests. In 2021, the Guardian revealed that in the 1970s the Queen – or at least Buckingham Palace – pressed to secure an exemption from financial transparency laws for private royal investments. As Prince of Wales, the new King was often criticised for political interven-

However, both as heir and King, he has shown himself alive to this concern. In the BBC interview, he cited the shake-up plays Henry IV and V and the changes in the young King Henry V as he became monarch. "The idea, somehow, that I'm going to go in exactly the same way, if I have to succeed, is complete nonsense because the two – the two situations – are completely different," he said. Even so, there will be many who will want him to speak on major societal concerns – most obviously climate change. How he and other senior royals tread this line could be a defining issue of his reign.

the region. Her historic state visit to Ireland in 2011 was "a mission of forgiveness", said the Northern Ireland-born former President Mary McAleese, who hosted her at Dublin Castle. However, even as unionists lowered Union Jack flags to half mast and prepared to replace bunting with black ribbons this week, Sinn Féin was urging people to attend a consultation on the future of Ireland on October 12. That is part of a process it hopes will lead to a referendum on reunification within a decade, although polls show a majority of people in the region still want Northern Ireland to remain in the United Kingdom.

Royal assets

Duchy of Cornwall role brought opportunity to explore passions and hone business skills

JUDITH EVANS AND GEORGE HAMMOND

With the death of his mother Queen Elizabeth II last week, the Prince of Wales became King Charles III. But inside the business he has headed for more than half a century, the new monarch was known simply as "the boss". During his record-breaking stint as heir to the throne, Charles threw much of his energy into shaping the Duchy of Cornwall – an estate created almost 700 years ago to fund the next in line to be monarch – alongside other business interests such as his Duchy Originals food range.

The Duchy of Cornwall is "not just a business. It encompasses everything he's passionate about", Charles's wife Camilla told an ITV documentary three years ago.

The Duchy owns almost 150,000 acres of land including the Isles of Scilly, large parts of Dartmoor and 260 farms, and holds £92m of financial investments. But the bulk of its income comes

from its commercial property portfolio, investing in assets such as offices and retail parks. It generated a £23m surplus in 2021-22, of which £21m was paid to Charles.

To run the Duchy, Charles surrounded himself with business people. The current secretary and keeper of the records – equivalent to a chief executive – is Alastair Martin, a former partner in the property agency Carter Jonas.

The Duchy's "council", similar to a board and chaired by Charles until his mother's death, includes the investor Jonathan Ruffier and former SSE chief Ian Marchant, while hedge fund manager Michael Hintze is an adviser, according to its latest accounts. Yet Charles himself has been "very hands on", Martin told the ITV documentary. "He has met all of our main tenants... I have regular briefings with him," he said.

Alongside holdings aimed primarily at a financial return, and historic assets such as the Oval cricket ground, the

portfolio reflects Charles's preoccupations. Its holdings include Poundbury, the village on the outskirts of Dorchester begun in the 1980s, which combines Charles's longstanding preference for "traditional" period-style architecture with once-niche but now popular ideas such as streets designed to deter car traffic. A newer estate at Nansledan in Cornwall follows similar principles.

The Duchy owns some of Charles's residences, such as Highgrove House in Gloucestershire and Llwynywermod, the Carmarthenshire former home of a relative of Anne Boleyn bought for a reported £1.2m in 2006. It also runs holiday cottages and a plant nursery. Charles, mocked in the 1980s for saying he talked to plants, was an early adopter of environmentalism, and the Duchy this year set out plans to reach net zero carbon emissions by the early 2050s.

The Duchy of Cornwall was established in 1537 by King Edward III for his son and heir Prince Edward, "to pre-

serve the state and honour of the said duke according to the nobility of his kind". Charles became entitled to its full income at the age of 21, unlike his siblings who alongside his parents were funded by the separate Duchy of Lancaster. Until Charles's son Harry broke away from the monarchy in 2020, income from the Duchy supported both



The estate now transfers from Charles to his son Prince William

of his children's households, although the family has no access to the capital value of its assets. This "enabled [him] to enjoy a level of luxury unequalled by his siblings, and would set him definitively apart from them", according to a biography by the US writer Sally Bedell Smith. Some funds also go to his charities.

As heir to the throne, Charles also developed a new business venture: Duchy Originals, known for its oat biscuits and launched in 1990 as an outlet for organic food grown on his Highgrove estate. But an ill-fated expansion into the US, combined with the 2008 financial crisis, pushed Duchy Originals to a steep loss. It was rescued by supermarket Waitrose, which now manufactures and sells the foods under the Waitrose Duchy Organic brand. It reported £3.6m of profit last year and operates separately from the Duchy of Cornwall.

In 2004 the venture's growth prompted him to boast to British diplomats in Spain "I'm a self-made million-

aire!", according to Bedell Smith. At the Duchy, there is little question that Charles and his advisers have made some astute financial decisions.

Bertie Ross, who formerly ran the estate, has recalled pulling out of equities before the financial crisis. A shift into urban commercial property significantly boosted returns from the 1990s onward, the journalist David McClure has reported.

But the Duchy has also benefited by its special status. While Charles began voluntarily paying income tax alongside his mother in 1993, the Duchy is not liable for corporation or capital gains tax. It also has other legal exemptions, such as from the requirement to sell the freeholds of houses to leaseholders.

In 2013 the House of Commons public accounts committee said the Treasury should scrutinise the Duchy more closely and warned that its "tax exemption might mean that competing businesses do not have a level playing field on which to operate".

Let the games begin Tokyo is preparing for what may be the best attended videogaming jamboree in years

Monday 12 September 2022

Companies & Markets

Europe's heavy industry takes action to tackle energy crisis

- Steelmakers plan production cuts
- Groups braced for power rationing

SYLVIA PFEIFER AND ABBY WALLACE LONDON

Some of Europe's biggest energy users from steel to chemical companies are stepping up production cuts amid warnings that soaring costs and weak demand are eroding competitiveness.

Several steelmakers, including Europe's largest, ArcelorMittal, have recently announced plans to idle some of their blast furnaces from the end of this month.

ArcelorMittal's German operations warned that the high costs were putting a "heavy strain" on its competitiveness. In Spain, Ferruglobe has temporarily shut two furnaces.

"We are expecting there to be rationing across Europe, that's what we're preparing for"

Miles Roberts, chief executive of FTSE 100 packaging company DS Smith, said businesses had to be prepared for energy to be rationed this winter.

"We are expecting there to be rationing across Europe, that's what we're preparing for," he said. "It may not happen but we have to plan for that now."

The company, which relies on gas for up to 70 per cent of its energy, is combating high prices through hedging, diversifying its energy use and reducing consumption.

operating costs. Russian gas supplies to the EU have been cut by about 80 per cent since the invasion of Ukraine.

EU energy ministers on Friday backed a windfall tax on energy producers to help address costs for households and businesses.

Christian Kullmann, chief executive of Germany's Evonik, a speciality chemicals company, said the country needed to keep its remaining nuclear power stations running.

Evonik is substituting up to 40 per cent of natural gas at its domestic sites with liquefied petroleum gas. It is also continuing to operate a coal-fired power plant.

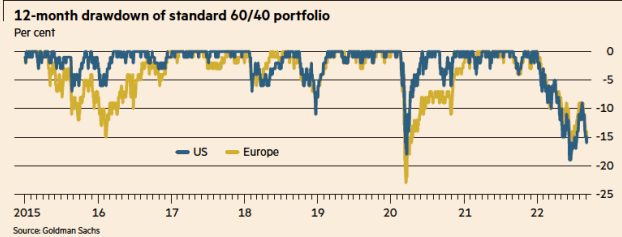
Chemicals group BASF said it had already reduced its gas demand since March, including by switching to alternative fuels such as oil where possible.

Stefan Borgas, chief executive of RHI Magnesita, a FTSE 250 listed maker of refractory products – heat resistant materials used in linings typically found in steel mills – that operates four plants in Germany, said Europe had a "structural disadvantage in energy costs" compared with the rest of the world because of the Ukraine war as well as a "structural lack of investment in energy over the past 25 years".

In the UK, where the government last week announced plans to subsidise energy supply, concerns about the scope and cost of support remain.

Steve Hammell, chief financial officer of Sheffield Forgemasters, said he was

Sync holes Global decline in both stocks and bonds damages 60/40 investment portfolios



CHRIS FLOOD – LONDON

Global stocks and bonds have been falling in tandem since mid-August with galloping inflation forcing big central banks such as the Federal Reserve, Bank of England and European Central Bank to increase the pace of monetary policy tightening.

Policymakers have repeatedly signalled that they will continue with rate rises until they have tamed the worst inflationary pressures in four decades. But fears are growing among investors that the combination of monetary tightening and high energy prices will lead to recession in the US and Europe.

"60/40" ratio, where three-fifths of their money is invested in equities and the remainder in bonds.

Goldman Sachs warned in November last year that 60/40 portfolios could be facing a "lost decade" of sub-5 per cent returns if valuations for stocks and bonds were to return to their long-run averages.

According to Goldman, 60/40 portfolios on both sides of the Atlantic have registered losses of about 15 per cent over the past 12 months.

For example, Vanguard's LifeStrategy Moderate Growth fund – a global 60/40 strategy – has delivered a total return (including dividends and net fees) of minus 14.9 per cent in dol-

lars since the start of the year, the worst performance for the year so far.

BlackRock also warns that recession risks are not yet fully priced in to equity markets and the threat that high inflation rates will persist is still being underestimated by investors.

Jean Boivin, head of the BlackRock Investment Institute, says that neither the Federal Reserve nor the ECB have grasped the severity of the recession that will be needed to crush inflation. But BlackRock also thinks that both will be forced to stop raising interest rates "well short of market projections" once the gravity of the damage being done to the economy and jobs by monetary tightening becomes clear.

Disney boss rejects Loeb's call to spin off ESPN network

CHRISTOPHER GRIMES – LOS ANGELES

Bob Chapek, Walt Disney chief executive, has rejected calls by activist investor Dan Loeb to sell or spin off the ESPN sports-television network, vowing to restore the business to its onetime status as a growth engine of the company.

Loeb, whose Third Point hedge fund revealed in August that it had bought a \$1bn stake in the group, called for ESPN to be spun off to reduce Disney's debt load – just one element of a sweeping plan to shake up the media company.

In an interview with the Financial Times, Chapek said that Disney had been "deluged" with interest from companies seeking to buy ESPN this year amid rumours that it was weighing a sale of the cable network. "If everyone wants to come in and buy it... I think that says something about its potential," he said. "I think its potential is within the Disney company."

ESPN broadcasts live sports in the US, including games of the National Football League, National Basketball Association and Major League Baseball.

"We have a plan for it that will restore ESPN to its growth trajectory," Chapek said. "When the rest of the world knows what our plans are they will be as confident about that proposition as we are."

Chapek said he has "regular conversations" with Loeb, who also took a stake in Disney in 2020 that he sold this year. He characterised the conversations as "very collaborative, non-antagonistic and collegial", including around Loeb's recommendations to change the composition of the Disney board.

He defended the board, saying that the average tenure was four years and that there was a broad "range of skill sets". But he added: "We're so consistent with Dan's thinking that everything he's talked about are either things we've considered in the past or are considering for the future."

Loeb has also called on Disney to buy Comcast's 33 per cent stake in the Hulu streaming service earlier than January 2024, when it has the option to purchase the remaining stake. Some analysts on Wall Street have also urged Disney to

KUWAIT'S decision this month to intentionally cut off supplies through the Nord Stream 1 gas pipeline has intensified worries for manufacturers across Europe about an energy shortage this winter. At the same time, companies face lower demand from customers that are themselves struggling with higher

worried about rationing. Sheffield, which makes forgings and casting for Britain's nuclear submarines, had applied for an exemption from electricity rationing as a precaution, given its work in defence, said Hammell. The company has implemented energy efficiency measures at its site in Yorkshire.

SINCE the start of the year, the FTSE All World index (including dividends) and the Bloomberg global Aggregate bond index have dropped 16.8 per cent. This synchronised weakness has created problems for investors who model their portfolios on a classic

terminals so far this year. That decline has reduced the fund's annualised returns to 6.5 per cent over the decade to the end of August. Peter Oppenheimer, Goldman's chief global equity strategist, says the recovery for US stocks between mid-June and mid-August was a tempo-

becomes clearer. BlackRock's current forecast is for a 60/40 global portfolio to deliver annualised nominal returns of 7.1 per cent over the next decade. But net returns to investors will inevitably be lower if central banks do not succeed in controlling inflation.

settle the return ownership soon. Chapek said that he would "love" to settle the matter sooner but that Comcast had seemed reluctant. "We have talked to them numerous times over the past year-plus," he said. "If that were in the cards we would love to do that, but it takes two to tango."

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Lidija Spicanović (tel. +382-30-300-453; e-mail: lidija.spicanovic@lukabar.me)
Stanislava Milic (tel. +382-30-300-482; e-mail: stanislava.milic@lukabar.me)

Legal Notices

In the matter of Sparkbrook Limited and In the matter of the Cyprus Companies Law Cap 113
Notice is hereby given that the creditors of the above named company which is being voluntarily wound up are required to send in their claims to the liquidator of the company by the date and at the address of their solicitors (if any) in the attached Certificate of Creditors, at Professional Carriers Limited, Julia House, 70, Tames Street, Chester, Merseyside, CH1 3JG, Chester, Merseyside, the joint liquidator of the said company, and if so required by notice in writing from the said joint liquidator to attend to and prove their claims before the said date and place as that is specified in such notice, or in default thereof they will be excluded from the benefit of any dividend payable before such date as is proved.
Dated 10th September 2022

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Automobiles. Residual values
Leasing deals hold back drive to electric vehicles

Depreciation doubts prompt credit providers' reluctance to lower prices for motorists

PETER CAMPBELL — LONDON
To become mainstream, electric cars first have to be affordable. Dozens of countries, from the UK to France and Norway, plan to phase out the sale of engine-driven cars by 2040 or earlier. But their replacements, largely battery-powered electric vehicles, remain stubbornly pricey.

buyer has to finance only that £12,000 rather than the total outright cost of the vehicle. This means a car that depreciates less has a higher residual value and a lower monthly lease payment. Reducing the amount that electric vehicles depreciate is therefore key to making predominantly expensive battery cars more accessible to consumers.

to four years — for enough data to build up to convince financiers to take the jump and increase the residual values of EVs, in turn lowering leasing rates. Many of these "captive finance" companies that are owned by the carmaker, such as VW Financial Service or Ford Credit, are also large profit drivers for their parent companies. VW's arm made £3bn profit in the first half of this year, while Ford made \$1.7bn.

well as the lower maintenance bills, the ironclad rules of supply and demand would also strengthen residual values for used cars, Howarth predicted. "There were 200,000 new EV cars in the UK last year, they won't enter the second-hand market until three years' time," she said. By then, the number of people seeking second-hand EVs would be so high that the available cars "won't even touch the side" of the level of demand, she added.

This is not just down to the costly battery technology but also the reticence of banks to make leasing deals cheaper. These deals dominate the market. In the UK, nine out of 10 new cars are bought using a lease or similar agreement. Before financiers work out what to charge motorists in a leasing deal, they have to calculate the residual value of a car — the vehicle's projected value in three or four years' time when the agreement ends. Problems calculating residual values, or future second-hand prices, are partly responsible for keeping electric leasing prices high. This is because there is little data on which to base them, in contrast to combustion engine vehicles, where dealers use mileage and service history in a well-established market to give a car a future second-hand value. This system meant that, rather than paying outright, most buyers of combustion-engine cars in Europe bought them using credit through a deal based on its expected depreciation. For instance, if a £35,000 car loses £12,000 of value over three years, the

It will take time — Todd reckons three

A lack of data on the value of used battery cars keeps their prices high

While electric vehicles that hold value better may be good news for new buyers who reap the benefits of lower monthly payments, it means the cars will be dearer when entering the second-hand market. In addition, the third-hand value of the vehicles, the factor that will determine how much second-hand buyers pay on a monthly lease, is much less certain. The data pool for cars older than six years is even shallower. "We're not sure how much this will be worth when five or six years old," said Todd, "so the idea of residual value risk being covered could be a factor as well." Many manufacturers, aware of this, are now offering warranty on the battery that lasts for eight years. But consumers still want certainty — and are willing to pay for it. In one example, consumers in the US paid \$2,000 more for an electric vehicle that contained a battery-health certificate than one without, said Patrick Cresswell, managing director of Future Motion consultancy. "Game-changer" batteries page 8



Monday 12 September 2022 FINANCIAL TIMES 7




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Come back in a year and tell us

If cutting your budget was a good idea

Brands can help in a cost of living crisis by cutting their marketing budgets. Wrong. We have more than 40 years of evidence that a short-term reaction is never as effective as long-term investment. For brands or the economy as a whole. Find out more at ipa.co.uk/eff-works #EffWorks



COMPANIES & MARKETS

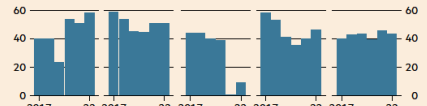
European investors weigh a move out of property

With the era of cheap money ending and inflation rising, debt-laden real estate groups are a less attractive proposition

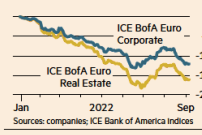
IAN JOHNSTON, ROBERT SMITH AND GEORGE HAMMOND
In March last year, Swedish real estate mogul Roger Akléus spotted challenges ahead for the business he founded three decades ago and decided to take some chips off the table.
Akléus Residential Property had ridden a wave of rising property prices and falling interest rates. Now the 77-year-old property tycoon presented a simple plan for "safeguarding present profit": to its board: sell assets and repay debt. "We will sell Stockholm, Malmö, Copenhagen, Hamburg, Berlin," he wrote in an email to board members.
Six months later, the company struck a deal to sell nearly 30,000 apartments across Germany, Denmark and Sweden to rival Swedish property firm Helimstad Bostad, which took on the equivalent of more than \$6bn in new debt to complete a deal worth more than \$10bn.
"Helimstad doubled the size of its portfolio and leveraged up to do it," said David Schnapps, a senior analyst at research firm CreditSights. "At the time,

I was thinking, one of these guys is right and the other isn't."
One year on, with rising interest rates and spiralling inflation threatening debt-laden landlords, Akléus appears to have been vindicated.
At the same time, bond investors, who in recent years have lent European property companies more and more money at lower and lower yields, are fretting over these companies. Losses on real estate bonds have outpaced the wider corporate debt market this year.
A high-profile governance scandal at German residential property group Adler has cast a shadow over the sector, and since the European Central Bank ended its bond-buying programme in July, new debt issuance has ground to a halt. "Such low interest rates are not normal," Akléus told the Financial Times. "You can almost play with the central banks but you cannot play with the whole market for several years. The nature of the economy will take its revenge."
Now that the tide of cheap money has

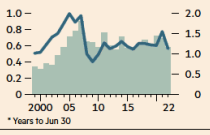
European landlords enter interest rate squeeze with high debt levels
Loan-to-value ratio (%)



Returns from real estate bonds have fallen more than those from other companies
Indices rebased (% change this year)



European corporate bond issuance slips back in 2022*
Proceeds (\$trn) / Number of issues ('000)



ebbed, some indebted European property groups risk running aground. Having accounted for less than 1 per cent of European corporate bonds outstanding in 2012, real estate debt made up nearly 6 per cent of the market by last year, according to analysis from Legal and General Investment Managers.
An undersupply of homes and population growth on the continent encouraged companies to grow by borrowing. Demand for residential property rose during the pandemic and, with cheap debt readily available, real estate investors were willing to buy new properties at historically low rental yields.
As well as rising borrowing costs, landlords also now have higher fuel, material and labour costs. Then there is the all important question of how tenants will cope with rent rises, given the current squeeze on incomes.
Adler embodied the excesses of the easy credit years. Through a string of debt-fuelled acquisitions, the little-known business transformed itself into a sprawling conglomerate that owned 70,000 apartments across Germany.
In the background was Cevdet Cener, an Austrian property magnate who had presided over Germany's second largest real estate bankruptcy at the age of 55. On paper he had a passive role in Adler, having built a stake in the company through his family's investment foundation, but in Europe's close-knit real estate industry, it was an open secret that he was heavily involved in the group. In 2020, a whistleblower told regulators and lenders that Cener was concealing his involvement in Adler through "complicated opaque structures". Short seller Viceroy Research then published a highly critical report on Adler and its links to Cener in 2021.
A subsequent forensic review of

thought was safe annuity-type risk – as now a lot riskier," said Gabriele Foa, a portfolio manager at Algebris.
For some, the problems at Adler are indicative of wider governance issues in the world of European real estate. In February this year, Viceroy turned its fire on Swedish real estate company Samhallsbysggnadsbolaget i Norden, alleging the "debt-fuelled" residential company had overstated the value of its assets and conflicts of interest on its board. SBB denied Viceroy's allegations.
Some of Viceroy's criticism centred on the company's "staggering" debt pile. "The short seller calculated SBB's 'loan-to-value' ratio, the industry measure of debt to assets, as almost 70 per cent. If the hybrid bonds it has issued were as debt, rather than equity.
"Though this was far above the 46 per cent reported by SBB in the first half of 2022, the company said classing hybrid loans as equity was "not unusual" in real estate. Its bonds have not lost as much value as those issued by Adler.
In Germany, Vonovia – the country's largest real estate company and Adler's biggest shareholder – is taking steps to ease pressure on its balance sheet. As debt markets have cooled, new

Legal Notices

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK
In re: **Lumleis Holding B.V.**, et al.
Chapter 11 Case No. 22-11523 (JGJ) (Jointly Administered)
NOTICE OF AN COMMENCEMENT OF CHAPTER 11 CASES, A COMBINED HEARING ON DISCLOSURE STATEMENT, CONFIRMATION OF JOINT PREPACKAGED CHAPTER 11 PLAN, AND RELATED MATTERS, AND COLLECTIVE PROCEEDINGS AND SUMMARY OF RESTRUCTURING SUPPORT AGREEMENTS: JOINT PREPACKAGED CHAPTER 11 PLAN
PLEASE TAKE NOTICE THAT on August 29, 2022 (the "Effective Date"), Lumleis Holding B.V. and its affiliates entered into the above-captioned Chapter 11 Plan (the "Plan") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").
PLEASE TAKE NOTICE THAT on August 29, 2022, the Bankruptcy Court entered an order approving the Plan and the Disclosure Statement, and authorizing the Debtor to implement the Plan and the Disclosure Statement.
The hearing to consider approval of the Disclosure Statement and confirmation of the Plan (the "Confirmation Hearing") was held on October 14, 2022, at 10:00 a.m. in the United States Bankruptcy Court for the Southern District of New York, 60 Broadway Street, Courtroom 05, New York, New York 10004-1010, before the Honorable Lisa G. Beckerman, United States Bankruptcy Judge, which hearing shall be conducted by videoconference on Zoom. The Confirmation Hearing may be conducted from time to time by the Bankruptcy Court and the Debtor without further notice being given and may be conducted in person or by a video conference. The Debtor and the Bankruptcy Court may also conduct the Confirmation Hearing by videoconference at a later date.
On the Effective Date, the Debtor filed a proposed joint plan of reorganization (the "Plan") and proposed disclosure statement (the "Disclosure Statement") pursuant to Sections 1122 and 1126(a) of the Bankruptcy Code. Copies of the Plan and the Disclosure Statement can be viewed or downloaded at no charge by visiting the website maintained by the Debtor's witness and agent, SAI Corporate Restructuring LLC (the "Website").

https://www.ft.com/content/... Copies of the Plan and Disclosure Statement may be obtained by calling the Voting and Claims Agent at 212-222-1234. The U.S. Trustee for Creditors of the Debtor is located at 110 Park Street, New York, NY 10038. For more information, please visit our website at www.adlerplan.com.

Summary of Claims Status and Voting Rights Table with columns: Class, Claims Status, Voting Rights, and Key Dates.

YOU ARE ADVISED TO REVIEW AND CONSIDER PLAN CAREFULLY BECAUSE IT MAY AFFECT YOUR RIGHTS. THE PLAN IS SUBJECT TO THE BANKRUPTCY COURT'S SUPERVISORY AND CONFIRMATION ORDER.

DISCLOSURE STATEMENT: The disclosure of the Voting and Claims Agent is provided for your information. It is not intended to constitute an offer of securities or any other financial product.

REVISIONS TO THE PLAN: The Plan may be revised from time to time. Any such revisions will be subject to the approval of the Bankruptcy Court.

Summary of the Plan: This document summarizes the key provisions of the Plan, including the treatment of claims and the distribution of assets.

Treatment of Claims and Equity Interests Under the Plan Table with columns: Class, Claims Status, and Treatment.

Administrative Claims: Administrative claims shall receive priority treatment in a manner consistent with section 503(b)(4) of the Bankruptcy Code.

Priority Claims: Priority claims shall receive treatment in a manner consistent with section 507 of the Bankruptcy Code.

Secured Claims: Secured claims shall receive treatment in a manner consistent with section 506 of the Bankruptcy Code.

Unsecured Claims: Unsecured claims shall receive treatment in a manner consistent with section 502 of the Bankruptcy Code.

Other Claims: Other claims shall receive treatment in a manner consistent with section 502 of the Bankruptcy Code.

As of this date, certain holders of Claims and Equity Interests are not entitled to vote on the Plan. A full list of these holders is provided in the attached schedule.

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EFFECTIVE DATE: This Plan shall become effective upon the date of its confirmation by the Bankruptcy Court. It shall remain in effect until the date of the debtor's discharge.

DISCLOSURE STATEMENT: This document provides information about the Plan and the rights of claimants. It is intended to assist claimants in making informed decisions.

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Adler's accounts by KPMG uncovered extensive evidence that Cramer not only had significant involvement in decision making at Adler, but also received payments from the company.

Bankers expect other companies to offload property to cut debt. While some are stepping back, others are willing to buy. Heimstadter, the second-largest residential real estate company in Europe, spent another €27m in July to buy more than 3,000 homes from Finnish company Sato in April.

Investors are less certain. While Aekelius Residential's loan-to-value ratio, the industry measure of debt to assets, is now 9 per cent, Heimstadter's was more than 45 per cent in its second-quarter results.

But the episode has proved painful for Adler's bondholders. Some bonds in its debt pile more than €7bn are trading at a little over 50 cents on the euro. It has also been a more general wake-up call for investors.

Adler's situation is having some contagion effect, because investors are now reassessing what they thought about other companies in the sector.



Flat market: a billboard for luxury apartments in Berlin — Kristian Dowling/Blomberg

Game-changer EV batteries 'far away', warns Prime Planet

ERI SUGIURA — TOKYO

Solid-state batteries, which have long carried hopes for turbocharging electric-vehicle sales, will not be the "game-changer" the market expects, according to the head of one of the world's largest car-battery manufacturers.

Hiroaki Koda, who heads a joint battery venture between Toyota and Panasonic, told the Financial Times that new liquid-based lithium-ion batteries would be dominant for the next 10 years.

Prime Planet currently makes square lithium-ion batteries, half of which are used in Toyota's hybrid and plug-in hybrid vehicles, while Panasonic supplies smaller cylindrical batteries to power Tesla's electric vehicles.

"Solid-state batteries becoming a game-changer is still far away," said Koda, president of Prime Planet Energy & Solutions. "One reason is the difficulty in developing [solid-state batteries], and the other is the expanded potential of liquid lithium-ion batteries."

In recent years, the development of solid-state batteries was heralded as the most promising technology to solve EV battery problems including charging time, capacity and the risk of catching fire and explosions.

Car makers have poured money into developing solid-state batteries, which are lighter and safer than current electric-vehicle batteries. Solid-state batteries replace a liquid electrolyte with a solid one and use lithium metal at the anode, instead of graphite as is standard in current lithium-ion batteries.

Honda will spend ¥45bn (\$301mn) in 2024 at one of its research centres to operate a pilot production line, while Nissan said that it plans to mass-produce the batteries by 2028. Volkswagen and Ford have invested in solid-state battery start-ups QuantumScape and SolidPower, respectively.

But they remain expensive and difficult to produce, forcing carmakers to make a game-changer is still far away, said Koda, president of Prime Planet Energy & Solutions. "One reason is the difficulty in developing [solid-state batteries], and the other is the expanded potential of liquid lithium-ion batteries."

Prime Planet hopes to roll out the technology as soon as 2025.

Netflix has teamed up with Ubisoft, one of Europe's biggest video game companies, as the streaming giant seeks to bolster its fledgling gaming business.

The California-based streaming service will launch three new mobile games next year based on Ubisoft's games, including its most successful title, Assassin's Creed.

The move comes as Netflix attempts to accelerate growth of its new gaming arm amid a slowdown in the company's streaming business.

The streaming group has lost more than half of its market value since April when it revealed its decade-long subscriber growth had ended.

Insurance

Brokers renege to Anshun coal mine

Climate concerns prompt global groups to walk away from Carmichael project

KENZA BRYAN — LONDON

Two insurance brokers have walked away from a big Australian coal mining operation as pressure grows on the industry to step back from projects with the potential to worsen climate change.

Adani Enterprises' Carmichael mine in north-eastern Australia has a target this year of producing 10mn tonnes of thermal coal — used to produce heat and electricity — and did have plans to triple this in three years. Its first coal cargo was shipped in January.

Insurers and brokers, which negotiate coverage for companies, have become a target for groups campaigning against environmentally damaging projects because insurance is a pre-requisite for financing back.

Marsh McLennan, the world's biggest broker, stopped arranging insurance for Adani last year at the end of the mine's construction phase, according to a person familiar with the matter.

Specialist publication InsuranceERM was the first to report that Marsh was no longer acting for Adani.

This year, Lockton, another top 10 global broker, entered talks with Adani before deciding in July not to proceed after pressure from campaign groups and staff.

Environmental concerns were raised internally, prompting Lockton to tell staff and a client, in emails seen by the FT, that it had decided not to arrange insurance for the project.

Companies & Markets

according to the campaign group Market Forces. Banks including BNY Mellon and China's ICBC have cut ties with or ruled out financing the Adani mine.

Environmental concerns were raised internally, prompting Lockton to tell staff and a client, in emails seen by the FT, that it had decided not to arrange insurance for the project.

Adani said it had the necessary insurance to operate.

In recent years, 45 of the world's biggest insurers, including five that have previously insured Carmichael — Brit, Apollo, Tokio Marine Kiln, Aspen and Ascot — have said they will not provide coverage to the mine in the future,

But it has resisted pressure from the market. Banks including BNY Mellon and China's ICBC have cut ties with or ruled out financing the Adani mine.

Adani's contractor, ERM, failed to find insurance for the project's rail section last year, it said that either the government would have to provide insurance or clients would have to help.

Australia's new Labor government has set out much tougher environmental targets and this week passed legislation mandating a 45 per cent reduction in carbon emissions from 2005 levels by 2050, compared with a previous target of a reduction of up to 28 per cent.

Technology

Netflix and Ubisoft join in launch of new mobile games

ANNA GROSS — LONDON

Netflix has teamed up with Ubisoft, one of Europe's biggest video game companies, as the streaming giant seeks to bolster its fledgling gaming business.

The California-based streaming service will launch three new mobile games next year based on Ubisoft's games, including its most successful title, Assassin's Creed.

The move comes as Netflix attempts to accelerate growth of its new gaming arm amid a slowdown in the company's streaming business.

The streaming group has lost more than half of its market value since April when it revealed its decade-long subscriber growth had ended.

The partnership will entail the French gaming group developing the mobile games for Netflix. This will also include a game based on Ubisoft's Mighty Quest, a castle-building and monster-looting game, and the historical puzzle adventure game The Banner Saga.

The games will be made available exclusively to Netflix subscribers with no ads or in-app purchases, allowing Ubisoft to tap into new audiences and

But the US Federal Reserve is unlikely to be swayed from implementing a steep interest rate rise later in September as inflation remains well above its target with persistent growth in services prices.

Economists polled by Reuters forecast that the US consumer price index fell 0.1 per cent month-on-month in August after remaining flat in July.

They expect a year-on-year reading of 8.1 per cent for August, down from 8.5 per cent a month earlier.

Lower energy prices were largely responsible for driving down inflation in July and the same trend is likely to have continued the following month as petrol costs fell further.

Some economists said consumers had started to spend less on goods while businesses had increased supply of their products to match demand, which may have also contributed to a decrease in price growth.

"Inflationary pressure on goods prices has clearly eased and some overheated prices, for example used cars, are starting to fall in absolute terms," said Solita Marcelli, chief investment officer for the Americas at UBS Global Wealth Management.

But despite the expected moderation in the August report, the Fed has still signalled that it will continue to tighten monetary policy, as inflation remains well above the central bank's target.

Fed chair Jay Powell and vice-chair Lael Brainard both pledged last week to keep raising rates, fuelling expectations that a third consecutive 0.75 percentage point rate increase will be implemented later this month.

Demand for services has strengthened which Marcelli said has caused more "persistent pressure" on this component of the consumer price index.

Core inflation, which excludes energy and food prices, is forecast to have edged up 0.4 per cent month-on-month in August, following a reading of 0.5 per cent in July.

Housing costs are a large contributor to the services component of the index and shelter costs are expected to continue rising, led by rental price growth.

"The biggest single contribution to



Petrol prices for US motorists at the pump have fallen further

the month-to-month core CPI print will come from housing rents," said Ian Shepherdson at Pantheon Economics. "But we see a decent chance that the pace of rent increases has now peaked, though the uncertainty here is still great, given the unprecedented conditions in the rental market."

Alexandra White

Did UK inflation pick up in August?

UK inflation data for August are expected to offer no respite as economists polled by Reuters forecast that the annual pace of consumer price growth rose from a 40-year high of 10.1 per cent in July to 10.4 per cent last month.

A consumer price index reading at that level would confirm that the UK is

the only G7 economy with a double-digit inflation rate.

It would also intensify pressure on the Bank of England to raise interest rates again, having already implemented six consecutive increases to 1.75 per cent.

The inflation outlook for the UK and the rest of Europe worsened over the summer, reflecting surging European wholesale gas prices following a squeeze on Russian energy flows.

Even before the gas price peaked in late August, the BoE had forecast that inflation would reach 15 per cent in January, causing a prolonged economic recession.

But the medium-term inflation forecast has been mitigated to an extent by an energy package announced last week

'Some overheated prices, for example used cars, are starting to fall in absolute terms'

would lower the expected peak inflation to 11.5 per cent in November from the level of 14.5 per cent previously forecast for January, and would make inflation fall faster next year. But he believed that because the stimulus supported economic activity, "it will boost inflation further ahead".

Valentina Romei

Did Japan's trade deficit expand last month?

Surging commodity prices and rising import costs due to a weaker yen have knocked the Japanese economy in recent times, forcing it to record a trade deficit for 12 consecutive months through to July.

The big question, as downward pressure on the currency continues to build, is whether the trend continued into August.

Japan posted a trade deficit of ¥1.45tn (\$10bn) for July and clocked record-high import costs for the fifth consecutive month.

The offset of a cheaper currency - more competitive exports - has yet to make a definitive mark. Despite the historic depreciation of the yen, which has weakened by about a fifth against the dollar this year to over ¥140, export growth has been limited due to the disruption of semiconductor production and other component shortages.

Analysts suspect that the world's third-largest economy is likely to have taken a further hit in August with the yen sliding to a fresh 24-year low against the US currency in recent days as the Bank of Japan remained committed to its ultra-loose monetary policy even as the Fed continued to raise interest rates.

Economists are divided about whether the trade deficit expanded last month. Goldman Sachs economist Naohiko Baba expects the deficit to have widened to ¥2.47tn, estimating that export volumes have declined slightly year on year.

Weakening demand for exports in the US had an impact on the move, he added. Meanwhile, Citigroup economist Kiichi Murashima believes the trade deficit narrowed in August as supply constraints eased, driving auto exports.

Eri Sugiura

experiment with fresh formats for existing titles. No details of the deal value have been announced.

Netflix entered the gaming sector last year, hiring a number of high-profile executives, as it joined the world's largest technology companies in trying to grab a slice of the most valuable portion

'Whoever our members are we want to make sure there's a game on there [Netflix] for them'

of the entertainment industry. Big Tech groups including Amazon, Facebook owner Meta, Google and Apple have all stepped up their investments in video games in recent years, vying to become the "Netflix of gaming".

Netflix has launched 28 games and acquired three gaming studios, including Night School Studio, which makes the supernatural adventure game *Oxenfree*, and Texas-based Boss Fight Entertainment.

In March, it bought Next Games, the Finnish developer behind mobile games based on its hit show *Stranger Things*.

However, the company has struggled to quickly convert a big chunk of its roughly 220mm subscribers into regular gamers. There are about 1.9mm daily active users of Netflix's mobile games, according to market intelligence company Appointa, and they have been installed 28mm times.

By contrast, King, a popular games publisher that makes *Candy Crush*, has roughly 30m daily active users.

Leanne Loombe, head of external affairs at Netflix, said the streaming company was still "very committed to games" but was at an experimentation stage, working out which styles and genres resonate most with its subscribers.

"Whoever our members are, we want to make sure there's a game on there for them," she said, adding that, in the future, "we are going to start to focus more on Netflix IP" as "that's what we have a superpower in". The streaming giant plans to have a total of 50 games on its roster by the end of the year.

Technology. Online tutoring

Byju's spooks investors after failing to publish its accounts

India's most valuable start-up denies difficulties but some backers question its strategy

MERCEDES RUEHL — SINGAPORE
CHLOE CORNISH — MUMBAI

Byju's, India's most valuable start-up, is coming under scrutiny from the government, investors and creditors over failures to publish its accounts, as funding and revenues dry up for the once-booming educational technology sector.

The online tutoring company had benefited from stay-at-home Covid restrictions and is valued at \$22bn, after raising nearly \$6bn from investors over several rounds, including from leading private equity firms General Atlantic and Tiger Global. It has also taken out \$1.8bn in loans. However, the Bangalore-headquartered start-up has yet to receive at least \$250m in funding from two investors, according to people with knowledge of the matter.

It has also failed to meet its own deadlines to file results for its financial year

ending in March 2021. India's Ministry of Corporate Affairs last month asked the company to explain the nearly 18-month delay. The ministry did not comment on Byju's non-compliance.

Byju's has repeatedly said its auditor, Deloitte, has not signed off on its accounts because of the complexity of reporting the more than \$1.1bn in acquisitions it made during the 2021 financial year. Two investors contacted by the Financial Times have questioned its rapid international expansion and aggressive acquisition strategy.

The edtech sector is being hit particularly hard as India and other countries emerge from the pandemic and students return to school buildings. Byju's has cut staff and budgets this year in many areas, former and current employees said, although the company said it continued to be a "net hirer".

"It is not just Byju's, other [edtech] players such as Unacademy and Whitehat Jr have felt the impact as we open up and people return to offline schools," said Neha Singh, co-founder of Indian data science firm, Whitehat Jr was acquired by Byju's in July 2020.

As late as last December, Byju's was reported to be in talks to go public in the US by combining with a blank cheque company, or Spac, led by Michael Klein's Churchill Capital, in a deal that would have valued the business at more than \$40bn.

Sentiment on Spacs, and start-ups, has changed markedly since. Tracxn data show funding for Indian start-ups hit a record high of \$14.8bn in the third quarter of 2021. But three quarters of decline have followed as economic conditions have worsened, with the second quarter of 2022 seeing just \$6.8bn in funding, a 31 per cent fall compared with a year earlier.

In an unusual move, co-founder Byju Raveendran led financing of his company's most recent funding round with a personal investment.

Like many start-ups, Byju's parent company, Think & Learn Private Limited, is falling to turn a profit. Its most recent available accounts, for the financial year which ended in March 2020, put losses at Rs2.6bn (\$32.5mn). Its main revenue source was "sale of educational tablets and SD cards", worth

Rs16.8bn. Markets and creditors are becoming concerned at the lack of an update on its performance.

A \$1.2bn loan, raised by the company in November, was traded at just 69 cents on the dollar on Wednesday after a sell-off which started in April but quickened last week, according to Bloomberg data.

Raveendran, a charismatic former



Byju Raveendran: co-founder led a recent financing with his own cash

teacher, became one of India's youngest billionaires as the valuation of the company he started in 2011 rocketed. Byju's started out offering pre-recorded English lessons in India then quickly expanded across south-east Asia, the US and Latin America, while acquiring 20 Indian and foreign edtech start-ups, according to Tracxn.

The pursuit of hypergrowth paid off in terms of increasing the company's value, with the latest funding round in March putting it at \$22bn, compared with just \$5.5bn before the pandemic in mid-2019. However, two investors have expressed concerns over the number of acquisitions, speculating that Byju's was attempting to "buy revenues" to justify its high valuation as the pandemic waned and demand dropped.

"Build or buy is a question that a company of our scale must evaluate when we enter a new segment or geography," Byju's said. It said revenues at Osmo, an educational games company it acquired, had grown five times since the acquisition three years ago.

But after Byju's funding did not materialise in full this year, a former opera-

torial executive said budgets were slashed by more than 50 per cent in some cases and the international expansion scaled back, with dozens of staff working on the initiative in India laid off with little warning.

Byju's said the claims of mass lay-offs were "inaccurate". "While there have been some cutbacks in a few departments, there also have been massive increases in hiring in many others," it said, adding that it had recruited 5,000 people in the past year.

The start-up said it expected to publish "annual financial results next week" and first-quarter revenues for the current financial year had grown 50 per cent year on year. It argued it had insulated itself from the cost downturn by diversifying into in-person classes and courses through its subsidiary Akash.

"While pure-play edtech players are seeing a correction after the pandemic boost, whole-spectrum education majors such as Byju's are experiencing continued growth," it said.

Additional reporting by Jyotsna Singh in New Delhi and Robert Smith in London

MARKET DATA

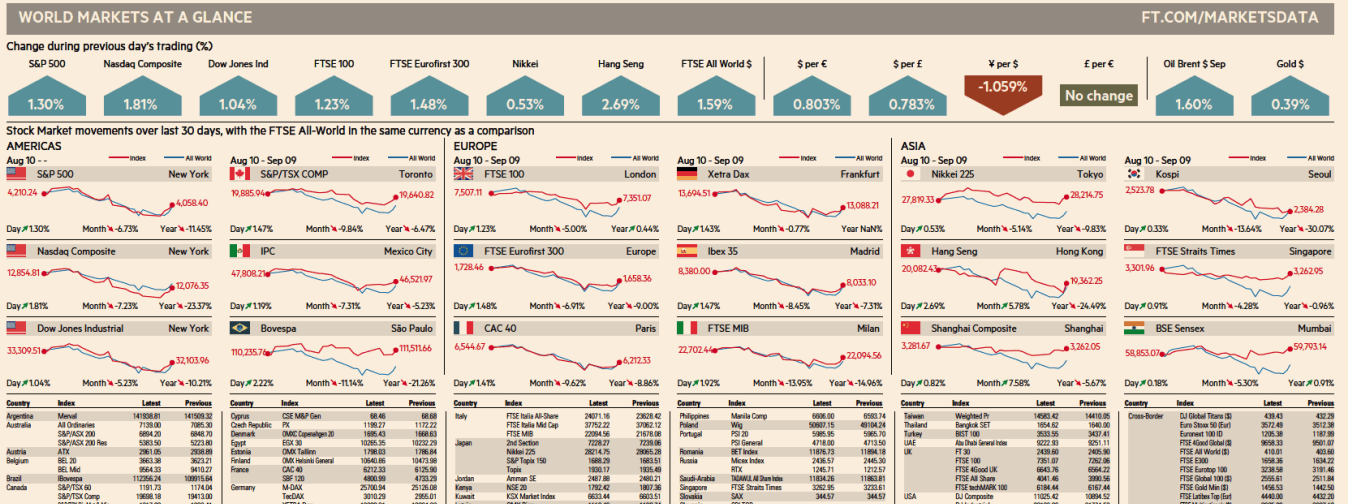


Table with columns for Country, Company Name, and various financial metrics like P/E, Dividend Yield, etc.

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STOCK MARKET: BIGGEST MOVERS

Table showing stock market movements for AMERICA, EUROPE, ASIA, and UK MARKET. Includes columns for Stock Name, Price, Change, and % Change.

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Table showing FTSE 100 shares index data including closing price, change, and various sector indices.

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Table showing FTSE 300 index data including closing price, change, and various sector indices.

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Table showing FT Wilshire 5000 index series data including closing price, change, and various sector indices.

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Table showing FTSE Global Equity Index Series data including closing price, change, and various sector indices.

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UK COMPANY RESULTS

Table showing UK company results including company name, revenue, and profit.

UK RISK FACTORS

Table showing UK risk factors including credit, interest rate, and inflation.

FTSE 500: THE WORLD'S LARGEST COMPANIES

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UK RISK FACTORS

Table showing UK risk factors including credit, interest rate, and inflation.

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Table with columns: Company, Price, Change, % Change, Volume, Market Cap. Includes companies like Amazon, Apple, Microsoft, Google, Facebook, etc.

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MANAGED FUNDS SERVICE



SUMMARY

Summary table with columns: Fund Name, Return, Risk, etc. Includes various equity and bond funds.

Market summary table with columns for various indices and currencies: Nikkei, Hang Seng, S&P 500, etc.

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Table of fund performance metrics for various equity and bond funds.

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MIRABAUD 1819 2019

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Guide to Data

The fund prices quoted on these pages are supplied by the operator of the relevant fund. Details of funds published on these pages, including prices, are for the purpose of information only and should only be used as a guide. The Financial Times Limited makes no representation as to their accuracy or completeness and they should not be relied upon when making an investment decision.

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WORK & CAREERS

Don't be indispensable at work – it's a terrible trap



Miranda Green
Office life

What wouldn't many of us give to have the unshakable confidence of a Harrison Ford? Asked about the future of the Indiana Jones movies, maybe with someone else in the title role, the grizzled film actor reacted badly: "Don't you get it? I'm Indiana Jones. When I'm gone, he's gone. It's easy." The line offers a nice mix of menace and derision – it's very Indy, in fact. But just as it's a really bad idea for ordinary mortals to try our hero's onscreen stunts at home, nor should we adopt the screen star's *après moi le déluge* schtick in the office.

Because making yourself, or seeing yourself as, indispensable is a terrible trap.

The internet teems with advice on how to become "the person no one can live without!" An example pinged into my inbox the same day I was chuckling over the Harrison Ford interview. Like much in the career guru genre, it was promoting a strategy to deal with insecurity, both emotional and economic – after all, there's a lot of both about.

The key anecdote concerned the one person to keep their job when the rest of a department was canned. Well, none of us wants to get canned, so let's deal with the upsides first.

Most of the popular content on how

to be indispensable tends to echo a few nuggets: volunteer for everything, clear up the messes that horrify your colleagues, and become the "go-to-guy" – or gal – for solving problems for your bosses.

Of course, these aren't terrible ideas. If you're trying to get noticed, taking on difficult tasks is a good plan. If you solve problems, you're useful around the place, and since they pay you, that's relevant (with luck it might also be rewarding).

But there are some serious downsides too – even the potential for a 360-degree disaster involving burnout for yourself and resentment from colleagues and bosses, as they realise that they have been manipulated into a state of dependency.

Unless it is the very start of your career, there is a horrible possibility that you are making it more difficult to develop or change your role: some of those listicles and blog posts might be more honest with the title "Five, six or even 17 ways to get stuck in a job you've outgrown". (Yes, it did find a list of 17 – and if you get to the end of that one without realising it's all coming over a bit needy, you're in worse shape than me.)

"It can be a bit of a self-undermining

thing to do," warns Monique Valcour, an executive coach who recognises the affliction: she has even seen cases where bosses sabotage someone's ability to move on or out of an organisation if they become too useful. So if you feel a thrill at overhearing your manager say you can't be spared to try something new, it is a definite red flag.

What about being known for your problem-solving? Yes it can be genuinely satisfying and foster loyalty. But "people can get caught up in the small scale, less valuable activities", says Valcour, "and you need to be able to zoom out and get that strategic focus."

Professional services firms are notorious for hiring a personality type dubbed Anxious Achievers. But Valcour sees many white-collar workers, even at very high levels, "fall into" the psychological trap of trying to make themselves indispensable for other reasons.

"Maybe they are the sort of people who have a need for control, so they start to offload some of the jobs from their manager, who then becomes dependent," she says.

If you are so busy making like an octopus with all the tasks you've volunteered for, how can you decide

“If you are so busy making like an octopus with all the tasks you've volunteered for, how can you decide what you actually want?”

what you actually want? How can you delegate or take a break if you haven't allowed your colleagues to understand your job and help you? A warning from Valcour: "Now you're one of those people with a bluetooth headset on the sun-lounger still talking to the office." Congratulations!

As for leaders who want to be so indispensable that they don't bring on others who are capable of taking over – they can't be deemed a success, even as they exit humming: "You're gonna miss me when I'm gone." And should success in any normal enterprise be dependent on one person? It seems more like a management failure.

Like an ageing silverback gorilla, Ford was keen to see off young pretenders and his chest-beating succeeded – Chris Pratt who was mentioned for the role says he's now too scared. A new Indiana Jones film in production has the star still in the title role – no charming supernaturated cameos for him.

But you and I need to put down the bullwhip and take off the hat. We aren't Indy and we aren't indispensable. Nor should we want to be – it could stop us having our own adventures.

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Career development

Making Europe's next generation of business leaders



An innovative online scheme aims to provide a training ground for future decision makers, writes Andrew Jack

When Oru Ogbo was asked by his employer last year if he would like to join a new programme to train and support young leaders across Europe, he did not hesitate. As a Nigerian who came to the UK a decade ago and was working with PwC, he was keen to share his own experiences and hear different perspectives.

"I wanted to listen to other people's views on the big topics: climate change, geopolitics, misinformation," he says. "And to be part of shaping the leadership model for the next generation. I discovered there were some completely different views on leadership, diversity and how immigrants should integrate."

He joined an initial cohort of volunteers in their twenties, from many countries and professional backgrounds, who helped develop Europe101, a free series of online workshops and talks supported by a networking platform. To date, with its fourth cohort just starting, it has enrolled more than 1,000 participants. They discuss their own views and challenges; debate concepts of leadership linked to purpose, inclusivity and trust; and make commitments to each other, reflecting on how they will change and act in the future.

"We're using a leadership programme to bring a generation and give those young people permission to be leaders," says Julia Middleton, who developed the project, which is overseen by her charity Common Purpose.

"Their perception is that leadership is something static and institutionalised to maintain the status quo. We are challenging that, to make them much more fluid in their thinking. They realise that the role of the leader is not just supporting [the employees] but getting the task done."

Europe101 reflects a broader demand from individuals and employers for flexible new approaches to training and connection-building across national boundaries – and at a time when aspects of UK government policy have moved in the opposite direction, from Brexit to cuts in international exchange and volunteering programmes.

One example is the decision in 2020 by the UK to withdraw from Erasmus, the EU-backed system focused on supporting students to typically spend a year in a university in a different country. It was replaced with the more mod-

Oru Ogbo joined an initial cohort of volunteers who helped develop Europe101. Below: Julia Middleton founded the project, which is overseen by her charity Common Purpose.

Charlie Bibby/FT

such as better communications, team-building, intercultural understanding and civic engagement. "Erasmus alumni vote more in European elections. It turns them into more active citizens."

Other British-backed programmes have also been squeezed. For instance, the International Citizens' Service programme, run by Voluntary Service Overseas to offer 12-week placements, was axed in 2020.

"It nurtured active citizenship, built your confidence, gave you a better chance of employment and improved your wellbeing," says Philip Goodwin, chief executive. "We talk about global Britain and opportunities across the world, but there is no money behind them. That's a huge waste."

Programmes like these may have the greatest benefits, but require expensive periods abroad. That restricted the variety of people able to take part, while also raising environmental concerns about the carbon footprint of

the travel involved. The coronavirus pandemic forced alternative, online approaches: it fostered business schools and other institutions to adapt. The growth of programmes such as Europe101 suggests the approach will develop. For employers such as Danny Bisland, a manager at the Scottish Football Association, which has

"Young people feel our generation has messed up. They want to be part of the decision making"

named a number of participants, the benefits are clear.

"We're seeing a huge shift away from teams to big community-led organisations," he says. "Clubs in Scotland pivoted incredibly quickly during Covid from football to supporting food banks, older people, community care. That's only going to continue. The role of the young person is so critical: they can speak to their peers. We're really interested in promoting the integration of young people into decision making."

Nicolas Kloos, a German mechanic who participated in Europe101's weekly workshops, says the sessions helped him to better understand the importance of taking into account others' perceptions. He thinks the networking, in

all sorts of reasons to hone leadership, and young people feel our generation has messed things up. They want to be part of the decision making."

He believes that with so many pressing issues now, such as the climate crisis, the programme highlights how complex a leadership role can be. And the more culturally diverse the participants, the more valuable the learning experience, he says.

Marcus also adds that the flexible "liquid leadership" idea behind the programme is essential across Europe – and pivotal in his own profession of music.

"We need to move away from an old hierarchical style of leadership. When musicians play together, it's incredible how they are able to take the lead at the right moment, hold it and pass it on."

The next test for Europe101 and other such "light touch" online programmes will be the longer term impact, including whether the participants retain and nurture the connections they make.

Arguably, relationships are easier to build when people are together in person, sharing an experience for a longer period – Erasmus participants, for example, would often live and work together.

But since his involvement last year, Ogbo says he has stayed in touch with a number of those he met. He has left PwC to establish his own educational start up, and become an "ambas-

Book review

A challenge to liberalism's focus on economic growth

Krzysztof Pelc explores how engaging with our passions leaves space for a new kind of politics. By Nick Petersen

Diagnosing what is wrong with liberal societies has attracted much attention over the past 15 years. Some blame economic insecurity and inequality. Others point to identity politics. The corrosive impact of the media, or our entering into a post-truth world, also get thrown into the mix.

Krzysztof Pelc, an associate professor of political science at McGill University in Canada, seeks to bring a different perspective into this debate. His book, *Beyond Self-Interest*, would not, from its title, seem to be about the problems and future of the liberal political project.

But from the first chapter, Pelc has more in mind than giving advice to would-be entrepreneurs. He starts by arguing that the capacity of growth to produce contentment in advanced economies has reached its limit.

Drawing on the ideas of the philosopher and political economist John Stuart Mill, Pelc suggests that beyond a certain stage of material comfort, the things that seem to make life worth living cannot be arrived at instrumentally. They are but by-products of pursuing other ends. Yet our whole mode of doing politics and policy in advanced economies is based on the opposite view: growth is treated as a rough proxy for increases to overall wellbeing. His point is that this focus may be misplaced – actual wellbeing is totally divorced from any purposeful effort to create it.

The impact of love on human life is the most obvious example, and one that Pelc comes back to often. It is no accident that we are said to fall into this state of being. It happens, as John Lennon might say, "when we are busy making other plans".

The point is to suggest that the frustration and unease spreading through advanced liberal societies is because we remain too focused on achieving states of contentment that will not yield to instrumental means. In the end, utility is not something that can be purposefully maximised.

This idea is not new. The "growth isn't everything" mantra has been embraced from time to time by those on the left of the liberal

how the market has reacted to societal discontent with this growth orientation. He argues that it is wrong to suggest the market has no use for people who do things for their own sake. Quite the opposite. Those operating with intrinsic motivations often create the real levers in innovation that can be wielded for further productivity growth. They also tend to be very marketable.

This leaves space for a new kind of liberal politics, according to Pelc, with the goal of giving people more "leisure time" to engage with their passions and intrinsic motivations. Doing so is likely to produce more wellbeing, while resulting in the kind of innovation and advancements the market can soak up for the benefits of productivity, growth and profit. Everybody wins.

The most obvious flaw with this vision is that it can easily be characterised as an elitist political project, favouring those who already have enough material resources to

experience affluent discontent. Pelc knows this, and spends time outlining that this politics should seek to ensure an equitable distribution of "leisure".

Even if these concerns can be adequately addressed, Pelc comes close to engaging in "free lunch" politics. His argument that the politics of leisure are good for everyone surely understates the kind of conflict that would result from advocating policies which attempt to create more space for working people to do things other than work.

Nevertheless, Pelc's argument is often lucid, smartly written and a welcome intervention into the debate surrounding the future of liberalism. The very idea that to be a



"Beyond Self-Interest: Why the Market Rewards Those who Reject It", by Krzysztof Pelc

est Turing programme of shorter-term placements for Britons, with no reciprocal arrangements for nationals of other countries to come to the UK.

"The best thing the UK could do would be to rejoin," says Juan Rayón González, president of the Erasmus Student Network. He cites the benefits



particular, could provide the greatest long-term benefit. "The most important thing is not what you know but the people you know, and the connections you make," he says.

Marshall Marcus, secretary-general of the European Youth Orchestra, which also sends participants, says: "There are

sador" to recruit other young people to Europe101. He sees an urgency in his generation to become involved in tackling societies' biggest problems.

"We came out with a general sense that leadership should be flatter, and very hierarchical structures were a thing of the past," he says.

spectrum. It is also not too far away from the influential capabilities framework of economist Amartya Sen.

Pel's original contribution is to explore

liberal — in the sense of advancing the cause of individual freedom — now requires our societies to move beyond a growth orientation, is a challenging idea worth engaging with.

FEATURES

The Henry Mance Interview

'The EU found out we were dependent on Russia. We can't afford that'

Sabine Weyand

Europe's director-general of trade has discovered assertiveness pays — and that economic ties can mask vulnerabilities



None loves free trade anymore, the great powers have embraced protection, the EU can achieve little. So goes the narrative. But in her seventh-floor office in Brussels, the jovial Sabine Weyand tries not to take it too seriously.

"Trade and investment ties are holding up. Capital flows are continuing. I don't really think that you can say that there is an age of deglobalisation. We live through a reconfiguration of globalisation," says the director-general of the EU's trade department.

Is the distinction important, I ask. "I don't know. I just wanted to be precise." She studied politics, economics and English literature, then did a masters at the College of Europe and "got hooked".

In Brussels, she is mastering both the detail and the context: "You need to be a policy wonk but also a politics wonk." Her border upbringing has helped. "She understands what drives the French and what drives the Germans," says Pascal Lamy, who appointed her to his cabinet when he was trade commissioner. "She's a four-wheel drive. She can do very different things."

By 2016, Weyand was a deputy director-general at the trade directorate. Negotiating Brexit might have seemed like a hospitable pass. But she "wanted the job... There is my girl-scout attitude kicking in... I wanted to serve the European project." Did she ever believe that the UK would really leave without a deal? "The one thing I stopped doing fairly early was to assume that all choices by the UK would be rational. Leaving without a deal would not be the rational choice, but that wouldn't mean that it wouldn't be made. But it was very largely seen as a bluff. And it didn't happen, did it?"

Weyand left the Brexit role in mid-2019, before Boris Johnson negotiated the Northern Ireland protocol. The new UK prime minister Liz Truss is committed to ripping up the protocol. Are we still in the land of unicorns? No, I think we are in the land of nostalgia. I would wish we could stop talking about Brexit, because the UK has left the EU. I very much feel that the UK is still clinging to the past — by prolonging this discussion about Brexit... We have to find a new accommodation. It will not happen as long as the UK seems to be fighting the battles of the past."

Is the EU really up for a trade war, given events in Ukraine? "I'm not going to speculate. But it makes it very difficult to have an alliance in defence of a rules-based international order if in our bilateral relationship these rules are not respected."

Relations with the US have improved under Joe Biden, but Washington's chips act, which gives \$58bn in subsidies for domestic manufacturers, poses issues. "If I look at all the public money that goes into semiconductors, we have to guard against a risk of a subsidies race, which will turn out to be very expensive," says Weyand, without naming the US. "People will say, in order to make it work, let's not import anything. It's the risk of the beggar-thy-name policy."

Some subsidies are justified, but within co-ordination, companies can go "subsidy shopping". "We've seen that: they go around on both sides of the Atlantic and say who offers me more. There we have to be careful."

Are the west's sanctions on Moscow working? Weyand, a self-described "news junkie", cites recent leaks from within Russia. "They are running out of chips, which affects their industrial production but also their military capabilities... Look at a flagship product like a Lada [car] now being produced without airbags. And that is just emblematic. If you hear that they depend on drones from Iran and ammunition from North Korea, you do realise that the sanctions are working." So far, the EU finds little evidence that the sanctions are being circumvented.

Yes, Covid-19 led to a search for resilient supply chains. But Russia's invasion of Ukraine "has really put the wind in the sails" of Brussels's plans for trade deals.

"The EU's official buildings look and feel like black holes for personality. Weyand has avoided being swallowed whole. After nearly 30 years in the European Commission, she is recognisable not just by her black glasses and bob, but by her blunt phrasing and willingness to make a joke.

As the EU's deputy Brexit negotiator, she was known as the brains behind Michel Barnier. She rejected British proposals for the Northern Irish border as "unicorns", earning the scorn of Brexiters. "It's unusual for an official to have so much public visibility: I didn't like that so much."

That is the irony: Brexit was partly a revolt against the European bureaucrats; Brussels bureaucrats like Weyand ensured it achieved much less than its proponents wanted. The other irony is that Weyand is an Anglophile, who studied at Cambridge from 1986-87 and whose free-trading outlook is in line with the UK's historic instincts.

Is there anything left in the EU's toolbox? "We have done a lot indeed on the goods side, there are more things we can do on the services side. But it's a matter of how does it work in practice, where are there gaps or unintended consequences."

Weyand argues that Russia's aggression has spurred trade co-operation. First, EU countries now see the need to diversify their trade. "We found out that we are dependent on Russia not just for fossil fuel, but on a number of

critical raw materials. We can't afford that... Then we realise that there are certain dependencies with respect to China, and there also we have to be careful: we never know when dependencies might get weaponised." Second, other countries are in the same positions. "Everyone is looking at their dependencies; they are vulnerabilities, not trade links."

She hopes to conclude trade deals with Mexico and Chile this year. "We may need a little bit more time with [the trade bloc] Mercosur, because we still have to negotiate an additional instrument on deforestation... The priority is looking at Latin America, which we have left very much in the hands of China over the last few years." Concluding a deal with Australia is now aimed for spring 2023. Meanwhile, India is "challenging": the hope is to conclude negotiations before the end of the present commission in 2024.

Whatever deals the EU strikes will inevitably be compared with

politicians realise their objectives for which they are elected. There are distortions and prejudices, there are clichés, but you know, you have to accept that."

Has Brussels changed her? She exhales. "You need roots somewhere. What roots me is still my family and friends in Germany, but also in other places. I don't really feel that I'm confined by the Brussels bubble."

'We all face the same problem of the erosion of the multilateral trading system'

Relations with the US have improved under Joe Biden, but Washington's chips act, which gives \$58bn in subsidies for domestic manufacturers, poses issues. "If I look at all the public money that goes into semiconductors, we have to guard against a risk of a subsidies race, which will turn out to be very expensive," says Weyand, without naming the US. "People will say, in order to make it work, let's not import anything. It's the risk of the beggar-thy-name policy."

Some subsidies are justified, but within co-ordination, companies can go "subsidy shopping". "We've seen that: they go around on both sides of the Atlantic and say who offers me more. There we have to be careful."

ETS GRE

I am very much into competent bureaucracy to help politicians realise their objectives'

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by developing new detentive powers, including a carbon tax on imports.

The trade directorate has dragged its feet on the most expansive proposals. But Weyand insists the direction is right: "We need partners more than ever, but we have to [engage] on the basis of strength."

Weyand's belief in the EU is born of her upbringing in the German village of Körprich, Saarland, half an hour's drive from the French border. "Europe has always been the reality on the ground for me, but also an aspiration... We always went over to France to have a good meal."

In person, she is forthright but controlled. I mention that her father was a politician. "A local politician," she says.

- On the spot**
- **Advice on how to negotiate?** Don't take yourself too seriously, and remember that it's only win-win that will get you a deal.
 - **UK: friend or foe?** Partner and ally.
 - **Will another country leave the EU?** No. I don't think it's been an experience that has encouraged this sort of desire elsewhere in the EU.
 - **One thing you'd change about Brussels as a city?** No, I like Brussels.

those signed by the UK, post-Brexit. Brussels arguably drove a harder bargain with New Zealand than London did. "In international trade negotiations, size matters," says Weyand. "On the other hand, the UK has taken the choice of basically doing a full opening of their agricultural market. That's not the choice we have made or would ever make."

But the real strategic challenge is China. In response to abuses in Xinjiang, the commission is proposing a ban on marketing products made by forced labour. An outright import ban would risk being "discriminatory," given there is evidence of forced labour inside the EU.

Does taking unilateral actions under-

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ARTS

Orchestra chief steps down on a high note

The New York Philharmonic's departing president Deborah Borda has overseen a total renovation of its hall and a bold new season. She talks to Richard Fairman

In October, the city that never sleeps will greet a new dawn for the arts. After a major redevelopment during the pandemic, David Geffen Hall, home of the New York Philharmonic, is due to reopen at Lincoln Center. The photos released in advance look impressive and there is understandable pride that the project has been completed on budget and two years ahead of schedule (work was accelerated during the pandemic).

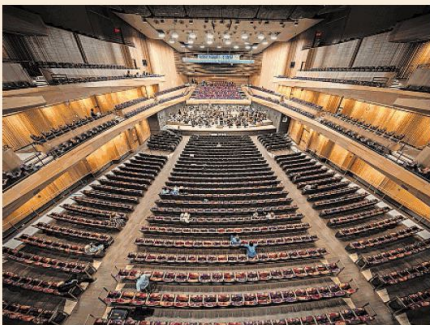
After being hit so hard by Covid, the city is turning its eyes to the future. Not only is there a largely new hall, but the New York Philharmonic is launching an imaginative programme for the opening season, arguably the most eye-catching of any major international orchestra.

The season will focus on issues at the top of the current affairs agenda. There will be four themes: "Earth" will look at the climate crisis through premieres by Julia Wolfe and pioneering American nature composer John Luther Adams; "Spirit" will appeal to the spiritual in humanity and nature, focusing on music by Bach and Messiaen; "Liberation" explores the national dialogue on racial equality prompted by the murder of George Floyd, with composers Courtney Bryan and, in a big multimedia evening, Adolphus Hailstork; and "Home" will look back at the pandemic and what homes came to mean to us during the lockdown.

A key player behind all this activity is Deborah Borda, president and chief executive of the New York Philharmonic. Above right: the redeveloped David Geffen Hall, and the hall in 1964. — Allen Serrano/Getty Images; Chris Lee/SIPA/SeratingNY Philharmonic



Above: Deborah Borda, president and chief executive of the New York Philharmonic. Above right: the redeveloped David Geffen Hall, and the hall in 1964. — Allen Serrano/Getty Images; Chris Lee/SIPA/SeratingNY Philharmonic



Yorker by birth, but made her name in Los Angeles, helping to lift the LA Philharmonic into the first division. "We don't have the big five [US orchestras] any more," she says, "but the big seven."

Initially, she went to LA to open Walt Disney Concert Hall, the Frank Gehry-designed venue that has proved such an icon for the city, but ended up staying for 17 years, bringing in the young, livewire Venezuelan conductor Gustavo Dudamel as music director, an inspired choice.

The difference, she says, is that New York is a truly international city. "There is such easy access from Europe, and only a few hours over the pole from Asia, so there is a larger community of people within reach, and the impact is profound. The New York Philharmonic is a very old orchestra, founded by German firemen who sat around playing Haydn symphonies, and you can always revive a tradition."

Borda will be leaving the New York Philharmonic at a crucial time. The post of music director is due to fall vacant when Jaap van Zweden steps down at the end of the 2023-24 season. Filling vacancies like this from an ever-decreasing pool of prestigious conductors is becoming very tricky. When will the announcement of a successor be made? "Probably

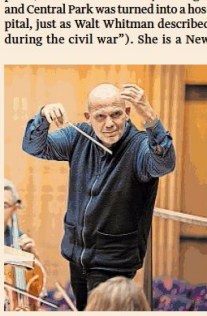
'It is very important that we invite people in. We are not an Acropolis on the hill that people are afraid to approach'

believe the future for the arts in the US lies in individual philanthropy, because the quest for return on investment at corporations these days makes it really tough going. What individual donors want to see is a vibrant organisation of the moment."

With so much on offer, the NY Phil needs the new David Geffen Hall to draw in audiences, and two central aims of the \$550m redevelopment should help. Opened in 1962, originally as Philharmonic Hall, later renamed Avery Fisher Hall, this is a venue that was never loved for its acoustics. Reducing the capacity from 2,700 seats to 2,200 is said to have found a "sweet spot" and there is much anticipation for the quality of sound when the hall reopens.

The second objective, which Borda is energetic in promoting, is making the hall more welcoming. There is now a wider range of possibilities, including amplified music, staged performances and film screenings. A new studio space looks directly out on to the corner of 65th Street and Broadway and a 50-foot screen in the lobby will enable visitors to watch concerts for free.

"It is very important to our partners at Lincoln Center and to our philosophy that we invite people in," she says. "We are not an Acropolis on the hill that



Jaap van Zweden conducts a rehearsal in the redeveloped hall

people are afraid to approach. During the pandemic, when we could not give concerts inside, our bandwagon took music out to the people. We drove our truck around the five boroughs of New York and gave over 80 concerts. That made us a lot of community connections, like National Black Theatre and Mother AME Zion Church."

Borda herself spent the pandemic in New York, living near Mount Sinai Hospital ("There were sirens day and night and Central Park was turned into a hospital, just as Walt Whitman described during the civil war"). She is a New York

not this year" comes the cagey reply. As everywhere, there is also the on-going struggle to attract a young and diverse audience to classical music. Access initiatives are all very well, but is there any barometer to measure whether they actually do any good?

"We are beginning to think about that," says Borda, "because in the past we have quantified success simply through revenue and bodies on seats. One of our big crossover audiences is when the Philharmonic plays [live] for films, and they often turn into Phil attendees later on. If you want to make friends, you don't invite them once. You have to work at it."

As she prepares to step down, Borda is optimistic about the future for music, as long as people have the courage to keep moving ahead. "You have to be allowed to fail," she says. "If institutions don't fail, it means they haven't been courageous enough. We have been scared enough by what happened [during the pandemic] that a fire has been lit. Through the world's problems — climate change, Ukraine, global hunger — music can be a beacon, if it keeps daring us to try different endeavours, to be who we don't think we are."

The New York Philharmonic's 2022-23 season opens at the new David Geffen Hall on October 12, Lincoln Center.org

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THE TALENT SHOW

How a gorilla research project went ape

PODCASTS

Fiona Sturges

When, four years ago, a gorilla named Koko died in her sleep in Woodside, California, the news made headlines around the world. Koko, who

complaint. Among the items retrieved from her belly were a ball and some plastic food packaging. Vets subsequently declared the operation a success though they were at loggerheads with Patterson, who insisted there was still debris in her stomach and that Koko was gravely ill. Asked to characterise Patterson's relationship with Koko, one former associate says they were like mother and daughter. Another observes: "Penny [was] an eccentric character... Anybody that commits their life to this kind of work and is committed to wanting to see gorillas and

which we learn how Koko tried to remove the shirts of several of her visitors, which led to sexual harassment lawsuits.

"It is no secret that Koko liked nipples," says one of her former caretakers, who memorably describes himself as "Fay Wray to her King Kong".

Perhaps the most dispiriting part of the story is how little Project Koko ultimately contributed to our understanding of gorillas. Patterson seemed to lose sight of the scientific goals as she got caught up in her and Koko's celebrity. Meanwhile, the gorilla became

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was 46, had become an unlikely star in the 1980s and 1990s and counted William Shatner, Fred Rogers and Robin Williams among her celebrity friends.

A western lowland gorilla born in San Francisco Zoo in 1971, she was taken into the care of Francine "Penny" Patterson, then a doctoral student at Stanford University, who taught her to use sign language and turned her into a household name.

So how is it, asks Lauren Ober in *Fine Gorilla Person*, that Koko died depressed, overweight and "a shell of a gorilla"? In this new eight-part podcast, which is named after Koko's description of herself, Ober tells a darker story as she unpicks the animal's life to look at the cost of a science experiment that lasted more than four decades.

Both disturbing and illuminating, the series opens with Koko having an operation to deal with a gastric

teaching them sign language is not your normal person."

The story of Koko is fascinating in itself, though what elevates *Fine Gorilla Person* is Ober, who avoids sentimentality and, in her chatty, quizzical script, strikes a smart balance of cool analysis and incredulity. The "what were they thinking?" vibe reaches its apogee in the penultimate episode, in

a totem of a culture that claims to love animals while falling to act in their best interests and requires them to live out a fantasy in which they behave like humans. It's with characteristic dismay that Ober notes: "She became the conduit between her kind and ours. In a way, Koko was the missing link."

audible.co.uk



Koko the gorilla practices sign language with trainer Penny Patterson, 1978. Jerry Teller/San Francisco Chronicle/Getty Images

FT BIG READ. ENVIRONMENT

The halo of forest that circles the globe at a subarctic level is at risk of a catastrophic dieback fuelled by permafrost melt and wildfires. The war in Ukraine is preventing international co-operation to halt it.

By Alexandra Heal

Blind spots in the boreal



In summer 2019, the Cambridge physicist, Gareth Rees, flew into Yakutsk to meet a team of Russian scientists. The far eastern Siberian port is known as the coldest city on Earth, but that year it was simmering in a heatwave. Together the researchers drove deep into the region's forests on a road paved by gulag prisoners.

The British and Russian scientists were on a mission to study how the boreal forests of the subarctic region are transforming with climate change. Together they measured 2,000 trees, sweating under the heavy clothes protecting them from swarms of insects. Rees had worked with Moscow State University on the issue since the fall of the iron curtain. A specialist in remote sensing, or detecting ecological changes by measuring radiation, he was in Moscow to pursue joint research as recently as January.

But he has not returned since. Collaboration between western and Russian climate scientists almost entirely stopped in its tracks after President Vladimir Putin sent troops into Ukraine. As a result, Russia's half of the global boreal forests – a jade halo of conifers that spans 15m square kilometres across northern latitudes of Eurasia and North America – is quickly turning into a "black box" that international researchers cannot access.

Concerns are rising about how this breakdown in communication will affect our understanding of global warming's effects on an ecosystem that plays a little-discussed but significant role in regulating the planetary climate. The boreal ecosystem is the biggest land-based carbon store on Earth. The

patterns, and EU efforts to improve international access to research stations in and around the Russian Arctic.

"About a third of the Earth's land surface is forest, about a third of that is boreal forest and about half of that is in Russia," says Rees. "Trees are fantastically important in the bioclimatic system and there are a lot of trees in Russia," he adds. "Not knowing about these big dollar trees on the Earth's surface is a serious gap in our knowledge."

An ecosystem under threat

The boreal forests first started forming about 18,000 years ago when the glaciers of the last ice age started retreating. The emerald crown south of the Arctic circle – also known as the "taiga" – is the largest land-based ecosystem. It coats sprawling tracts of Russia and North America, as well as parts of Scandinavia, China and Japan. Fir trees dominate in some pockets. Others are crowded with pines and scraggy black spruce. There are also deciduous trees, such as birch and poplar.

Today, the boreal forests are burning. Their northernmost latitudes are warming twice as quickly as the rest of the world, and consequently fires are becoming more frequent and severe. Burnt area in the whole North American boreal region has nearly doubled over the past 60 years and this summer's Alaska fire season burnt through more than 12,000 sq km of land, three times the annual average.

In Russia last year, fire destroyed an estimated 181,000 sq km of forest – an area the size of Oklahoma – according to Greenpeace. "2019, 2020 and 2021 were each record fire years in eastern

The trees covering the world's largest land-based ecosystem, above, are slowly moving northwards, as seen in the map below, potentially worsening local warming. Below right: a firefighter watches a wildfire in northern Russia

Natural Resources Defense Council; Ivan Nikitov/Getty Images

"There are a lot of trees in Russia. Not knowing

burns through the protective layer on top and exposes the frozen soil below, meaning blazes in the boreal emit far more carbon than those in temperate forests. "The total amount of carbon that is combusted in these fires is a lot more than, for example, the fires that are going on now in the Mediterranean," says Veraverbeke. "Per square metre, there is a lot more carbon."

Wildfires in boreal North America alone could from now to 2050 release up to 3 per cent of the world's remaining carbon budget for keeping global warming under 1.5C, a study funded by NASA found in April.

Wild blazes have always been a natural and beneficial occurrence in the ecosystem. But warmer temperatures are triggering more of the lightning that ignites them and drying out the vegetation and soils that act as fuel.

There is also evidence that the warmer climate is interrupting the forests' natural regenerative cycles. On sites across North America, previously dominant black spruce trees are failing to return after fires, the dark and spindly clusters giving way to spreads of peagreen deciduous saplings with big leaves that quake in the wind. In some areas, only patches of shrubby, savannah-like grassland remain.

"We're just starting to see this really interesting new state where nothing is coming back after fire," says Winslow Hansen, a forest ecologist at the Cary Institute of Ecosystem Studies. "It's only recovering to a non-forested state and we don't know a whole lot about what is causing that. It seems plausible that it's related to increasing drought after fires, from climate change."

"The boreal forests could transition to a carbon source, probably not next year or the year after, but maybe within our lifetime"

A satellite study this year found the boreal is greening more than it is browning, which means there are more areas growing thicker with vegetation than there are patches that are dying.

However, the greening primarily occurred in northern, colder latitudes. The browning took place mostly in the warmer, southern areas – confirming climate model predictions that warmer temperatures are pushing the biome to the north.

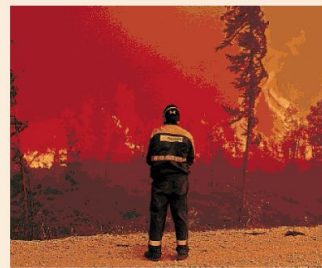
If the planet passes 2C of global warming, the Intergovernmental Panel on Climate Change says it is "possible" boreal forests will spread drastically into the Arctic tundra. This is an uncertain prediction, but if it occurred it could introduce a dangerous feedback mechanism. "Dark conifers migrating into the previously snow-covered tundra would absorb more heat from the sun and could exacerbate regional warming,

strategies, like soil carbon sequestration and different types of renewable energy, we found [fire fighting] is a cost-effective way to reduce carbon emissions," says Carly Phillips, a wildfire and carbon researcher at the Pacific Institute for Climate Solutions, who led the study.

Other scientists are sceptical about the practicality and cost of starting to suppress outbreaks beyond those that are a threat to people or infrastructure. The same study found that keeping Alaska's fire emissions at historical levels would cost about \$700m, around a fivefold increase from current spending. Other possible strategies to fight the boreal's dieback include sowing tree seedlings after fires in relatively cool and wet years, and planting species that are drought resistant or otherwise better suited to future climates.

Limiting logging would also help. Although much of the boreal is undeveloped, logging is rampant in parts of Canada and Siberia. More than 4,000 sq km of Canada's ancient trees are cut down every year, according to the Natural Resources Defense Council. This destroys wildlife habitats and can also release carbon from the soil. An environmental research paper found last year that fires in Siberia were more frequent near filling sites.

But tackling human-driven deforestation would require international co-operation that has all but come to a halt. At the COP26 summit in Glasgow last November, all of the countries with boreal regions, including Russia, committed to stop and reverse global forest loss by 2030. The pledge is now at risk owing to the fallout from the war. Elena Kukavskaya, a boreal



forests currently store more carbon than is currently found in the atmosphere — and twice as much as all human-caused emissions since 1870.

But as subarctic temperatures rise, this vital ecosystem is losing stability, with swelling fire activity, thawing permafrost and insect infestations. More tree cover has been lost to fire in the boreal region over the past decade than anywhere else on Earth.

The transformations in these northern forests could trigger the ecosystem to reach a tipping point where it starts releasing more carbon than it absorbs, potentially for centuries to come. This could be catastrophic for humanity's efforts to keep the global temperature rise below 1.5C.

"People often talk about how to get carbon out of the atmosphere, but there has been far less focus on how to keep massive carbon stores in the ground," says Anthony Swift, Canada director of the Natural Resources Defense Council.

"The boreal is an under-reported story but one that absolutely has to increase in prominence. There has been a great deal of focus on tropical forests for good reasons... but what's been happening in our global northern forests has been off the radar."

Yet vast expanses of the forests are now off the radar completely as western universities and research teams collaborating with Russia have suspended work. Among the projects put on hold are British Antarctic Survey and Russian Space Academy modelling of how climbing temperatures are affecting fire

Siberia," says Sander Veraverbeke, an Earth system scientist at Vrije Universiteit Amsterdam.

But owing to the fallout from the war, little is known internationally about the impact of those wildfire seasons in Russia. The conflict forced Veraverbeke to cancel a planned field trip with the Russian Academy of Sciences to research how much carbon the blazes emitted.

That's not simply a matter of counting scorched trees. Fire is a significant driver of continuing permafrost thaw. It

about these big dollar trees on the Earth's surface is a serious gap in our knowledge

Although researchers found in 2021 that most of the black spruce sites they studied were still resilient, they predicted that "increases in climate moisture deficits and fire activity will erode this resilience, pushing the system towards a tipping point that has not been crossed in several thousand years."

Wildfires and their related impacts pose a significant risk to the boreal. But the warmer temperatures are fueling another phenomenon with just as significant a fallout: the forests them-

leading to more permafrost thawing," says Scott Goetz, a macro-scale ecologist at Northern Arizona University, one of the satellite study's authors.

Permafrost is already thawing in both the tundra and the existing boreal, releasing carbon emissions beyond human control. In places, the forest floor is collapsing and the once majestic conifers above are toppling over.

These changes all point to the possibility that one day these globe-spanning forests could start emitting more carbon than they absorb. "I don't think we're going to lose all boreal forests," says Brendan Rogers, an Arctic-boreal scientist at the US-based Woodwell Climate Research Center. "But I do think they could transition to a carbon source, probably not next year or the year after, but maybe within my lifetime."

Fighting fires

The cycle is not yet set in stone, and scientists say prompt action could quickly reduce emissions.

"The thing about these transitions in the boreal forest is that they're all initiated by fire, which is a relatively abrupt thing," says Hansen, adding that trees or grasses grow back within decades. Sea ice, by contrast, takes millennia to form and melt, making it difficult to stop changes once they are triggered. "The time to really take action is now."

One paper suggests that investing in more widespread fire suppression could draw down emissions. "Compared to different emissions reduction

researcher at the Siberian Branch of the Russian Academy of Sciences, says that while some western scientists are continuing to work with her on a personal level, it is no longer possible to do joint fieldwork or apply for joint funding.

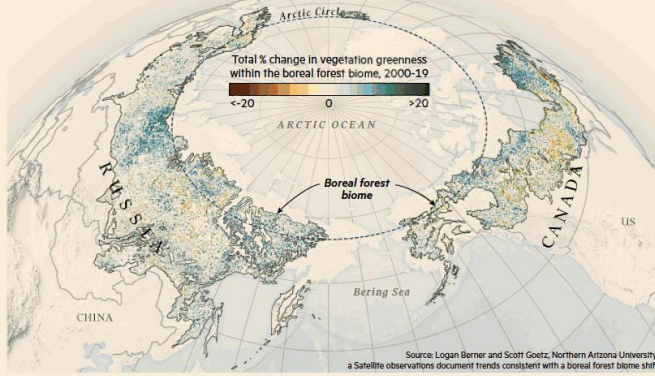
The block on international money transfers means Russian scientists cannot pay the fee to publish in journals without a western co-author and some publications automatically reject Russian scientists. "It's really sad," she says.

Much planned research had been delayed by the pandemic and, even before this, the Russian portion of the boreal was not well understood. Solely Russian research sometimes sits untranslated in Russian journals, so the international climate community cannot absorb it into global models.

"Much data exists within the country that doesn't leave the country," says Robert Baxter, a plant ecologist at Durham University. "Looking east is very much where the major gaps lie."

The problem cannot be solved by using data from North American boreal forests as a proxy for Russia's because the two regions differ ecologically in several ways.

Without this information, scientists say it will be harder to measure how far away the boreal's tipping point might be — and how long we have to prevent it being reached. "If we're able to get more information or continue collaborations with Russian scientists, we're going to be looking at a fraction of the picture," says Rogers. "It does ultimately affect all of us."



The FT View



FINANCIAL TIMES
"Without fear and without favour"

ft.com/opinion

Currency shifts add to global economic woes

The US dollar still has an outsized influence on trade and finance

As if the energy crisis and the highest inflation rates in four decades were not disruptive enough, the global economy is also being rattled by big realignments in exchange rates. After two decades of being stronger than the dollar, the euro is now at parity with the greenback. Last week, sterling fell to its lowest level against the dollar since 1985 — and many analysts expect it to fall further. The yen, meanwhile, has continued its precipitous slide against the dollar, and is set for its worst year on record.

One part of this story follows a familiar pattern: in times of trouble, currency traders and investors flock to the dollar as a safe haven. That was true even in the 2008 global financial crisis, when the US's own financial collapse was the epicentre. Right now a multitude of fac-

tors are driving demand for the security of US assets: the war in Ukraine, Europe's energy crisis, and precariousness over how some emerging markets will manage high oil and food prices. The US is essentially the least unsafe option, particularly given its position as a net energy exporter.

Economic fundamentals also back up the run to the dollar. At this year's Jackson Hole confab, US Federal Reserve chair Jay Powell's speech was short but crystal clear in its message: the Fed will not hesitate to push up interest rates even further in its quest to bring down inflation, which is still running at more than four times its target. This raises the relative draw of dollar securities, with central bank policy rates lagging behind in other advanced economies. The outlook for the eurozone and Chinese economies has also darkened, while recent data point to some resilience in the US, alongside President Joe Biden's fiscal support.

A number of idiosyncratic factors

have also contributed to some currencies' weaknesses. Russian president Vladimir Putin's weaponisation of gas flows means the European economy is undergoing a huge terms-of-trade shock. Uncertainty over how it will overcome the energy crisis has made investors jittery. In Britain, confidence in fiscal credibility has been dented by the new government's already strained public finances, swipes at independent economic institutions and enormous borrowing plans. The Bank of Japan has meanwhile persisted with considerably loose monetary policy, to stimulate growth and inflation.

The strength of the dollar, in turn, has profound implications. In advanced economies, central banks are playing catch-up with the Fed to avert a further weakening of their currencies — which also raises imported inflation. Rising rates are all the more problematic for some as energy crisis borrowing adds to already high pandemic debt piles. In emerging countries it threatens balance

The outlook for the eurozone and Chinese economies has darkened, while recent data point to some resilience in America

of payment crises by raising dollar-denominated debt burdens and driving disruptive capital outflows. About 20 emerging markets have debt trading at distressed levels, according to the IMF.

There are no quick solutions. The only sustainable way for advanced economies to regain ground on the dollar is via credible and prudent policies that will usher them through today's crisis and on to higher growth paths. For the emerging world, better co-ordinated multilateral debt restructuring is key.

America's shrinking share of global output, the rise of digital currencies and the weaponisation of the dollar in sanctions against Russia have all been cited as reasons for its potential demise. Yet the currency still has an outsized influence on the global economy given its dominant role in global trade and finance. In 1971, then US Treasury secretary John Connally warned his international counterparts that the dollar was "our currency but your problem". More than 50 years on, his words remain true.

Opinion Technology

Japan is preparing for a videogaming jamboree

Maria Hergueta



Leo Lewis

After this week, after a Covid-enforced hiatus, the Tokyo Game Show will reopen its turfles for the first time in three years: a huge, 1,883-booth trade fair convened in the faith that cramming a hangar with humans is the best way to sell the idea that the future of gaming is virtual.

In the years before the pandemic, the once mighty, must-attend TGS seemed to have realised that it had a relevance problem. This was not because Japan's creativity and power was shrivelling (though some interpreted it as such), but because an event that once showcased the industry's cutting edge had been sidelined

released ahead of the TGS, Goldman Sachs analyst Minami Munakata argues that they probably will.

Global increases in labour productivity have increased people's free time over the past two decades as average annual working hours per person in OECD countries have fallen by roughly 5 per cent from 1,825 over that period.

Covid-19 caused them to drop even more sharply in 2020, but while they recovered somewhat the following year as economies reopened, they remain suppressed. If, as Munakata suspects, remote working is now well established, that should maintain people's higher levels of free time.

Those hours will, inevitably, be the target of white hot competition from other forms of entertainment. But the floor plan of the 2022 TGS, which is far more densely and diversely populated with exhibitors than it was in 2019 and before, is suggestive of an industry

Letters

Why this is an opportunity to knock Bloomberg off its perch

Financial institutions are experiencing their own cost of living crisis right now — paying a near 10 per cent increase just to use the Bloomberg terminal (Alphaville, FT.com, September 6).

The increase will bring the total cost to \$2,500 a month or \$30,000 a year for a single terminal, and multiple terminal subscriptions will cost \$26,580 annually.

Given this significant price hike at a time when most financial institutions are looking to make cost savings, there

has never been a better time for a disruptive alternative to emerge and knock Bloomberg off its perch. Every giant has a weakness — it is just a case of someone having the intuition to exploit it.

Bloomberg, until now, has reigned supreme during a 40-year financial bull market. However, one look at the markets right now will tell you that we are certainly not in bull territory. During bear market times, financial institutions put an even greater

emphasis on trying to execute trades as cost effectively as possible — which means getting as much trading as possible done in an automated way. Herein lies the chink in Bloomberg's armour — its service only provides 10 per cent automation. So, in essence, firms are putting up with the status quo in financial markets by having a single data feed from one provider, with no aggregation and, oh, they are being charged extra for this privilege.

The opposite of perfect competition

is imperfect competition, which exists when a market violates the abstract tenets of neoclassical pure or perfect competition. In a summary — Bloomberg.

It is high time for a disrupter to exploit Bloomberg's longstanding failure to automate and supply the market with an alternative to the current Luddite data model.

Vuk Magdelinic
Chief Executive, Overbond
Toronto, ON, Canada

Don't rely on rate rises, let recession run its course

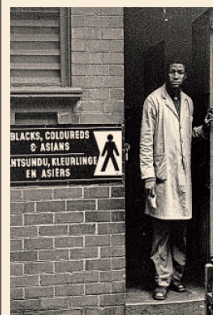
The current near-universal mantra that eurozone interest rates must be raised sharply to tame runaway inflation needs to be questioned ("ECB raises interest rates by 75 basis points", Report, September 9).

Specifically, can anyone explain how raising interest rates is going to reduce inflation that is largely driven by food and energy, for which demand is as inelastic as it gets?

Raising rates to "tame inflation" when discretionary spending is about to get hammered by massive increases in the cost of non-discretionary items makes absolutely no sense from an economic perspective.

All it does is satisfy central banks' need to be seen to be doing something, after they let bubbles build up in housing and financial assets (which are not included in consumer price inflation measures) by leaving rates too low for too long.

Yes, interest rates need to go up in an



Racially segregated public toilets in Johannesburg, South Africa in 1977

According to the new rules, 35 per cent of new vehicles sold in California will have to be "zero emission" in three

UK lockdown decisions deserve to be scrutinised

In Robert Shrimley's article "Tories fall prey to disastrous betrayal myths" (Opinion, September 1) he writes: "Lockdown was a contentious policy and there are legitimate arguments about its duration, the closure of schools and some draconian rules. But its opponents' screeches about a sinister statist, health establishment plot against an already frightened nation, do not bear scrutiny."

So arguments about the length of the lockdown are legitimate but arguments about the fact of it should be peremptorily dismissed?

I would not describe the colossal folly of compulsory lockdown as "sinister". It seems most likely to have been collective panic from governments faced with limited data, exaggerated advice and intense media pressure.

However, the government most surely used fear to coerce people into compliance with this policy and the most intense scrutiny is absolutely

Treasury dealt inflation blow with ONS ruling

The government has scored an own goal with the Office for National Statistics' decision that discounts, under the energy bills support scheme, do not affect the consumer price index. There will be no lessening of interest payments on indexed gilts or pressure for wage rises ("Energy bill discount to have no effect on inflation", Report, September 1).

The ONS statement suggests that it disallowed the energy bills support scheme because it provided a flat-rate discount independent of consumption. But it observes that the CPI was affected by a reduction in the price of electricity when the fossil fuel levy was abolished.

This suggests that, rather than a fixed rebate per household, the government should look to offer future support as a discount per kWh on the first tranche of units consumed.

The effect on consumers is very similar, except that they are told how

in a world where so much of the marketing, the gossip, the trailers and the leaks happen online.

The list of Tokyo Game Show exhibitors reveals an industry itching for deeper globalisation

point authoritatively to where things are heading next — seems an order of magnitude greater. The shifts in gaming over the past three years have been seismic, and the next ones feel even less predictable. The delicious possibility, say games analysts and industry executives, is that this may be the best extended, most international and most revealing TGS in many years. Part of that may arise from the sense of urgency and a historic opportunity. During the pre-vaccine months of the pandemic, a cooped-up world spent more time playing or watching games. Mobile gaming was a particular beneficiary, but it was a general screen-time heyday for consoles and PCs, and for enticing new gamers into the fold. It is no surprise that this phase of divorce from normality allowed the industry to get ahead of itself: first with the promise of seamless games streaming by the likes of Google and Amazon, and then of the metaverse, where virtual worlds are permanently open for visitors on our sofas or gaming chairs. However oversold those promises were, a more immediate question is whether, post-pandemic, the industry can expect gaming hours to experience a structural increase. In a report

preparing to fight for every available minute. The list of exhibitors, which includes companies from Chile, Malaysia, Finland and others outside the traditional powerhouse games maker nations, reveals an industry that is itching for deeper globalisation. The strong presence of Chinese games companies at this year's TGS, said veteran games analyst David Gibson, is especially noteworthy. However tempting the narratives of decoupling may be, Chinese companies have been highly effective at localising their products to sell into the massive Japanese games market. At the same time, he said, they will be looking to TGS as a gateway to securing the kind of Japanese content that will ultimately sell so lucratively in China. Another important feature of TGS will be the presence — in one of the larger booths — of YGG Japan, a company specialising in the emerging field of blockchain gaming where large numbers of casual gamers can, in theory, earn money by playing and then selling on a decentralised platform, the assets they acquire within the game. But the key, in all of this, is not the individual exhibitors and the products each will be showing off, but the creation of a moment where a global industry can physically be in the same place at the same time — even for an industry that is pitching itself as a purveyor of immersive online worlds where none of that is necessary. While it is true that the bricks and mortar TGS did appear to have been in a long slide to irrelevance, it now seems likely to prove just how strong the pent-up demand is for a large-scale, offline assembly of commercial contacts, ideas, and the chance to play a game or two. leo.lewis@ft.com

orderly manner in order to deflate these asset bubbles. But can we all please stop believing, or pretending, that sharp rate rises will have a useful impact on inflation this time round. And just let the recessionary impact of food and energy-related price increases run their course, without making it worse. Marc de Sperville, Poste Lafayette, Mauritius

Divestment debate that reminds me of Apartheid

I welcome Stuart Kirk's continued engagement on the topic of environmental, social and governance investment principles and their potential flaws ("ESG is existentially flawed and must be split in two", Opinion, September 5). When I started my adult life in socially responsible investing it was a moral issue, whether shareholders could compel companies to divest from South Africa during the Apartheid era. After a hiatus working in other fields I've returned to a different investment landscape as an FSA Level II candidate, now with the amalgamation of ESG. I sense however that future generations on a warming planet will ask why we didn't enforce environmental regulation, like we did with Apartheid back then. Kevin Lo, Albany, CA, US

California Air Resources Board has issues to address

In typical California regulatory fashion, the California Air Resources Board, prompted by our esteemed governor Gavin Newsom, has come up with a set of eye-catching requirements for new petrol-powered vehicles ("California to push on with banning sale of new petrol cars by 2035", Report, August 26).

years, and 100 per cent of new car sales "zero emission" by 2035. While no one really knows what "zero emission" means — with no agreed industry standards or technical specifications — there are also a few other minor issues that the California Air Resources Board will have to address. The primary alternative to petrol vehicles is, of course, electric powered vehicles. Charging big amp electric batteries requires a lot of power, and California's electric grid is already close to maximum capacity. The state already imports roughly 20 per cent of its electrical power. Interestingly, with the current hot weather, state officials are warning about having to put possible restrictions on charging the relatively small number of existing electric vehicles. Then there are issues like inflation, the high cost of electric vehicles, the charging infrastructure, supply chains, availability, toxicity and the safe disposal of materials for batteries and semiconductors. One wonders if these critical issues were properly considered before making this announcement. Chris Kniel, Orinda, CA, US

Perchs Cambridge heads are happy with their titles?

Has it not occurred to Stella Hughes ("Too little change in 50 years of Cambridge co-ed colleges", Opinion, September 1) that the majority of female heads of house at Cambridge (or indeed Oxford) could be quite happy to be "Master" of their colleges? Indeed, that they may find this perfectly empowering — and hence why there has been no need for a change? Or is she saying they are wrong and that their historic titles should be renamed anyway? Duncan Reed, London SW1, UK

necessary. Max Thowless-Reeves, Fradwell, Staffordshire, UK

A panacea only in the minds of forgetful leftists

Natalie Bennett, the Green party peer, calls for the nationalisation of the Big Five energy companies ("The Greens go further than Labour or Lib Dems", Letters, September 7). But nationalisation always results in bad management, waste and low productivity. Bennett only came to Britain in 1999 and so had no personal exposure to the poor management, lousy service and inefficiency of old state-controlled enterprises like the General Post Office, the pre-1984 British Telecom, British Rail and the electricity boards. However badly private sector companies perform, state-owned ones would be much worse. This is a matter of recorded history. Nationalisation is a panacea only in the imagination of leftwing folk with very short memories. Gregory Shenkman, London SW7, UK

Rees-Mogg promotion is relief for civil servants

Jim Pickard writes that civil servants may be planning to use carbon paper in the event of a power cut (Report, September 3). So carbon copies of documents are to be physically distributed around Whitehall. But officials should rest assured. They are unlikely to be hidden for being away from their desks. The minister in charge of government efficiency Jacob Rees-Mogg has been promoted. In Liz Truss's cabinet, Rees-Mogg is now business secretary. Su Hardman, Woodbridge, Suffolk, UK

many units they can consume at stratospheric prices before they have to start paying earth-shattering ones. Robert Simons, Leighton Buzzard, Bedfordshire, UK

Donate your winter fuel allowance to help a charity

Further to Claer Barrett's excellent piece on fuel poverty in FT Money "Donate the rebate: here's what you can do to help" (FT Weekend, August 20), FT readers may wish to see their donated cash directly supporting the work of local charities and make a donation to their local community foundation. For many years, community foundations across the UK have run an annual winter wellbeing appeal to encourage those who can afford to do so to donate their winter fuel allowance. The donations are pooled together to make grant awards throughout the winter to support local charities providing a safety net to particularly vulnerable and older residents and families in fuel poverty. Community foundations have a track record in getting funds out quickly and diligently. As an example, working alongside the National Emergencies Trust during the Covid-19 pandemic they raised and distributed £72.7m to 15,000 local projects with the support of many caring and generous donors. As we emerge from the pandemic and find ourselves in a cost of living crisis, community foundations are currently running urgent appeals to tackle poverty and will ensure grants are made to community groups and charities providing a lifeline to local residents at this difficult time. Rachel McGrath, Chief Executive, Northamptonshire Community Foundation Northampton, Northamptonshire, UK

Opinion

Robots must move faster to save the world

EMPLOYMENT

Ruchir Sharma

Not so long ago authors were churning out dire books on how "The Rise of the Robots" would lead to "The Jobless Future", amid authoritative forecasts that half of all US jobs would be at risk from automation starting right about now. Recent jobs reports, however, raise a different threat: not whether robots will replace human labour, but whether they will get here fast enough to save the world economy from worker shortages. Worldwide unemployment is at 4.5 per cent, the lowest since global records began in 1980. Labour shortfalls are at historic highs in advanced economies, including the UK and US. There are now 11.2m openings for 5.6m job hunters in the US, the widest gap since the 1950s.

Millions of workers who quit during the pandemic have yet to return, adding to the desperation of bosses. These pressures are building up now in large part because growth in the working-age population — those between 15 and 64 — has started to decline, while the share of the elderly swells. Accelerated ageing is in turn a delayed result of societal shifts that started decades earlier: women having fewer children and science extending the average lifespan. The working-age population is shrinking in nearly 40 nations, including most of the major economic powers, up from just two in the early 1980s. The US is declining less precipitously than most, but is in the same basic fix. More than any other factor, fewer workers all but guarantee slower economic growth, so most nations will need more robots to stay afloat. Techno-pessimists still sound the alarm, saying the spectre of robots stealing jobs and undercutting wages will resurface as the pandemic fades and job quitters return to work, which they may... or may not. Either way, under-

lying demographic trends foretell continuing shortages. Among the hardest hit nations are China, Japan, Germany and South Korea — all are expected to see the working-age population drop by at least 400,000 a year through to 2050. Not coincidentally, these countries already host high concentrations of robots, and are rolling out more. Japan's manufacturers deploy nearly 400 robots per 10,000 workers, up from 300 just four years ago. China, in its top-down way, is heavily subsidising robot makers, aiming to boost their output by 20 per cent a year through to 2050. Even at that pace, Bernstein analysts predict, robots cannot fill all the holes in the labour force, which China expects will shrink by 35m workers in the next three years.

Governments can respond to labour shortages in other ways — by paying bonuses to parents to have more children, encouraging women to enter or return to work, welcoming immigrants or raising the retirement age. But all these steps trigger human resistance, particularly in an angry populist era. Robots provoke a different reaction, a vague fear of machines and artificial intelligence that takes form mainly in books, rarely in protest against stealing jobs. Meanwhile, robots arrive quietly at the loading dock, unchallenged. Like previous innovations, robots kill off some professions and create others. The gas engine made the horse-drawn buggy driver obsolete but spawned the taxi driver. About a third of the jobs created in the US are in fields that did not or barely existed 25 years ago. And a third will change fundamentally over the next 15-20 years, according to the OECD. Technology brings disruption, not destruction followed by nothing — as the "jobless future" implies. Each robot can replace three or more factory workers, the hardest hit group. But the degree of disruption depends on

the often-exaggerated pace of change. Forecasters have been predicting since the 1950s that full-blown AI would arrive in 20 years, but it is not here yet. Dire warnings that autonomous vehicles would wipe out one of the most common jobs in America — truck driver — have given way to a trucker shortage. Now recession is looming, but unemployment is unlikely to rise as high as in previous downturns, owing again to shrinking labour forces. Fewer workers will leave the labour market than usual through the business cycle, even as robots continue to multiply. They can't arrive too soon. Owing to an unexpectedly steep drop in birth rates, the UN recently raised its forecast for the pace of population decline, from the US to China. It takes years for births to affect the workforce, but smart governments will act now, by drawing more women, immigrants, seniors and — yes — robots into the workforce. The other option is fewer workers, automated or not, and a growthless future.

The writer is chair of Rockefeller International

British traditions of mourning a monarch have evolved

Suzannah Lipscomb

The late chief rabbi Jonathan Sacks described how, on January 27 2005, Queen Elizabeth II met with a group of Holocaust survivors at St James's Palace to mark the anniversary of the liberation of Auschwitz. "When it was time for her to leave, she stayed. And stayed." To each survivor in this large group she gave her "focused, unhurried attention. She stood with each until they had finished telling their personal story." "One after another, the survivors came to me in a kind of trance, saying, 'Sixty years ago, I did not know if I would be alive tomorrow, and here I am today talking to the Queen.' It brought a kind of blessed closure into deeply lacerated lives." This semi-sacred encounter with a listening sovereign allowed the survivors a kind of release — a kind of healing. In many ways, the 10 days of national mourning in Britain for the death of the Queen offers such an opportunity. With dignity and spectacle, the life of one monarch will be marked and the reign of another made. It is a moment to think about who we were and who we will become. The mourning is not mandatory. Government advice has been very clear: "There is no expectation on the public or organisations to observe specific behaviours." There is no obligation to suspend business. Again and again, the guidance repeats that it is "entirely at the discretion" of each individual or organisation. This is quite at odds with the Lord Chamberlain revoking theatrical licences until after Queen Victoria's funeral in 1901. While the romanticism of the early 19th century had exaggerated the culture around displays of grief

Who will pay for the shift to resilience?

BUSINESS

Rana Foroohar

Are we entering a new era of wealth redistribution? Or will the imbalances between capital and labour that have characterised the past half century of economic history linger on?

labour, American workers have to duke it out for a mere 14 per cent, and most of that goes to the top third of workers. Deglobalisation, which will favour local labour markets in some industries, is starting to shift that dynamic. Ageing demographics, which will create a structurally tighter labour market, as well as millions of new onshore jobs in the caring professions, is too. But the third part of the capital-labour story is the increasing pressure on companies to bolster the position of consumers and the state in a time of rising costs. Inflation is happening for all sorts of reasons, but one of those is a



atypical in America, where unionisation usually happens company by company. California's governor Gavin Newsom just signed a bill that may increase economic and security power base in Asia to counter China. Katherine Tai, the US trade representative, is keen to ensure domestic And security hawks are sympathetic to the "bigger is better" argument being put forward by corporate America. But it would be folly for Democrats to

It's a question worth asking, particularly in the US, as inflation bites and midterm elections loom.

A little over three years ago in this column, I argued that we were leaving the era of wealth accumulation that began with the Reagan-Thatcher revolution, and moving to a new era in which the balance of power between capital and labour would shift somewhat in the direction of the latter.

Putting aside the UK's new prime minister Liz Truss, who seems to want to bring back the 1980s, I think we are finally entering the post-neoliberal era, particularly in the US, where the power imbalances are most pronounced.

There has been, in many OECD nations, a decoupling of productivity and wages over the past 40 years, during which time the corporate sector took a larger share of national income gains. But while 55 per cent of productivity gains in western Europe still go to

shift in economic focus from efficiency to resilience. Both the public and private sectors are looking to buffer themselves from climate change, geopolitics and market shifts. Changes in supply chains, reserve currency allocations and fiscal policies are all part of this. But resilience costs money. The question is, who will pay?

Governments want companies to bear some of the burden. Consider the discussion about price controls in the energy and power sector, as the G7 nations look for ways to curb spiralling gas and electricity costs. The EU is hoping to levy windfall taxes on non-gas electricity producers when their market prices exceed a certain threshold.

In the US, Congress wants price controls on prescription drugs in the Inflation Reduction Act budget bill in August. There is also a push to put a floor under labour markets across entire industries (something that's

wages in the last-food industry to \$22 an hour starting next year. Even the business-friendly commerce secretary Gina Raimondo is advocating that companies pony up more to help pay for worker training and childcare.

There is also a huge push around President Joe Biden's worker-centred trade policy, which was front and centre at last week's Indo-Pacific Economic Framework for Prosperity Ministerial in Los Angeles. Commerce and national security officials are eager to cut new deals with countries such as Vietnam, Malaysia, Thailand and Brunei as part of America's effort to increase its own

Governments want companies to bear some of the burden of post-neoliberal economics

labour doesn't suffer in the process, as are progressives such as Rosa DeLauro, Elizabeth Warren and Bernie Sanders. They, along with 42 House Democrats, wrote a letter to the Biden administration last week requesting more transparency around the Asia trade negotiations, so they don't become a race to the bottom.

As Tai put it to me: "There's a lot in play in terms of balancing domestic and international economic policy." But new trade deals, in her view, must not mean lower wages for American workers, lower environmental standards or allowing multinational companies to avoid taxes or lock in monopoly power. "Our focus is the opposite of trickle-down economics," she says.

Tai only controls trade talks. The Department of Commerce, which has been more sympathetic to Big Tech, for example, is in charge of talks around supply chains, infrastructure and tax.

do anything that is seriously problematic for the outlook, in advance of the autumn midterm elections. Recapturing the working class is crucial to keeping a majority in Congress. Research shows that the Democratic loss of factory towns (such as the one I grew up in) hollowed out by the past 20 years of neoliberal trade policy are a large part of what made Donald Trump possible.

Biden has always been sympathetic to labour interests, and key appointees such as the Federal Trade Commission's Lina Khan and the Securities and Exchange Commission's Gary Gensler have put this at the heart of their mission. But to make the "work not wealth" slogan really meaningful, Democrats need to win big in the midterms. If they do, look for the capital-labour power balance to shift even further.

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— such was the crush of people thronging to attend the lying-in-state of the Duke of Wellington in 1852 that two women died — ostentatious mourning and enforced grief can be traced further back.

For several weeks in early 1695, after the death of Queen Mary II, all theatrical and musical events were closed. One Russian visitor to London in February 1772 complained that there were "No diversions! No anything! All shut up! Very dull!" Princess Augusta of Saxe-Gotha, married to the son of King George II, had just died. The Adelphi Theatre tried to claim back their losses sustained during an enforced three-week closure, following George III's death in 1820, from the Lord Chamberlain's Office.

Even in the still-deferential society of 1952, in the period immediately after George VI died, theatres and cinemas closed and, while restaurants and hotels remained open, they were advised not to play music or allow dancing.

We are quite a different people today and mourning will not be for everyone — a robust debate has already begun on social media, which includes condemnation of the Queen for the atrocities of the British empire.

And yet, when the Queen Mother died in 2002, the UK government greatly underestimated the public response. Her lying-in-state attracted hundreds of thousands of mourners, queuing despite the bitter April weather, to pay their respects. Opening times had to be extended to 22 hours a day. The crowds for Queen Elizabeth II are expected to be far greater.

For some, the Queen represented all our mothers and grandmothers. For others, her death will serve as a chance to mourn the traumas of the past few years — a palatable excuse to draw on that deep well of sadness that built up during the pandemic. But many who mourn are grieving the passing of an age, a tone and a character.

The Queen belonged to a generation who prized reserve over outward shows of emotion. How paradoxical then if we mark her departure in a manner that has had to evolve to a more demonstrative, with tears — perhaps it is her one last gift of restoration and release.

The writer is a historian and professor emerita of history at the University of Southampton

Putin has forced the EU into a long-overdue energy union



ECONOMICS

Martin Sandbu

It was clear by 2014, when Vladimir Putin first invaded Ukraine, that Europe would have to protect itself from being held hostage to foreign energy suppliers. In that year the idea of an "energy union" gained rhetorical support from leaders, some of whom continued with the hard work of making their energy pipelines more resilient.

To their chagrin, Germany made itself more, not less, exposed to Putin by pushing forward the Nord Stream 2 pipeline. This was not even the worst mistake in European energy policy; more foolish still was the failure to secure alternatives, so that energy trade need not mean geopolitical dependence.

One area of neglect was in allowing the expansion of renewable electricity

to be partially offset with a decline in nuclear energy. Another was not planning sufficient infrastructure to fully tap the global liquefied natural gas market. Above all, there was too little attention paid to improving the flow of all forms of energy in any direction across Europe, so that no supplier could gain a chokehold on any particular member country.

The anger some warned against is now a reality clear to all. Putin's weaponisation of energy has caused a massive international wealth transfer from energy-importing countries to exporters such as Russia itself. Politically more perilous is redistribution from consumers to producers of energy even within countries. The fact that electricity is priced at the marginal generation cost has allowed the Kremlin to drive up power prices to extreme levels as well.

Millions of energy users are facing serious hardship. This could produce political paralysis, distraction from Ukraine (as Putin clearly hopes), and even civil unrest. European governments are keenly aware of the risks — "three years of these prices, and we have Hitler", as one official put it to me.

That is why it is essential for countries to agree on more and deeper unified energy policy. There was always a conflict between the EU's common energy market — connected, if imperfectly, by physical and financial links — and national energy policy prerogatives. For example, the whole notion of national autonomy over a country's energy mix becomes incoherent the more electrons cross borders. The desire for national

A desire for national control has delayed the removal of bottlenecks in cross-border flows

control has delayed the removal of physical bottlenecks in the continent's energy flows. The price is being paid today in the risk that it may be hard to get enough energy to the right places in an emergency, even if overall supply is adequate.

While the efforts made by many countries to secure new, non-Russian,

gas supplies have been impressive, these could prove beggar-thy-neighbor successes if not accompanied by a much more integrated common policy. The risks of political division are legion: governments outbidding each other for the same scarce supplies, as German chancellor Olaf Scholz has highlighted; countries tempted to limit their power exports, as mooted by Norway; or differential price support schemes undoing the level playing field in the EU's single market.

Such risks should sound realistic because it is only two years since they last materialised. In the pandemic, countries at first rushed to hoard medical supplies. The differing resources allocated to business support schemes threatened to unravel the single market. But remember, too, that within months, EU countries signed up to joint vaccine procurement and a common recovery fund.

Putin's invasion of Ukraine is as much of an external common shock as coronavirus. The signs are that Europe is staying true to the sense of community that prevailed then. The EU has agreed sanc-

tions on energy. Earlier plans for greening the energy system have been pushed through and reinforced. New plans to boost energy security and connectivity and to save energy have been laid.

The ideas put forward by the European Commission last week, and the encouragement they received from energy ministers on Friday, are the latest welcome step. Brussels rightly wants governments to capture windfall profits from the most targeted support possible while letting markets work, and to keep the incentives for greater efficiency. In contrast, the UK's choice to cap prices for everyone. Above all, the EU's policies show an understanding that if each tries to fix their energy crisis on their own, they will not solve it at all.

Benjamin Franklin's warning that we will "hang together or hang separately" applies to Europe today. If EU leaders can hang together through a tough winter, they will finally be building the energy union they need. And if the UK knows what is in its best interests, it will join the effort.

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Beware the pitfalls
Making yourself indispensable at work is a terrible trap
● WORK & CAREERS

The hell of the business headshot



Pitita Clark
Business Life

The other day, a man who runs what used to be Europe's most valuable private company had a commission on Twitter about media coverage of his business.

The reporting was wrong and trying to correct it was like "screaming into a storm", whined Sebastian Siemiatkowski, whose Klarna payments service has plunged in value and had just revealed a bruising set of losses.

This caught my eye because Siemiatkowski has been a person of interest ever since I came across his mesmerising headshot photo. In it, he somehow manages to do an upright version of the splits by standing on his right leg while holding his unmet left leg aloft by the foot. He looks like a jacket-clad gymnast. Or a ballet dancer. Or the letter "Y".

Either way, it is an astonishing display of flexibility, and it rightly earned Siemiatkowski top spot in a justifying ranking of odd photos of tech founders, produced by the sifted tech



more seriously than it ought to be. More than a million people update their profile pictures on LinkedIn each week, the site says, and hunger for the perfect headshot has grown to the point that people are paying more than \$1,000 for such photos.

Typical prices are lower, says Doren Gabriel, founder of London's DG Corporate studio, where individual headshot rates start at £99. But he confirms business is soaring, partly because of pent-up pandemic demand, and partly because of the pace at which the business world is moving online.

Companies that deal with customers via chatbots and online forms, rather than people on a telephone, want to make their human staff more visible than ever before, he says. Many companies also want to show off their inclusivity and diversity. The result: employees who were once "hidden away and not seen" are now being

●● Hunger for the perfect profile picture has grown

pictured on company websites. Some organisations now use mass headshot shoots as team-building events.

Happily, headshots are less grey and staid than they used to be. About 90 per cent of men now go tieless, another London photographer told me. The remaining 10 per cent tend to be bankers, top insurance executives and the lawyers who support them.

But the quest for photographic perfection can be exacting. A friend told me last week her hairdresser was seeing clients who were coming in for a blow-dry because they were about to have their photo taken for a staff building pass.

This is unfortunate. But as someone whose day job requires a byline headshot, I can say that a poor photo poses career risks.

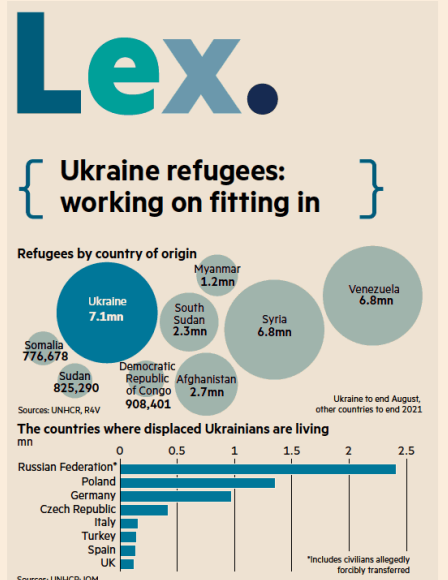
"I was going to promote your column on page one," an editor once told me. "But your headshot is so bad I decided not to." This was brutal news but, alas, justified. I arranged to get a new photo, which brought another set of concerns.

smile", named after a French neurologist credited with uncovering the source of a genuinely happy smile.

The Duchenne is indeed the "gold standard of facial expressions" in western culture, write two former LinkedIn employees in their book, *Linked*, a guide to job-hunting success. Sober expressions seem "less authentic", they warn.

This is bad news for people like me, whose eyes disappear in a full Duchenne. Another Duchenne-avoider, my FT colleague, Stephen Bush, adds correctly that a smiling byline headshot looks inappropriate above a column on, say, world poverty. Also, he says, "when I smile I look as if I have been hit by a heavy object."

Ultimately, the headshot, like much of life, should not be bound by too many rules or taken too seriously. Also, context matters.



It is Europe's greatest refugee crisis since the second world war. The numbers who have left Ukraine have now outstripped those who fled Syria. But it is not just the scale of the exodus prompted by the Russian invasion that makes it stand out.

European countries have given Ukrainian refugees an immediate right to work. This was a good call. Immigrants can make a contribution to host economies. Assimilation will be easier for those who stay.

Accommodating the sudden influx has imposed large immediate costs. In March, Poland estimated it would have to spend at least €1bn on housing, social services and other expenses.

Giovanni Peri, an economist at University of California, Davis, estimates each refugee may cost \$8,000-\$10,000 in the first year in housing and other support. But given tight European labour markets, he expects Ukrainian refugees who stay would generate enough income in the following years to outweigh this.

Difficulties abound. Many Ukrainian refugees are mothers responsible for

permanently, according to a central bank report. The main reason was the challenge of providing for themselves.

Ukrainians in Russia, some of whom appear to have been forcibly relocated, may not have the option of leaving. Yet Ukrainian refugees are expected to increase the EU's workforce by 0.5 per cent, twice as much as the Syrian refugees who arrived in 2014-17, according to the OECD. Of the earlier group, only 17 per cent of working-age refugees were in employment after two years in the country and less than 50 per cent after five years, according to the European Central Bank.

Ukraine's geographical and cultural proximity should make its people easier to assimilate, as should their higher levels of education. The average refugee to Europe around the middle of the decade was a young man with modest qualifications, according to the OECD. In the case of the Ukrainian refugees, it is more likely to be a tertiary educated woman.

The economic outlook is darkening. But the freedom to work will alleviate some hardship and reduce Ukrainian dependence on host countries.

news site last year.
But a dash of his daring would be welcome in the rest of the business world, where there are unsettling signs that the headshot is being taken far

to the point that people are paying more than \$1,000 for such photos 📸

Should one need the internet advice to pose with a "smize" (smiling eyes) or a "squinch" (a slight squint, or pinched lower eyelid)? Or is it better to opt for the beaming, eye-wrinkling "Duchenne

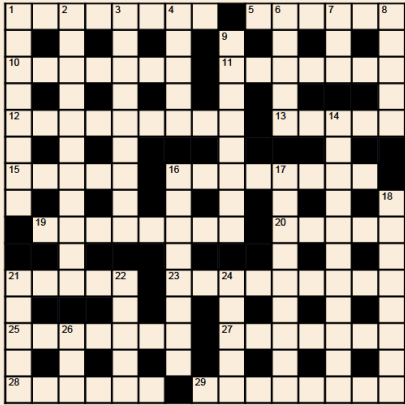
revealed what he did for a living: negotiate the release of hostages from pirates in the Indian Ocean.
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young children, who cannot easily work. Qualifications may not be recognised locally. Only one in six refugees who arrived in Poland want to stay

dependence on most nations. In the UK, the economic example of earlier generations of eastern European refugees has been a shining one.

NIKKEI Asia The voice of the Asian century

CROSSWORD
No 17,197 Set by SLORMGORM



- ACROSS**
- 1 Brothers do scream after being shaken up (8)
 - 5 As might be a Banksy work found on a fence? (6)
 - 10 One walking fast in street next to jockey (7)
 - 11 We are fairly shocked! (7)
 - 12 What Archimedes had man at home put in order (3,6)
 - 13 Husband with money ultimately is useful (5)
 - 15 Wearing ace award is first for Lance Stroll (5)
 - 16 Stalemate is uninspiring and bit of a shock (8)
 - 19 What might cloud one's view of large waterfall (8)
 - 20 Dish dog knocked over by unclosed container (5)
 - 21 Famous pilot's worse after losing one daughter (5)
 - 23 Around Open University, a fresh salmon's odd (9)
 - 25 One worker inebriated primarily on church wine (7)
 - 27 A function without one drop of Nietzsche's silly (7)
 - 28 Small study about Welsh and English state (6)
 - 29 How some crossword setters might clue G-12 (8)
- DOWN**
- 1 A method overlooked by actors in Hanks film (8)
 - 2 Cap that one might see on Mason? (11)
 - 3 Group of stars named road A Different Way (9)
 - 4 Soldiers with energy to get up - that's stranger! (5)
 - 6 Blow horn on front of Harley-Davidson chopper (5)
 - 7 Boy seen climbing in valley for the most part (5)
 - 8 Note a filthy place is not very nice at all (5)
 - 9 A small pamphlet about British school of art? (8)
 - 14 Friendly lavatory supremo is quite attractive (4-7)
 - 16 Little drink with a jerk could be exciting (8)
 - 17 Book-keeper annoyed by a riotous entry? (9)
 - 18 Wasted teacher and nurse tucking into pint (8)
 - 21 County game? (5)
 - 22 Managed, say, to climb a series of mountains (5)
 - 24 Old bloke heading to Ibiza to see foreigner (5)
 - 26 Fish the setter of this crossword had caught (3)

JOTTER PAD

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