

FINANCIAL TIMES

THURSDAY 22 SEPTEMBER 2022

INTERNATIONAL NEWSPAPER OF THE YEAR

ASIA



How to negotiate with a cyber hacker

BIG READ, PAGE 13

Bitcoin purists are wrong to take higher ground

JEMIMA KELLY, PAGE 14

Putin makes nuclear threat as he mobilises army reserves for war

◆ Russia seeks 300,000 more troops ◆ Biden blasts 'outrageous acts' ◆ Mobilisation 'sign of weakness'

MAX SEDDON — MOSCOW
HENRY FOY — BRUSSELS
AND POLINA IVANOVA — BERLIN

Vladimir Putin has ordered the mobilisation of army reservists to support Moscow's ailing campaign in Ukraine and warned that he would use Russia's nuclear arsenal if its "territorial integrity" was "threatened", declaring: "This is not a bluff."

The warning, which sparked alarm in Washington and elsewhere, came as Putin claimed the west wanted to "weaken, divide and destroy Russia" as he pressed on with plans to annex swaths of Ukrainian territory.

Joe Biden hit out at Putin's "overt nuclear threats against Europe [and] reckless disregard for the responsibilities of a non-proliferation regime", attacking the referendum and mobilisation plans as "outrageous acts".

The US president added in a speech to the UN General Assembly: "This war is about extinguishing Ukraine's right to exist as a state, plain and simple... That should make your blood run cold." Moscow announced the "partial mobilisation" of 300,000 reservists ahead of heavily stage-managed votes in four occupied regions of Ukraine to join Russia. Western officials have estimated that there are between 150,000 and 190,000 Russian forces on the ground in Ukraine.

The results of the "referendums" starting tomorrow in the Russian-controlled areas of Donetsk, Luhansk, Kherson and Zaporizhzhia are in effect a foregone conclusion, with the Kremlin in charge of the vote. It insists up to 90 per cent of the local populations want to join Russia. "Russia can't give up people close to her to be torn apart by executioners and fail to respond to their desire to determine their own fate," Putin said. In his reference to Russia's nuclear capability, he added: "If its territorial integrity is threatened Russia will use all the means at its disposal."

Nato secretary-general Jens Stoltenberg attacked Putin's "dangerous and reckless nuclear rhetoric", adding: "We know very well that a nuclear war



should never be fought and cannot be won, and it will have unprecedented consequences for Russia."

Other western officials said the rapid annexation plan and partial mobilisation were signs of Putin's weakness.



FT VIEW page 14

'Putin's sabre-rattling is an admission of the huge error he has made in invading Ukraine... but his nuclear threats should not be dismissed: if mishandled, they risk catastrophe'

Biden said the war in Ukraine violated the UN charter, vowing to continue supporting Ukraine's efforts to defend itself. Russia seemed to acknowledge that advanced weaponry such as the US-made HIMARS rocket launchers had begun to turn the tide on the battlefield.

"We are not at war with Ukraine, but with the collective west," defence minister Sergei Shoigu said in a state television interview. He added that Moscow would only call up reserves, rather than deploy the conscript army. This would add 300,000 people to Russia's fighting force, he said, asserting that those called up would have combat experience as well as military specialisations.

"These are not people who've never

seen or heard anything about the army," he said.

"We're not talking about the mobilisation of any students... They can calmly keep going to class," Shoigu said. He added that after reserves were called up, Russia would only have used 1 per cent of its mobilisation potential.

Russia's invasion has faltered, with invading forces retreating from central Ukraine in the spring and then ceding huge swaths of territory in the eastern Kharkiv region following a counter-offensive by Ukrainian forces earlier this month.

Additional reporting: Roman Olearchyk in Kyiv and Felicia Schwartz in New York
Reports page 2

Ukrainian artillery men firing on the frontline yesterday
AFP via Getty Images

Briefing

► **Trump faces fraud lawsuit for inflating value of assets**
The New York attorney-general has sued Donald Trump and his adult children for an "astounding" fraud to inflate the value of assets held by their business. — PAGE 4

► **Niel buys Vodafone stake**
French billionaire Xavier Niel has bought 2.5 per cent of Vodafone, a move that paves the way for a potential restructuring for the UK group. — PAGE 4; LEX, PAGE 16

► **Life science quantum leap**
The Novo Nordisk Foundation is to spend \$200m developing what it says will be the first practical quantum computer for research into life sciences. — PAGE 6

► **Seven dead in Iran protests**
At least seven people have died in street protests in Iran, amid anger at the death of a young woman arrested over failure to observe the Islamic dress code. — PAGE 4

► **Banks slow over gender**
European banks are making slow progress on gender diversity, with women in just over a quarter of executive roles, compared with 20 per cent in 2020. — PAGE 6

► **Schneider to buy Aveva**
The French conglomerate is to acquire all of Aveva, an offer that values the UK software developer at nearly £9.5bn. — PAGE 5

Datawatch

Doom and gloom

Index of economic sentiment in the eurozone



The Sentix economic index for the eurozone declined sharply in September and is now lower than it was in 2009. Given these lower expectations, economists now expect the region to experience a substantial recession.



Japan's sensitivity to yen weakness shows clear shift

Unmixed blessing — PAGE 8

Fed signals more tightening to come as rates rise 0.75 points third time in row

COLBY SMITH — WASHINGTON

The Federal Reserve yesterday raised its benchmark interest rate by 0.75 percentage points for the third time in a row as the US central bank signalled its intention to keep monetary policy tight as it tries to prevent the American economy from overheating.

The Federal Open Market Committee lifted the federal funds rate to a new target range of 3 per cent to 3.25 per cent following its two-day policy meeting, advancing its most aggressive monetary tightening campaign since the early 1980s.

"Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher food and energy prices, and broader price pressures," the committee said following the rate rise.

The FOMC, which said the rate rise was unanimously supported by policymakers, added that it "anticipates that ongoing increases in the target range will be appropriate".

The US central bank also published an updated "dot plot" compiling Fed officials' individual interest rate projections until the end of 2025, which reinforced their commitment to a "higher for longer" approach. The projections signalled further large rate rises this year and no cuts thereafter.

In June, the last time the dot plot was updated, officials predicted the fed funds rate would reach just 3.4 per cent by the end of the year and 3.8 per cent in 2023, before declining in 2024. At that time, the median estimate for the unemployment rate was 3.9 per cent in 2023 and 4.1 per cent in 2024.

Yesterday officials directly acknow-

ledged the economic costs associated with their efforts to tackle inflation, pencilling in higher unemployment and lower growth.

In June, policymakers projected that as inflation falls closer to the Fed's target of 2 per cent, growth would slow to 1.7 per cent. Most economists now expect the US economy to tip into recession next year.

The September meeting marked an important juncture for the Fed, which has faced questions over the past few months about its resolve to restore price stability after Fed chair Jay Powell suggested the central bank was starting to worry about overtightening.

However, at the annual symposium of central bankers in Jackson Hole, Wyoming, Powell sought to counter that narrative by declaring the Fed "must keep it until the job is done".

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World Markets table with columns for STOCK MARKETS, CURRENCIES, and GOVERNMENT BONDS. Includes data for S&P 500, Nasdaq Composite, Euro Stoxx 50, etc.

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Dubai			
Nikkei	27313.13	27688.42	-1.36
Hang Seng	18444.62	18781.42	-1.79
MSCI World \$	2544.02	2580.55	-1.03
MSCI EM \$	946.17	938.53	0.81
MSCI ACWI \$	594.58	599.53	-0.83
FT Wilshire 2500	5026.91	5086.63	-1.17
FT Wilshire 5000	32022.93	32730.71	-1.18

Ethereum	1348.99	1322.94	1.97
COMMODITIES			
Step 21		Prev	%Chg
Oil WTI \$	83.36	83.94	-0.69
Oil Brent \$	90.17	90.62	-0.50
Gold \$	1894.15	1894.65	-0.03

GER 2 yr	1.74	1.70	0.05
GER 10 yr	1.89	1.92	-0.03
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INTERNATIONAL

Putin raises stakes as he runs out of options in Ukraine war

Russia gambles on call-up of reservists and atomic weapons posturing after setbacks



Sad reflection: a billboard promoting army service in Saint Petersburg. Flights out of Russia were sold out after the mobilisation news — Olga Matveeva/AP/Getty

MAX SEDDON — MOSCOW
POLINA IVANOVA — BERLIN

As he addressed the nation yesterday to announce a “partial mobilisation” of 300,000 reservists, President Vladimir Putin framed Russia’s war in Ukraine in stark, existential terms.

The nation was defending itself against a west that wanted to “weaken, divide and destroy Russia” and it was prepared to use nuclear weapons in response.

The apocalyptic threats are intended to coerce Ukraine and its western allies to accept Russia’s gains in the conflict. The hasty staging of “referendums” in occupied areas this weekend is supposed to set a line that Ukraine and the west must not cross.

By in effect annexing large parts of southern and eastern Ukraine, Putin wants to dissuade Kyiv and its western allies from attacking what the Kremlin now considers Russian territory — laying the groundwork for full mobilisation or even nuclear conflict if they persist.

Putin’s escalation is a gamble that underscores his shrinking room for manoeuvre on the battlefield in Ukraine and domestically in Russia.

“The whole world should be praying for Russia’s victory, because there are only two ways this can end: either Russia wins, or a nuclear apocalypse,” Konstantin Malofeyev, a nationalist Russian tycoon, said in an interview.

“If we don’t win, we will have to use nuclear weapons, because we can’t lose,” Malofeyev added. “Does anyone really think Russia will accept defeat and not use its nuclear arsenal?”

On the defensive after losing thousands of square kilometres of territory to Ukraine in recent weeks, Putin’s announcement was an attempt to

change the calculus at a time when Moscow had even fewer options, said Rob Lee, a fellow at the Foreign Policy Research Institute.

A successful Ukrainian counter-offensive this month has not only pushed Russia out of the Kharkiv region in north-eastern Ukraine but is also now threatening territories it seized in the Donbas — the eastern industrial heartland whose “liberation” Putin has defined as the main goal of the war.

“If they start losing territory that they just gained there, it raises all sorts of questions and there’s no way they can easily brush it off. It quite clearly is a military and political failure if that happens,” Lee said.

By declaring these areas Russian territory, Putin is probably hoping he can halt Ukraine’s advance and deter the west’s appetite for sending weapons, because it would demonstrate that “any offensive here by Ukrainian forces or by Nato weapons will get interpreted as an attack on Russian territory”, Lee said.

But western leaders have condemned the referendums, reiterated support for Ukraine’s attempts to recapture its territory and restated their willingness to provide Kyiv with high-tech weapons.

Russia’s gamble was unlikely to pay off, said Samuel Charap, a senior political scientist at the Rand Corporation. “I don’t think Putin fully internalises the consequences of this,” he said. “What happens when Ukraine ‘occupies’ Russian territory?” Then the next step is declaring war if Ukraine retakes it.

Many analysts are also sceptical that a partial mobilisation will have a rapid impact on the battlefield, because it could take several months to train reservists and to create new units with commanders and logistical support.

Seven months since Putin sent troops into Ukraine, Russia’s heavy losses put its forces at a manpower disadvantage, particularly in terms of well-trained soldiers. Moscow originally deployed about 180,000 troops for its invasion, according to western estimates.

Defence minister Sergei Shoigu said only 5,937 Russian soldiers had died in the conflict — less than a tenth of the casualties Moscow claims were suffered by Ukraine. The US said in August that Russia had suffered “probably... 70,000 or 80,000” killed and wounded since February.

The Russian reserve has a notional ‘If this is meant to scare Ukraine and the west into capitulating, it’s not going to work’

2mn former conscripts and contract soldiers, according to the Institute for the Study of War, but few are actively trained or considered ready to fight.

A 2019 Rand study estimated that Russia had only 4,000 to 5,000 reservists in the western sense of receiving regular monthly and annual training, although in 2021 it launched an initiative to create a standing reserve force.

“If this is meant to scare Ukraine and the west into capitulating, it’s not going to work. When it fails, Putin will have even worse choices,” Charap said.

But even as Russia escalated its stand-off against the west, the Kremlin attempted to reassure Russians that life would mostly go on as normal. In a pre-recorded statement aired after Putin’s speech, Shoigu said Russia would only call up reserves, rather than deploy the

conscript army, and stressed that students would be exempt.

Throughout the invasion, Moscow has avoided introducing martial law or conscripting Russians into the armed forces and insisted on calling it a “special military operation” — a term evoking far-off conflicts rather than stirring Russians’ memories of brutal wars.

The attempt to project calm for the domestic audience — presenting the war as a necessary but distant battle — has been successful so far.

“Over the past six months, an adaptation has taken place to the new conditions, people calmed down,” said Denis Volkov, director of the Levada Center, an independent pollster in Moscow. Spending increased, and polls showed Russians increasingly saying that the situation was developing in the right direction. But the announcement of even a partial mobilisation brings the war closer to home. “I think if the Kremlin could have avoided it, it would have,” Volkov said. “But the conflict has its own logic, and it has led them to take an unpopular decision.”

Some Russians have already voted with their feet: flights to Yerevan and Istanbul, two of the few available destinations after western countries closed airspace to Russia, were sold out within minutes of Putin’s announcement.

But the effect on public sentiment would be gradual, said Tatiana Stanovaya, founder of political consultancy R. Politik. “Mobilisation will be gradually expanded. Society will slowly become irritated and indignant — do not expect mass protests, but rather waves of indignation,” she said. “This is the erosion of Putin’s power in its purest form.”

Additional reporting by Ben Hall in Kyiv
See The FT View

President’s speech. Rising rhetoric West shrugs off nuclear threat by Moscow

Allies play down Kremlin’s risky escalation strategy, saying Nato remains united

HENRY FOY — BRUSSELS

Russian president Vladimir Putin’s moves to significantly escalate the war in Ukraine with a thinly veiled reference to his willingness to use nuclear weapons came with a theatrical flourish.

“When the territorial integrity of our country is threatened, to protect Russia and our people, we will certainly use all the means at our disposal,” he said. “It’s not a bluff.”

Yet that is exactly what western officials made of the bombast. His announcements yesterday to threaten a nuclear strike, mobilise hundreds of thousands of reservists and annex parts of Ukraine were a desperate attempt to test the strength of western support for Kyiv, said officials and analysts.

But the nervousness of western capitals about the possible use of weapons of mass destruction by the world’s second-biggest nuclear power, as well as the threats of a drawn-out war and a prolonged period of higher energy and food prices, is outweighed by their resolve to call Putin’s bluff, they added.

“This is probably the most delicate phase of this decades-long game of chicken,” said a senior European diplomat. “He is actively trying to sow discord. His hope is to drag it out until winter and use the social discontent to actually widen the very real rifts — both intra-EU and transatlantic — that for now stay below the surface.”

Western officials who questioned the seriousness of Putin’s nuclear warning referenced a similar threat he made in the opening days of the invasion if the west were to “hinder” Russia.

That order for missiles to be put on “special alert” resulted in no change to the readiness of the country’s nuclear forces, according to western intelligence officials, even as vast amounts of western weapons were shipped to Kyiv. US satellites monitor Russia’s nuclear forces for signs of activity.

Moscow is also well aware of the cataclysmic cost to Russia itself if it initiated a nuclear conflict. “If [Putin] knows very well that a nuclear war should never be fought and cannot be won, and it will have unprecedented consequences for Russia,” Nato secretary-general Jens Stoltenberg said yesterday.

Russia has 1,588 deployed nuclear missiles in silos, on submarines or at air bases, the second-largest arsenal after the US, according to the US-based Center for Arms Control and Non-Proliferation. Its nuclear doctrine foresees a nuclear strike in the event of a conventional attack that the Kremlin believes jeopardises the state’s existence.

Officials also pointed out that Putin’s threat of escalation if Ukraine were to

attack Russian territory was likely just bluster given Kyiv’s forces have struck targets inside Russia for months, with no significant change in Moscow’s military response.

Support from the US, UK, EU and other allies in the Nato military alliance, in the form of tens of billions of dollars worth of finance aid, and especially, weapons, has been integral to Ukraine repelling Russian forces since Putin launched a full-scale invasion seven months ago.

But while the backing has increased the risk of a full-blown conflict between Russia and Nato, European leaders brushed off Putin’s threats as the flailing of a man running out of ideas. Dutch prime minister Mark Rutte called it “a sign of panic”, while British defence secretary Ben Wallace said it was “an admission that his invasion is failing”.

“All of it screams: we’re losing... It’s desperate stuff,” said Lawrence Freedman, emeritus professor of War Studies at King’s College London and a nuclear weapons expert. “The west will not change its policy because of that speech.”

Putin had already tried and failed to sow division among allies by “weaponising” Russia’s hydrocarbon exports to drive up energy prices, Freedman said. “Mobilisation and nukes are really the only things he has left.”

By annexing vast swaths of Ukraine through referendums in the Luhansk, Donetsk, Zaporizhzhia and Kherson regions this weekend, Putin could frame

‘All of it screams: we’re losing... It’s desperate stuff. The west will not change its policy’

Ukrainian efforts to retake territory as a direct attack on sovereign Russian territory. This would allow him to legitimise a scaled-up military response against Kyiv — or potentially its Nato supporters — possibly using nuclear weapons.

Western officials said they would neither recognise the referendums nor shy away from continuing to arm Ukraine.

Putin’s threats “are supposed to signal that he will not accept defeat in Ukraine, and hence discourage [western] support”, said a senior European defence official. “Recently everybody started to agree that the only way to shorten the war is to step up the assistance, so he is attacking this notion.”

While describing Putin’s stance as a “very dangerous nuclear gambit”, European Commission spokesperson Peter Stano said that the EU was considering an increase in its spending on arms for Ukraine. Officials from the bloc’s 27 member states had already met to discuss how to respond to Moscow’s increased aggression, he added.

Officials from Nato countries privately admit to “Ukraine fatigue” among some members. But Kyiv’s recent successes in recapturing thousands of square kilometres in north-east Ukraine buoyed capitals and provided fresh impetus to the support effort.

Western diplomats pointed to French president Emmanuel Macron’s speech to the UN General Assembly on Tuesday, given just hours before Putin’s announcement, as the best example of the hardened support for Ukraine.

“Those who are silent now on this new imperialism, or are secretly complicit with it, show a new cynicism that is tearing down the global order without which peace is not possible,” Macron said.



Moscow parade: Russia has more than 1,500 deployed nuclear missiles

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General election

Italy at risk of turning its back on Brussels, warns industrialist

SILVIA SCIORILLI BORRELLI — MILAN

Italy risks shifting its alliances to eastern European countries with rightwing governments if the hard right emerges as the winning coalition in this week’s general election, industrialist tycoon Carlo De Benedetti has warned.

The country’s three rightwing parties — Giorgia Meloni’s Brothers of Italy, Matteo Salvini’s League and former prime minister

fought in court for more than two decades, said: “Meloni is too close to Hungary and Poland and we will end up badly [as a country] if Berlusconi does not ditch the coalition.

“Berlusconi has never doubted Italy’s EU membership and alliances. A Meloni-led government... will shift our alliances toward the Visegrád bloc... This is what most Italian entrepreneurs fail to understand,” said the 87-

coalition where the dominant element is Meloni,” said De Benedetti, who was also the vice-president of powerful industrial trade body Confindustria for eight years until 1992. “The business community is wrong in taking the approach that they deserve to be tested.”

De Benedetti is the publisher of pro-EU daily newspaper Domani. His family holding sold CDP media group

publication “continues to stand out as a pro-EU progressive voice even after the election and the ascent of the right”.

Italy’s centre left has warned that with a Brothers of Italy-led government the country could plunge back into the fascist era. Meloni, who refers to herself as a centre-right conservative, has refused to disown the roots of her party.

Meloni’s rivals and sections of the Italian media claim a government led by

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Italy's Prime Minister Silvio Berlusconi's Forza Italia - are expected to win the election. Both Meloni and Salvini have previously criticised the EU with a particular focus on the imposition of rules that they say are against the national interest.

Meloni, who aims to become Italy's first female prime minister as leader of the coalition's biggest party, has vowed not to backtrack on the foreign and fiscal policy stances adopted by Mario Draghi, the departing prime minister whose resignation in July triggered the election.

De Benedetti, who has long been associated with the centre left and is an opponent of Berlusconi, whom he has

year-old billionaire, referring to a group of eastern European countries comprising Poland, Slovakia, Hungary and the Czech Republic.

Earlier this month, chief executives attending the Ambrosetti Forum, an economic conference in Cernobbio, asked politicians to ensure Italy's commitment to the EU-funded €200bn recovery plan.

However, beyond that specific concern, many business leaders across the country have signalled that a centre-right coalition, which has pledged to slash taxes and the cost of labour, is their preferred election outcome.

"This is a leap in the dark because this would not be a liberal centre-right government, this is a fully fledged rightwing

publisher of leading centre-left Italian daily La Repubblica, to the Agnelli family holding in 2020.

He has vowed to ensure his Domani



Carlo De Benedetti: fears hard-right victory will pivot Italy eastwards

her party would amend the constitution and roll back civil liberties.

But De Benedetti disagreed with that prediction. "The conditions for a return to a fascist dictatorship do not exist and [Democratic party leader] Enrico Letta made a mistake to focus on the threat to our democracy, as opposed to discussing his policy proposals," he said.

De Benedetti said he saw the greatest risk in the potential deterioration of Italy's relationship with Brussels.

Evoking Italy's role in the western alliance against Russia's invasion of Ukraine, he said: "The country we need is the one we saw represented in that photo of Draghi on a train with the leaders of France and Germany on their way to Kyiv."

Thursday 22 September 2022

FINANCIAL TIMES

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INTERNATIONAL

Taiwanese tech tycoon pledges \$100mn funding to repel Beijing

Chip billionaire aims to train civilian fighters and develop military drones

KATHRIN HILLE — TAIPEI

Robert Tsao loves a good fight. In his 50-year career, the Taiwanese tech tycoon has duelled with industry rivals, challenged the Taipei government, struggled with prosecutors and clashed with politicians.

Now he is wading into the greatest battle of his life: taking on China. After Beijing intensified its intimidation of Taiwan with unprecedented military exercises last month, 75-year-old Tsao pledged a \$100mn donation to strengthen the country's defences, switched his citizenship back to Taiwan from Singapore and vowed to fight for his land until his death.

"What I want to do is ensure quickly, within two or three years, that nobody is afraid and that we are all ready to resist," Tsao said in an interview with the Financial Times.

He argued that Taiwan could survive even extended bombing and missile strikes as long as it kept Chinese soldiers off its territory. "You have to train everyone to be mentally very strong. Look at the German bombing raids on

century as a Japanese colony. "We were brainwashed then," Tsao said about his childhood under martial law and an ideology that presented the KMT regime as the true China and the Communist party as bandits.

"But although I slowly realised that, later I also realised the KMT was right about the Communist party and how brutal and barbarous it is."

Growing up in poverty, Tsao was the first of the family's six children to study at the prestigious National Taiwan University. With electrical engineering and management degrees, he joined the government's Industrial Technology Research Institute, which spawned the country's now mighty semiconductor industry, and in 1980 founded UMC. The young entrepreneur's views of China were first challenged when he visited Beijing in 1988. Chen Sheng-tien, chair of appliances maker Sampo, a UMC shareholder at the time, "dragged me to see [then top Shanghai official and later Chinese president] Jiang Zemin," Tsao recalled. "I thought those people's hands were full of blood, shaking hands with them felt so dirty."

As China began to open up, Tsao recalled, "many people had a lot of hope for the future". But "that was naive. Only a year later, Tiananmen happened."

But that did not deter Tsao from betting on China in business. Little more than a decade after Beijing's bloody crackdown on pro-democracy protesters, he backed UMC engineers setting up a chipmaker in China. "China started offering good incentives. I hoped that we could co-operate and not have head-on competition. So I helped," Tsao said.

That move cost him dearly. In 2006, Taiwan prosecutors indicted Tsao and his deputy, John Hsuan, on charges of breach of trust and violations of accounting laws, and they had to resign their UMC posts.

When prosecutors sought to have the case retried after initial not guilty verdicts, Tsao abandoned his Taiwanese citizenship and became a Singaporean. "I offended a lot of people, and I thought someone might look for a pretext to come after me," he said.

Although he was cleared of all charges in 2010, the case meant he was viewed as being pro-China.

More than a decade later, Beijing's 2019 crackdown on Hong Kong pushed him to get involved in politics again. "Such peaceful demonstrations, such rational demands, but such cruel suppression - it infuriated me. So I decided to never go to the mainland, Hong Kong or Macau again and to start fighting the communists," he said. "I want to tell the Taiwanese loudly: pay attention! Once you get to the point where Hong Kong is now, there will be no way out."

Robert Tsao has vowed never to return to China after Beijing's 2019 crackdown on Hong Kong



British cities in the second world war - morale remained high," he said.

Tsao has earmarked the first \$30mn of his pledge for training hundreds of thousands of civilian fighters. The tycoon also wants to finance the development of military-use drones.

He said he was in talks with Taiwanese drone makers to form an industry alliance for quickly producing 1mn attack drones at low cost. "If the Chinese communists want to bring their troops ashore and a fleet of ships comes over the Strait, we can assault them," he said.

He rejected the argument that such efforts might be too little, too late. "Although it is very urgent, we still have a little time," Tsao said. "It is like global warming. You have to remain optimistic."

The founder of United Microelectronics Corporation, Taiwan's first privately owned chipmaker, seems an unlikely candidate for rallying the country to arms against China. After all, he oversaw UMC's circumvention of Taiwan government restrictions on investment in China.

Born in Beijing in 1947, Tsao moved to Taiwan aged 18 months. His father had come to teach Mandarin - part of efforts by the Kuomintang, the Chinese nationalists, to Sinicise Taiwan when it took control of the island after half a



'If the Chinese communists want to bring their troops ashore and a fleet of ships comes over the Strait, we can assault them'

On manoeuvres: tanks take part in a military exercise in Taiwan last year simulating the defence of the island against a Chinese invasion

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Covid policy

European businesses slim down operations in China

YUAN YANG — FRANKFURT TOM MITCHELL — SINGAPORE

The warning was issued as the EU reassesses its economic and political

European companies are being forced to “reduce, localise and silo” operations in China as the country loses its attractiveness as an investment destination, executives said in a bleak report on operating conditions in the world’s second-largest economy.

The assessment from the European Union Chamber of Commerce in China is by far its most pessimistic since its founding in 2000, executives said, citing President Xi Jinping’s regulatory crack-downs and the enforcement of draconian lockdowns and travel restrictions to combat Covid-19 outbreaks.

“Ideology trumps the economy,” said Jörg Wuttke, chamber president. “Predictability has been challenged by frequent and erratic policy shifts, particularly when it comes to Covid.”

In what Wuttke described as the chamber’s “most dark [position] paper ever”, the organisation warned that “European firms’ engagement [in China] can no longer be taken for granted”. It added that China was losing “its allure as an investment destination” and that China and the EU were “drifting further and further apart”.

relationship with China. Brussels and Beijing have hit an impasse on a proposed trade agreement after exchanging sanctions over China’s mass detention of Uyghur Muslims in Xinjiang. EU representative Josep Borrell described the sides’ annual summit in April as a “dialogue of the deaf”.

Xi’s zero-Covid policy has also made it all but impossible to visit the country, halting travel by executives and leading to an exodus of foreign staff frustrated with conditions in China. Since the beginning of the coronavirus pandemic, no new EU businesses have moved into the Chinese market, according to the chamber.

Beyond pandemic-related challenges, the chamber described a growing political gap, with companies coming under “increasing scrutiny” at home for their practices in China.

Russia’s invasion of Ukraine and subsequent sanctions have also made EU companies in China fret about investments in the event of a Chinese invasion of Taiwan. In a survey by the European chamber in April, a third of respondents said the war in Ukraine made China a less attractive investment destination.



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Asset valuations

NY attorney-general files Trump fraud suit

Ex-president accused of cheating lenders with misleading statements

JOSHUA CHAFFIN — NEW YORK

Letitia James, New York attorney-general, yesterday sued Donald Trump and his adult children for what she called an “astounding” fraud to falsely inflate the value of assets held by their family business, the Trump Organization, for their own financial gain.

James is seeking penalties that could effectively end the former president’s real estate career and would imperil the Trump Organization, which was started

by his father in Queens in the 1920s. These include banning Trump and his children — Donald Jr, Ivanka and Eric — from ever again serving as an officer of a New York-registered company.

The attorney-general is asking a court to force the Trumps to repay at least \$250m in what she claims were ill-gotten proceeds. She said her office would refer evidence to the justice department for possible criminal charges. “Mr Trump thought he could get away with the art of the steal, but today, that conduct ends,” James said, alluding to the 1987 memoir that helped hone Trump’s image as a property mogul with a Midas touch, *The Art of the Deal*. “We must hold former presidents

to the same standards as ordinary Americans.”

The Trump Organization called the suit “political harassment”.

The lawsuit represents an extraordinary legal action against a former US president who remains the most powerful figure in the Republican party and is contemplating another run for the White House.

It marked the culmination of a three-year investigation that has featured bitter clashes between the attorney-general and the Trumps and their lawyers. Trump has repeatedly accused James, a Democrat, of undertaking a “political witch hunt” to end his career.

Many of the details in James’ suit were

previewed in earlier legal filings. It centres on the annual “statement of financial condition” that Trump and his advisers prepared to detail his net worth for lenders and business partners.

James accused the Trumps of routinely inflating the value of assets such as office towers and golf clubs in order to secure economic benefits, including access to financing on more favourable terms. They would, in turn, minimise the value of the same assets to reduce their tax bills, it is claimed.

“With the help of Donald Jr, Eric, Ivanka and other defendants, Trump variously unlawfully inflated and deflated his net worth by billions to obtain and satisfy loans, get insurance

benefits, and pay lower taxes,” James stated. Among the many examples in a filing that ran to more than 280 pages was Trump’s penthouse apartment. He valued it at \$527m in 2015 — at a time when no apartment in the city had ever sold for above \$100m. The Trumps justified this by nearly tripling their estimate of its actual square footage.

Some lawyers have questioned the strength of James’ case, noting that the parties Trump dealt with were major lenders, such as Deutsche Bank, and so should be expected to perform their own due diligence before extending loans. A parallel criminal probe by Manhattan district attorney Alvin Bragg has stalled.

Morality police

At least seven killed in Iran protests over arrested woman’s death

NAJMEH BOZORGMEHR — TEHRAN

At least seven people have been killed in protests across Iran, officials said, as thousands of people have taken to the streets in recent days in anger at the death of a young woman arrested for her alleged failure to properly observe the Islamic dress code.

Officials blame foreign and opposition forces for the deaths, which include one member of the Iranian security forces.

Kurdistan police chief Brigadier-General Ali Azadi confirmed four protesters had died in the province since Saturday. “Hostile groups have committed these crimes,” Azadi told Tasnim news agency, which is affiliated to Iran’s Revolutionary Guard.

“We urged the youth not to take part in the gatherings as we had credible information that these groups had infiltrated [into protests].”

Shahram Karami, the prosecutor of the western Kermanshah province, said two protesters were killed by anti-regime forces and that the bullets used to kill them were not the ones used by Iran’s security forces.

“We urge families in Kermanshah to prevent their youth from taking part in these gatherings,” he said, according to the semi-official Mehr News Agency. “They emotionally get into these gatherings but the anti-revolution forces seek to create death cases [to fan the crisis].”

The governor of Kurdistan province, Ehsanul Zare’i Kousha, said the protesters there had been “killed by the enemies of the system”, according to Mehr News Agency. “This is definitely the foreign enemy’s scenario as his details and pictures were immediately broadcast on [opposition] satellite channels.”

In the city of Shiraz, one security official was killed, the city’s governor told the state news agency IRNA, and four others were injured. Lotfollah Sheibani added that 15 protesters were arrested on Tuesday night. Police in the northern province of Gilan said 68 protesters were arrested, while 43 members of the security forces were injured.

The protests were sparked by the death of Mahsa Amini, a 22-year-old from the Kurdish town of Saqqez. She was arrested last week by the morality police, a branch of the Iranian force that seeks to promote virtue. She wore a long black coat and scarf, but arresting officers said her clothing was not appropriate. She collapsed at the morality police centre in central Tehran, went into a coma and died on Friday.

The nationwide protests are one of the few demonstrations against the wearing of the hijab since the 1979 revolution that created the theocratic state. Women have burnt their scarves during protests, with some calling for the abolition of the compulsory hijab.

Demonstrations on Tehran university campuses continued yesterday, according to videos posted on social media. “We will kill anyone who killed our sister,” students in the Science and Research Branch of the Islamic Azad University chanted. The governor of Tehran province said yesterday that intelligence suggested that about 1,800 of the protesters in the capital on Mon-

Amazon. Deforestation

Colombia warns jungle is ‘disappearing’

Country’s first leftwing leader blames war on drugs and rich nations’ thirst for resources

JOE PARKIN DANIELS AND GIDEON LONG BOGOTÁ

In a fiery speech at the UN General Assembly, Colombia’s first leftwing president did not mince his words about the destruction of the Amazon rainforest, 6 per cent of which lies within his country’s borders.

“Destroying the jungle, the Amazon, has become the slogan followed by states and businessmen,” said Gustavo Petro, who took office last month after campaigning on a platform of social and environmental justice.

In front of world leaders at the UN on Tuesday, he blamed the war on drugs and rich countries’ thirst for natural resources for the increasing forest loss and called for a global fund to protect the Amazon, as well as debt-for-nature swaps that Bogotá could use to invest in environmental projects. “The jungle is disappearing with all its life,” he said.

Colombia lost more than 174,000 hectares of woodland in 2021 — an area 30 times the size of Manhattan — with illegal clearances fuelling the surge. It was the country’s worst year for deforestation since 2018 and the second year in a row the amount of land lost increased, putting the country’s climate targets, indigenous communities and countless species of flora and fauna at risk.

Petro’s strategy to tackle deforestation would target land grabbers who cut down the forest to turn it into cattle ranching land that can be sold off, said Susana Muhamad, the country’s new environment minister.

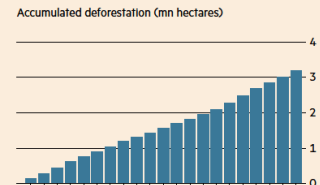
“We will tackle the drivers of deforestation and not only those who are cutting down the trees,” said Muhamad, a prominent environmental activist. “It’s illegal land grabbing and that’s where we will apply a strategy determined by the armed forces.”

In the past two decades, Colombia has lost 3.1mn hectares of forest, 1.8mn of which are in the Amazon, a crucial absorber of carbon dioxide emissions and one of the world’s most biodiverse habitats. The first three quarters of this year saw an increase of 11 per cent of forest loss in the Colombian Amazon com-



Cut down: a farmer fells trees to plant coca crops in Guaviare, Colombia. Illegal land clearance is a driver of deforestation

Colombia has failed to slow the pace of destruction of its forests



Muhamad said the government would prosecute those who fund land grabbing and would aim to improve the traceability of Colombian beef, 80 per cent of which is of uncertain origin. Other catalysts of deforestation include agriculture, logging, unauthorised construction, mining and coca production.

Up to 2014, large swaths of Colombia’s woodlands were in the hands of guerrillas and paramilitary groups and off-limits even to the most intrepid chainsaw-

wielding loggers. But that changed when the Revolutionary Armed Forces of Colombia (Farc), the largest guerrilla group, agreed to a ceasefire that paved the way for a 2016 peace deal.

“Once Farc lost de facto control of its territories, we saw deforestation increase quickly,” said Bram Ebus, author of a 2021 report on Colombian deforestation for the International Crisis Group. “Other non-state armed groups filled the void left by Farc. The state never showed up and wasn’t able to protect its own forests.”

Muhamad said that fully implementing the 2016 peace accord would pave the way for rural development programmes that boost eco-tourism and reforestation. “In the end, it will be more profitable to be with the rule of law than to be involved in illegal economies,” the minister said.

In 2019, Iván Duque’s conservative government launched Operation Artemisa, tasking the military with going after these groups. Last year, the government passed legislation making it easier to prosecute

“The state never showed up and wasn’t able to protect its own forests”

operation has targeted them unfairly. Germany, Norway and the UK in 2019 offered Colombia combined financial incentives of up to \$260m if it could show a sustained reduction in deforestation and emissions by 2025. But after the increase in destroyed woodland over the past couple of years, the country risks missing out on that money.

The state aims to reduce forest loss to 100,000 hectares a year by 2025 and to zero by 2050. But Margarita Flórez, head of Ambiente y Sociedad, a Colombian environmental NGO, said “it’s very unlikely” the final target, agreed at the COP26 climate summit, would be met.

“It takes just one day to destroy a hectare of rainforest with a chainsaw,” Carlos Correa, former environment minister under Duque, told the Financial Times just days after leaving office. “But it takes 25 years to restore it.”

Deforestation can have a devastating effect on indigenous communities. Isaac Faez, who grows plantains in Cartagena del Chiriquí, a deforestation hotspot, said his community, which opposes unregulated cattle ranching, had received

pared with the same period last year, according to Ideam, the country's environmental agency.

2001 05 10 15 21
Source: Colombian Institute of Hydrology, Meteorology and Environmental Studies

people for deforestation, with jail sentences of up to 15 years. Smallholder farmers, however, complain that the

threats from armed groups. "Unless we put a stop to large-scale cattle farming, it's going to continue."

day "had records of taking part in previous gatherings and riots".
Outlook see The FT View page

Indigenous players

Racism scandal shakes Aussie rules football

NIC FILDEN — SYDNEY

A racism scandal involving the separation of indigenous players from their partners and pressure on at least one couple to abort a child has rocked Australia's most popular and lucrative sport, Aussie rules football, just days before its grand final.

Indigenous players in the Australian Football League alleged they had their Sim cards removed to cut them off from their families, while one athlete said he was pressured to tell his girlfriend to terminate a pregnancy, according to the findings of a review stretching back more than a decade. "[A club official] told me to kill my unborn kid," the player told state broadcaster ABC.

Hawthorn Football Club, one of the most successful teams in the AFL's recent history, commissioned the report this year following allegations of abuse of its indigenous players as far back as 2005. The findings at the Melbourne-based club, which were revealed by an investigation by ABC, have resurrected memories of the mistreatment of the Aboriginal community.

The AFL confirmed the ABC report's findings.

The league is one of the most lucrative in the country and counts Toyota, which has a reported A\$18.5m (US\$12.5m) a year deal with the league, Coca-Cola, Continental Tyres, McDonald's, Telstra and Irish gambling company Flutter Entertainment among its corporate sponsors.

A recent broadcasting deal highlighted the sport's commercial status, valuing its media rights at A\$4.5bn over seven years despite its lack of international appeal.

ABC reported yesterday that the review at Hawthorn had unearthed a culture of bullying and coercion. The head of the competition's governing body said the findings were "challenging, narrowing and disturbing".

The report has convulsed the league ahead of Saturday's final between the Sydney Swans and Geelong Cats in front of more than 100,000 spectators in Melbourne.

The AFL has adopted various measures to improve its relations with the indigenous community in

Australia, which provides some of the best and most high-profile players in the league.

It has introduced an indigenous round, where players don Aboriginal-designed jerseys and every game is preceded by an acknowledgment of the original inhabitants of the land where the match is being played.

That outreach, however, has been undermined by a series of controversies over the past decade that has included the boeing of indigenous player Adam Goodes and racist incidents involving the Collingwood and Adelaide football clubs.

Tim Southphommasee, Australia's former race discrimination commissioner, said the treatment of the indigenous players by Hawthorn "smacked of paternalism and the politics of another age" when Australia's government separated Aboriginal children from their families.

"This is deeply upsetting. It evokes memories of politics from the past that we thought were behind us," he said. "It is very clear there are systemic issues of racial discrimination within the AFL."

Latin America

Bank chief attacks misconduct investigation

MICHAEL STOTT — LATIN AMERICA EDITOR

The president of the Inter-American Development Bank has attacked his own institution over its investigation into allegations that he had an undisclosed relationship with a senior staffer, arguing that an external report had not substantiated the "false" claims.

Mauricio Claver-Carone, a Trump-era nominee who leads Latin America's main development bank, told the Financial Times that the IDB had broken its own rules on confidentiality, privacy and due process "over a dozen times" during the investigation.

The Washington-based institution hired US law firm Davis Polk to investigate anonymous allegations made by a whistleblower against Claver-Carone and the senior, female staffer in March, which also included accusations of excessive expense claims for travel.

The report was delivered to the bank's board of executive directors this week and has not been published.

"The bottom line is that there have been over a dozen violations of the bank's rules on confidentiality, privacy

and due process against me, and zero actual evidence to substantiate any violations by me," Claver-Carone said. "The score is 12-0 against those trying to smear me and my staff."

In a public statement, he said he had "supported and participated in this unprecedented investigation, which, as

"There have been over a dozen violations of the rules on confidentiality, privacy and due process"

expected, does not substantiate the false and anonymous allegations that were made against me or IDB staff in the press". He added: "I would welcome the opportunity to officially respond to the investigation's findings in accordance with bank rules and international standards."

The main development bank for Latin America and the Caribbean, the IDB last year lent directly a record \$13.1bn to fund infrastructure and improve health, education and sustainability in the

region as it struggles to recover from the coronavirus pandemic.

Several larger Latin American countries, led by Argentina, opposed Claver-Carone's appointment in 2020 on the grounds that he was a partisan figure in his previous role as Trump's top adviser on the region.

They also objected that he was a US nominee, when the bank had always been headed by a Latin American. But Claver-Carone won by a large margin, with support from the region's smaller countries, particularly in Central America and the Caribbean, which have traditionally been under-represented in the institution's top ranks.

"Now, their ongoing effort [against me] is based on loosely fabricated allegations that have already been dismissed," Claver-Carone told the FT.

Friends of the accused senior staffer said they believed the allegations against her were false and largely based on opportunistic testimony from her ex-husband, which they said had been discredited.

"The board are waging asymmetric warfare against her," one friend said.

Thursday 22 September 2022

FINANCIAL TIMES

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Play safe Tencent gains approval to launch an educational video game as Beijing cracks down on sector content COMPANIES

Companies & Markets

French tycoon Niel builds 2.5% holding in Vodafone

- UK telecoms group faces shake-up
- Atlas investment valued at £750m

ANNA GROSS, LEILA ABOUD AND SARAH PROVAN

French billionaire Xavier Niel has scooped up a 2.5 per cent stake in Vodafone, paving the way for the telecoms entrepreneur to potentially shake up the underperforming UK group.

Niel, who bought the stake through his investment vehicle Atlas Investissement, hinted at his intent in a statement that said there were "opportunities to accelerate... the streamlining of Vodafone's footprint and the separation of its infrastructure assets", as well as improve profitability.

The unexpected move comes after Niel took his telecoms group Iliad private last year and picked up the pace of acquisitions in Poland and elsewhere to

per cent stake in BT last year. That prompted widespread speculation that the veteran dealmaker may eventually try to wrest full control of the company.

Grindle added that the two billionaires were likely to have seen "lots of value" in telecoms assets that the "public markets were not valuing... right".

The 2.5 per cent stake that Atlas has built is worth about £750m at current market prices, although it was not disclosed whether the stake was all in shares or partly in derivatives.

Vodafone in February rejected an €11bn bid for its Italian business from Iliad, a provider in France, Italy and Poland owned by Niel, and private equity fund Apax. That offer represented about seven times earnings before interest, tax, depreciation and amortisation.

Vodafone's share price gained 2.3 per cent, but was still down 3.8 per cent in the year to date, at 108.8p.

The global telecoms group has been under pressure since it emerged that Cevian Capital, Europe's largest activist investor, had built an unspecified stake in the company, and was angling for an overhaul of what investors believed to be a convoluted business model.

Cevian has called for the company to shed poorly performing parts of the business and complete mergers or acquisitions in markets in which chief executive Nick Read has said he is looking to do deals — the UK, Italy and Spain. Read is also aiming to sell a significant stake in the group's masts business, Vantage Towers, that was listed last year and has received interest from multiple private equity groups, according to a person briefed on the discussions.

Last month, Vodafone agreed to sell its Hungarian business for \$1.8bn to 4IG and Covimius Zrt, a Hungarian state holding company.
See Lex

Fare deal Investindustrial spends €200m on majority stake in luxury food retailer Eataly



Fine dining: an Eataly outlet. The plan is for the company to expand around the world — Roberto Sena/Guinea Press/Getty Images

SILVIA SCIORILLI BORRELLI — MILAN

European private equity firm Investindustrial is buying a controlling stake in Eataly, the Italian luxury food and drink group, with plans to further expand the business around the world.

The firm said yesterday that it would acquire 52 per cent of the company, founded by Oscar Farinetti in 2007, with an investment of €200m and share purchases from existing shareholders.

The remaining 48 per cent will remain with current investors including the Farinetti family and Italian private equity firm Tamburi Investment Partners. As part of the deal, the Saper and Bastianich families, two US investors, will sell their holdings.

Nicola Farinetti, the founder's son and current chief executive, will become the company chair and a new chief will be appointed.

"The investment will allow Eataly to retire net financial debt and maximise financial flexibility for the group's global expansion plans," Investindustrial said in a statement.

Andrea Bonomi, the founder of Investindustrial, said that Eataly had grown "thanks to a visionary's idea and was now in need of a strong investor with a penchant for Italian companies around the world to back its expansion".

Eataly's first store opened in Turin in 2007. It was soon followed by New York, Rome and Paris. In 2021, another flagship store opened in central London.

Over the past 15 years, the company has opened more than 40 stores, which sell luxury Italian food and wine, across the US, Europe, Asia and the Middle East.

Investindustrial and the other shareholders are looking at further expansion of the business through

new flagship stores and other outlets in large cities across the world. "We can complement the current megastores with small ones which can fuel a broader expansion," said Bonomi.

The private equity firm's founder, Milan-born Bonomi, said Investindustrial was targeting food brands in Italy and the US because the sector had growth potential.

Earlier this year, the firm took over the Italian food manufacturer La Doria, which delisted from the Milan stock exchange.

It also announced the acquisition of US-based private label distributor Treehouse Foods and ingredient manufacturer Parker Foods.

The private equity group, which manages more than €11bn in assets, has invested more than €2.5bn in the food sector over the past two years. Other investments include Italian dairy, an Italian ingredients maker, and Dispensa Emilia, a restaurant chain.

Schneider in £9.5bn deal for software group Aveva

SARAH WHITE — PARIS
HARRIET AGNEW — LONDON

French industrial conglomerate Schneider Electric has agreed to buy all of Aveva, in an offer that values the UK software developer at nearly £9.5bn but has been met with disappointment among some minority shareholders.

The French group said yesterday it would pay £31 a share in cash for the 40 per cent of Aveva it did not already own — a 41 per cent premium over the company's closing share price in late August, before Schneider said it was considering an offer. It aims to close the deal in the first quarter of 2023. The buyout is one of the biggest UK acquisitions this year, but will leave the London stock market with just a handful of tech companies of any size. Late last month, Canada's OpenText struck a £5.1bn deal for UK software developer Micro Focus International.

Top-20 Aveva investor M&G, which owns 0.75 per cent of the group, said it opposed the deal and would vote against it, adding that it undervalued the longer term potential of the company.

"M&G is materially underwhelmed with the opportunistic £31 offer from Schneider Electric for the remainder of Aveva, and we're disappointed that the Aveva board has recommended the bid to shareholders," said Rory Alexander, UK equity fund manager.

He said Aveva's share price was "trading at depressed levels due to the combination of low technology valuations, macroeconomic uncertainties and a complex business model evolution from licence to subscription based revenues."

Schneider's offer was recommended to the UK software maker's minority shareholders by a committee of Aveva directors judged to be independent.

The deal is structured through a scheme of arrangement and will need support from at least 75 per cent of minority investors taking part in a vote in November.

Spun out of Cambridge university in the 1960s, Aveva is one of Britain's oldest technology companies. Its software has focused primarily on the energy, infrastructure and manufacturing sectors — areas Schneider covers as well — although it has expanded beyond that.

The French company has owned 60 per cent of Aveva since a £3bn reverse takeover in 2017, but Schneider folded its software assets into the UK company, which retained a London listing.

UK faces an awkward choice over its golden share in OneWeb

INSIDE BUSINESS
TECHNOLOGY

Peggy Hollinger



The UK went against advice from senior civil servants when it rescued satellite broadband pioneer OneWeb from bankruptcy in 2020, investing \$500m alongside Indian magnate Sunil Bharti Mittal.

It argued at the time that the move was strategic; it gave the UK a platform in the hotly contested region of low earth orbit (LEO) and national security rights over how OneWeb could be used.

Even though the government has changed, it is still under pressure to show that the investment has been a success, say officials. The proposed combination with Eutelsat, part-owned by the French state, relieved the UK of responsibility for helping to fund OneWeb's second generation satellites.

But now the question is whether the ultimate price of success will be to require that the UK adjusts its golden share in OneWeb – one of only three companies operating high-speed communication services from LEO. This could dilute Britain's options for using OneWeb as a strategic global asset.

Last week in Paris, the chief executives of Eutelsat and OneWeb appeared to suggest that some adaptation would be necessary for the company to compete in one of the biggest space tenders around: the EU's proposed €6bn satellite broadband constellation. Officials in

Brussels remain hostile to OneWeb, saying the UK's golden share means the EU cannot have sovereign control over the service. The golden share gives the UK "a range of national security rights, including use of the OneWeb network for national security purposes".

In an interview at the annual World Satellite Business Week, Eva Berneke, chief executive of Eutelsat, told me that the government "wants the customers just as much as the rest of the shareholders". It was up to "the UK government to accept that those rights are being kind of waived on certain customers, because that's the only way for those customers to be part of OneWeb".

Neil Masterson, chief of OneWeb, said it would be possible to organise a "proxy structure" that would meet the EU's sovereignty requirement.

"That enables us to do business with the Department of Defence... There's no reason why that model cannot be translated to Europe or to any other country," he said.

Maybe, I doubt that Thierry Breton – EU commissioner for the single market and the main opponent to using OneWeb for Europe's satellite project – would agree to any such tinkering around the edges. But even a proxy structure could still require the government to reinterpret its golden share.

Any decision to make an adjustment should be based on a sound understanding of what the government wants to get out of its investment. Does it see OneWeb as a strategic asset that could provide capability useful to strategic partners and allies? Should it be the platform for the UK space industry to

develop leading technologies and applications? Or does it simply want to distance itself from the venture with minimum embarrassment and hopefully a bit of profit?

"It is not an easy decision," said one official. Nor should it be. OneWeb has valuable assets – such as global priority rights over the spectrum in which it operates. It is also one of the few operators already delivering connectivity. But OneWeb still requires significant investment to realise its potential.

Meanwhile, Elon Musk continues to race ahead with his Starlink constellation. As well as serving ordinary consumers, Starlink is fast moving into the realms of government and business services – exactly the segment targeted by OneWeb.

A study last month by satellite expert Tim Farrar concluded that any new constellation would struggle to compete on a commercial basis. Vast numbers of satellites would be required to provide adequate coverage and, just as importantly, to help drive down the costs of customer terminals. That means the costs of development would be prohibitive. For OneWeb, he concluded, the EU contract could be vital.

For Brussels, too, OneWeb offers advantages. After all, it already has operational satellites and spectrum, which could save the EU billions.

But given Starlink's expansion, the UK government has little time to decide what it wants from its investment. Commercial success under Eutelsat is likely to mean surrendering some control. That will limit OneWeb's potential as a strategic UK asset. The longer the new government takes to come to a conclusion, the more difficult it will be to prove the investment has been a success.

peggy.hollinger@ft.com

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Legal Notices

NOTICE OF TRANSFER OF LONG TERM BUSINESS
UTMOST LIMITED and QUILTER INTERNATIONAL ISLE OF MAN LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to Section 21 of and Schedule 2 to the Life of Man Insurance Act 2008, an application was made by Utmost Limited (the Transferor) and Quilter International Isle of Man Limited (the Transferee) to the High Court of Justice of the Isle of Man on 24 August 2022 for an order sanctioning a scheme for, among other things, the transfer to the Transferee of the long-term business of the Transferor.

An application has also been made pursuant to Article 27 of and Schedule 2 to the Insurance Business (Jersey) Law 1996 to the Royal Court of Jersey for an order sanctioning a scheme for, among other things, the transfer of the Transferor's insurance business carried on in or from within Jersey. An application will also be made pursuant to Section 44 of the Insurance Business (Bailiwick of Guernsey) Law 2002 to the Royal Court of Guernsey for an order sanctioning a scheme for, among other things, the transfer to the Transferee of certain policies which were issued to persons resident in Guernsey.

Any person who alleges that they would be adversely affected by the transfer can raise an objection either directly with the Transferor or the Transferee or at any of the court hearings.

Copies of all relevant documents, which set out further details on the transfer, including details of the court hearings and how to raise an objection, are available from the Transferor and the Transferee online at www.annualgeneralmeeting.com/10months-transfer.

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COMPANIES & MARKETS

Technology

Danes plan quantum leap for life sciences

Foundation to develop superfast computers for biomedical research

CLIVE COOKSON — LONDON

Denmark's Novo Nordisk Foundation is to spend \$200m developing what it says will be the first practical quantum computer for life sciences research, with applications ranging from creating new medicines to finding links between genes, environment and disease.

The non-profit foundation, majority owner of the Novo Nordisk pharmaceutical group, joins a crowded field of uni-

versities and tech companies seeking to convert the theoretical superpowers of quantum computing into useful devices.

But it says its seven-year programme, based in Copenhagen, stands out because it will evaluate competing technologies before deciding which one to proceed with.

"The other major initiatives globally have already chosen their platforms and are trying to optimise them but we predict that many will run into a dead end," said Peter Krogstrup, who will lead the programme from the Niels Bohr Institute at the University of Copenhagen. "We would rather spend seven years finding the platform that offers the

greatest opportunity to build a usable quantum computer."

Some prototype quantum computers manipulate electrons, others photons (light particles). But all today's devices, whether electronic or photonic, "are noisy, fault-intolerant machines that cannot solve any problems relevant to humanity", said Mads Krogsgaard Thomsen, chief executive of the Novo Nordisk Foundation.

"It's a very exciting initiative, with its co-ordinated effort on the hardware and software side," said Professor Garrett Morris, a computational chemist at Oxford university who is not working with the foundation. Simulations in his

lab show that in many cases, quantum computers would predict molecular structures far more quickly and accurately than their conventional counterparts.

"Quantum computing could revolutionise so many aspects of science – if it can pull it off," Morris added.

Quantum theory was formulated in the early 20th century, with Niels Bohr in Copenhagen playing a leading role, but technology did not enable researchers to start applying it to computing until almost 100 years later.

Unlike the binary bits of classical computing, which are either zero or one, quantum bits, or qubits, exploit the

counterintuitive properties of quantum physics to be both at the same time. Quantum computers will exploit this "superposition" principle by carrying out vast numbers of calculations simultaneously, an ability that promises to be particularly useful for modelling chemical reactions, designing new materials and searching huge databases.

"Within the life sciences, for example, we can accelerate development in personalised medicine by letting quantum computers process the enormous quantity of data available about the human genome and diseases," said Lene Oddershede, senior vice-president at Novo Nordisk Foundation.

Automobiles

Volvo boosts reputation for safety with car sensors rollout

PETER CAMPBELL — LONDON

Volvo Cars intends to install laser-based sensors in all future models in an effort to cut serious accidents involving its vehicles by a fifth, becoming the first carmaker to roll out the technology across its entire fleet.

The upcoming electric version of its flagship sport utility vehicle, the EX90, will feature a lidar sensor that allows it to see "a black tyre on a black road at 120m ahead, or a pedestrian at 250m", said Volvo boss Jim Rowan.

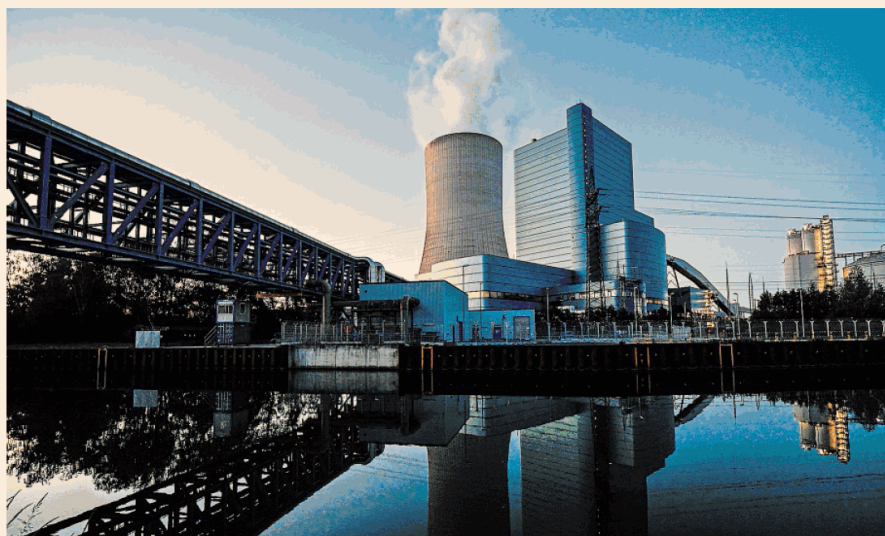
Using the system will reduce collisions by 9 per cent, and fatal or injury-inducing accidents by a fifth, he added.

Rowan said the company intends to fit similar lidars to all future models, allowing Volvo to bolster its industry-leading safety credentials.

Rivals including Mercedes-Benz and BMW have announced plans to use lidar sensors in some models, as the industry's upmarket players try to build features into their cars that they believe will help set them apart in the fiercely competitive premium segment.

While lidar systems are common in self-driving vehicles, few carmakers have installed them into regular road cars, in part because of the cost.

The use of safety sensors is going to become more common, particularly with the EV transition, all eyes to have



Bailout Berlin throws €29bn lifeline to Uniper

The German government is to guarantee Uniper in a deal that takes the utility's bailout cost to €29bn after it was on the brink of insolvency following Russia's invasion of Ukraine.

Berlin's lifeline for the country's biggest importer of natural gas is the biggest corporate bailout in Germany since the global financial crisis in 2008, when the government provided a €500bn lifeline to the banking sector

of the stabilisation package announced in July was necessary against the backdrop of the further intensification of the energy crisis."

Once Europe's biggest importer of Russian gas, Uniper was brought to the brink of collapse after Moscow cut supplies to Europe, forcing it to buy more expensive gas on the spot market in order to meet its supply contracts.

later, in a deal initially fiercely opposed by Uniper's management and finalised only in 2020.

The Uniper deal, undertaken by previous chief executive Pekka Lundmark, who now heads Nokia, is widely regarded as one of the worst in Finnish business history. Fortum paid €7bn for its 73.3 per cent equity stake. In return, it received €900m in dividends and will receive 20 per cent of the company's profits.

in other ways in the past year, such as banning minors from playing them for more than three hours a week. It has also enforced new anti-monopoly measures against tech companies.

Along with the recent economic downturn, China's decision has wiped billions of dollars off the listed valuation of Tencent, although it remains the country's most valuable company by market capitalisation.

Gaming has been a massive source of profits in raising the company's position. The integration of games with its ubiquitous super app WeChat, which the vast majority of the population uses, instantly gave it access to a huge player base.

But China's new anti-addiction measures appear to have cut Tencent's base, at least among children. New research

from Niko Partners found 77 per cent of under-18s had reduced the time they spend playing each week, while the number of overall youth gamers slid from 122mn in 2020 at its peak to 82.6mn this year.

With added scrutiny of content and titles that allow players to communicate within a game, there is also a danger of hurting games' appeal.

"It restricts the gameplay of many games through these methods," said Ryan Li, a former game developer at Tencent. "For example, red blood cannot appear in the game, and religion cannot appear."

With revenues from Chinese players

'We don't expect [the game] to be a high revenue generator for Tencent; neither does Tencent'

games have become more healthy, less addictive and less fun," he said. "I feel like a machine."

...ory, and, when relevant, enforcement tools to keep advanced technologies out of the wrong hands".

Banks

US lenders threaten to quit net zero alliance

STEPHEN MORRIS, KENZA BRYAN AND OWEN WALKER — LONDON

Wall Street banks including JPMorgan, Morgan Stanley and Bank of America have threatened to leave Mark Carney's financial alliance to tackle climate change because they fear being sued over increasingly stringent decarbonisation commitments.

In tense meetings in recent months, some of the most significant members of the Glasgow Financial Alliance for Net Zero have said they feel blindsided by tougher UN climate criteria and are worried about the legal risks of participation, according to several people involved in internal discussions.

"I am close to taking us out of these global green commitments — I'm not going to allow third parties to create legal liabilities for us and our shareholders. It is immoral and irresponsible," one senior executive at a US bank said. "What if we get it wrong, make a mistake or someone else? Then the bank can be sued, that is an unacceptable risk."

European banks including Santander have also expressed misgivings.

The potential loss of some of the world's biggest and most influential banks would be a serious blow for Carney's Gfanz group, which was formed last year and took centre stage at the COP26 climate talks in Glasgow in November. More than 450 finance companies accounting for \$150tn of assets have joined Gfanz, which is co-led by the Canadian ex-Bank of England governor and current Brookfield Asset Management executive.

The banks' biggest concern is over strict targets on phasing out coal, oil and

gas introduced over the summer by the UN's Race to Zero campaign, a net zero standard-setting body that accredits pledges made by Carney's alliance.

The body will soon be able to take action against financial companies for failing to hit targets, which could lead to them being kicked out of Gfanz, the FT reported last month.

Banks' legal departments are particularly anxious about tougher US Securities and Exchange Commission rules around climate-risk disclosures and commitments proposed by SEC chair Gary Gensler in February.

The SEC will soon require formal disclosures in annual reports about governance, risk management and strategy with respect to climate change. Companies will also have to disclose and be held accountable for any targets or commitments made, with detailed plans on how to achieve them.

A European bank executive said that "there is no way we are joining any new ESG groups, we don't control them" and echoed their US counterpart's fears about lawsuits due to the SEC's renewed

focus on ESG and emissions reporting. Banksers say that the proposed SEC rules could add hundreds of pages to annual reports and require a small army of extra accountants and lawyers to produce and vet the data.

Gfanz has faced pushback since its inception. Banks successfully resisted committing to the most explicit road map for cutting greenhouse gas emissions to net zero by 2050, refusing to end financing of all new oil, gas and coal exploration projects immediately.

Banksers say that the demands placed on them are not supported by equally robust government action, nor does the technology exist on which hitting some of the net zero targets will rely.

They also point out the lack of Gfanz members from China, Russia and India — three of the world's top carbon-emitting countries. Of the 116 banks that have signed up to the Net Zero Banking Alliance (NZBA), the Gfanz banking subsidiary, none is from China or India, while Sovcombank is the only Russian lender. By comparison, Liechtenstein has three members.

Bank of America, JPMorgan, Morgan Stanley, Santander, Race to Zero and the UN Environment Programme Finance Initiative, which helps run the NZBA, declined to comment. The SEC and Gfanz did not respond to requests for comment.

US banks have also come under pressure from domestic politicians, notably in the Republican party, over their sustainability commitments. Red states such as Texas and West Virginia have been openly hostile to financial institutions that they feel do not offer enough support to the fossil fuel industry.



There are misgivings about Mark Carney's climate change initiative

Deputy General Manager

Basel, Switzerland

Where perspectives meet

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COMPANIES & MARKETS

Currencies. Historic shift

A weak yen is no longer an unmixed blessing across Japanese industry

Lower exchange rate has more nuanced effect than the export boon it was once considered

LEO LEWIS, KANA INAGAKI AND EIRI SUGIURA — TOKYO

The Japanese yen has tumbled a fifth against the dollar this year, but broad shifts in the country's economy mean its impact on Japan Inc is far more uneven than the last time the currency traded at such weak levels 24 years ago.

Japanese companies had long struggled to match the cost competitiveness of rivals in China and South Korea when manufacturing products in their home market, having historically endured a strong currency as well as high electricity bills and labour costs.

The landscape is now shifting as the yen has tumbled 20 per cent this year against the US dollar, reaching a low of nearly ¥145 last week. The real effective exchange rate, a measure of the currency's strength against those of trading partners adjusting for price levels, has reached its lowest level since 1970, according to Bank of Japan data.

Japan last week sharpened its verbal intervention against the weakening yen. The Bank of Japan contacted banks to check on currency rates, which has in the past been a precursor to a market intervention, which would be ordered by the finance ministry.

While officials may be growing more



tomers in foreign markets. As such, the offshoring is likely to continue as Japan's domestic markets continue to shrink. "[Exchange rates] cannot be a big factor to choose production location. At least 1mn vehicle production is needed for a market to sustain production technology," said Koichi Sugimoto, analyst at Mitsubishi UFJ Morgan Stanley Securities.

Even with a smaller benefit from the weaker yen, Honda still upgraded its annual guidance last month as the currency tailwind helped offset a rise in raw material costs. Companies are still grappling with supply chain disruptions and a slowdown in the global economy, but analysts say Honda's case suggests there is more room for upgrades in the coming quarters for corporate Japan.

Fast Retailing: Asia's biggest clothing brand

In April, Tadashi Yanai, chief executive of Uniqlo owner Fast Retailing, warned the weak yen had "no merit whatsoever". That may have been true 15 years ago when its Uniqlo business was mainly domestic. But with the stores now generating nearly half of annual profits outside Japan, a depreciation of ¥1 against the dollar increases profits by ¥1.2bn when repatriated. The costs of imported materials are still higher with a depreciation of ¥1 against the US dollar wiping ¥4bn off Uniqlo profits.

Since Asia's largest clothing retailer has used hedging tools called foreign exchange forwards, however, the weak-

Fed with a similarly hawkish rate increase. The interest rate differential...

mainland CSI 300 fell 0.7 per cent. Japan's Topix lost 1.4 per cent...

forecasts would probably imply a sustained period of high interest rates...

all we have seen this year, markets may finally be cheap. Unfortunately, they are not...

returns. But why? Undoubtedly, many of these managers are skilled, but the historically strong environment...

may prove to be the more valuable in the decade ahead. Given that these are our strategies, we are arguing here with obvious self-interest...

Markets update

Table with columns for US, Eurozone, Japan, UK, China, and Brazil. Rows include Stocks, Currency, Govt. bonds, and World Index.

Main equity markets



Biggest movers

Table listing biggest movers in US, Eurozone, and UK, categorized into Ups and Downs.

Wall Street

Better than expected results sent General Mills to the top of the S&P 500 benchmark. The company behind Cheerios...

Europe

Uniper plummeted on news that it was being nationalised. Finnish energy group Fortum, which owns a majority stake in Uniper...

London

S4 Capital, the digital marketing group run by ex-WPP chief Martin Sorrell, rallied off the back of half-year results that settled 'nerves'...

Advertisement for The Financial Times wishing to thank Richard Li for his generous support in providing complimentary copies of the FT and HKEJ.

MARKET DATA

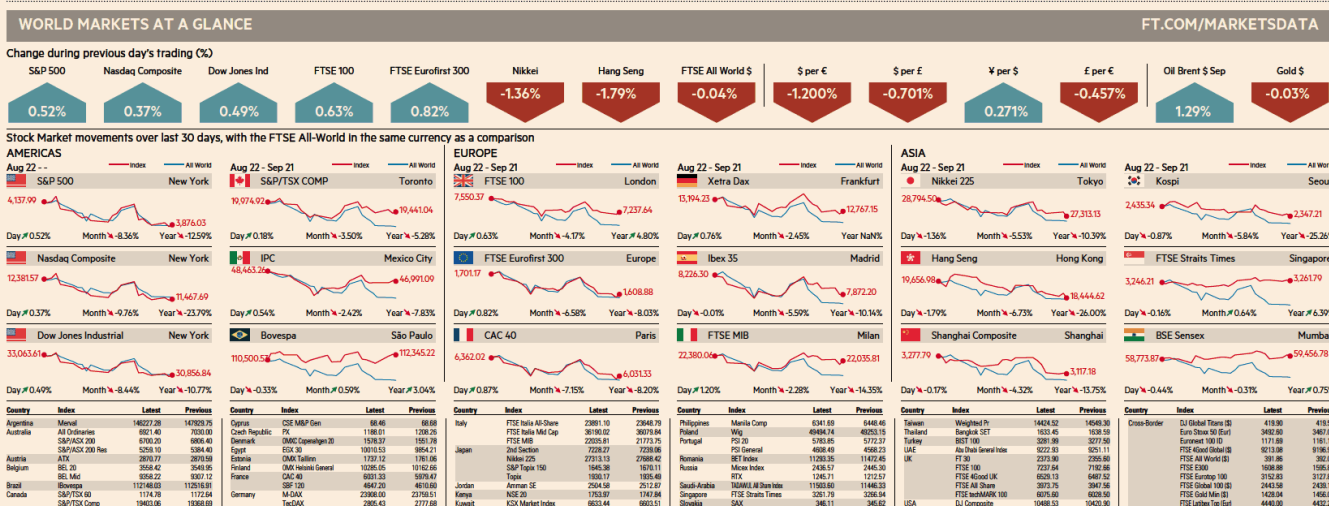


Table with columns for Country, Index Name, Value, and Change. Includes data for Chile, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Taiwan, Thailand, UK, and US.

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STOCK MARKET: BIGGEST MOVERS. AMERICA: Active stocks, gainers, losers. EURO MARKETS: Active stocks, gainers, losers. UK MARKET: Biggest movers.

UK MARKET WINNERS AND LOSERS. Table showing top performing and underperforming stocks in the UK market.

CURRENCIES. Table showing exchange rates for major currencies like Dollar, Euro, Pound, and others.

UK MARKET LEADERS & LAGGARDS. Table showing top performing and underperforming sectors in the UK market.

FTSE 100: Summary of the index performance, including volume and price changes.

FTSE 100 INDEX. Detailed table listing the top 100 companies in the FTSE 100 index with their names, sectors, and price changes.

FTSE SECTORS: LEADERS & LAGGARDS. Summary of performance by sector.

FTSE SECTORS: LEADERS & LAGGARDS. Detailed table showing the top and bottom performing companies within each sector.

FTSE 250: Summary of the index performance.

FTSE 250 INDEX. Table listing the top 250 companies in the FTSE 250 index.

UK STOCK MARKET TRADING DATA. Summary of trading activity in the UK stock market.

UK STOCK MARKET TRADING DATA. Table showing trading volumes, turnover, and other market statistics.

UK RIGHTS OFFERS. Summary of rights issues by companies.

UK RIGHTS OFFERS. Table listing rights offers with details on company name, offer type, and dates.

UK COMPANY RESULTS. Summary of quarterly earnings and dividends.

UK COMPANY RESULTS. Table listing company names, earnings, and dividends.

FT500: THE WORLD'S LARGEST COMPANIES. Summary of the FT500 index.

FT500: THE WORLD'S LARGEST COMPANIES. Table listing the top 500 companies globally by market capitalization.

MARKET DATA. Summary of key market indicators.

MARKET DATA. Table showing various market statistics, indices, and trends.

began rehearsals for Moira Buffini's *Handbagged*, Queen Elizabeth II was on the throne and Boris Johnson was prime minister. The show opened last week to a new monarch, a new PM and a period of national mourning. Suddenly a drill comedy about the relationship between the Queen and her premier (in this case Margaret Thatcher) took on sombre new weight and the creative team was in doubt about whether to proceed at all.

Thankfully, they decided in the affirmative. For while charmingly irreverent, Buffini's play (first shown in 2013) is far from disrespectful: behind all the comic exchanges lies a measure of sympathy for those in high office and the portrayal of the Queen is witty and affectionate. Meanwhile the issues Buffini considers – the role of the constitutional monarchy, the machinery of state, the limitations on each leader – feel particularly current.

In essence, the playwright does what Shakespeare and others have done before her, using dramatic licence to peep behind the curtains of power. Like Peter Morgan's 2013 play *The Audience*, *Handbagged* focuses on the private weekly meeting between the monarch and prime minister and the intriguing fact that no one else is in the room when it happens. That's meat and drink to a dramatist: a chance for imagination to slide in and fill the gaps.

But Buffini also brings self-deprecating mischief to the task, undercutting her own narrative by having characters argue with one another or step out of the action to dispute the drama's priorities. Here there are two Queens and two Thatchers, the older versions often disagreeing with their younger selves. "Philip and I had put money on the [election] result," confides the young Queen to Mrs T. "No we had not" cries the older monarch, against.

At the play's heart is the fascinating image of these two women, the same age, both in positions of power, one



Double vision in 'Handbagged' — Tristan Kenton

In a sense, *The Snail House*, the debut play from renowned director Richard Eyre, brings us a Chekhovian situation. A family of four are forced together by a formal dinner to celebrate the birthday of paediatrician Sir Neil Marriot (Vincent Franklin), recently knighted for his pandemic advice to government. Son Hugo (Patrick Walshe McBride) is a witty political adviser; activist daughter Sarah (Grace Hogg-Robinson) seethes with anger; long-suffering wife Val (Eva Pope) attempts to keep the peace. Assembled in a school dining room,

'Handbagged' swoops in and out of Thatcher's 11 years in office, touching on major political events

Power – elected and enduring

elects but transient, the other inherited but enduring. The play swoops in and out of Thatcher's 11 years in office, touching on major political events and sketching in a relationship that was rumoured to be prickly. Meanwhile, huge issues roll through the comedy, including the partiality of historical account, Romyne Andrews and Richard Cant, playing all the men in the drama, argue about the alternative histories that have been left out.

Richard Kent's set, a skeletal union jack structure, hints at the cage of high office, and the performances are a delight in Indhu Rubasingham's production. Abigail Cruttenden brings a wry sense of humour and quiet scepticism to the upright young Queen, while Marion Bailey is very funny as the older,



Anjali Jay and Samar Khan in 'The Cherry Orchard' — John Peterson

more worldly-wise monarch; Naomi Frederick's pinched young prime minister contrasts with Kate Fahy's older, battle-hardened Iron Lady.

It's certainly a play that's tougher on Thatcher than on the Queen, who emerges here as a champion of social equality – it could apply greater scrutiny to both the monarchy and the electoral system. But it's clever, drolly enjoyable and has now acquired a new layer of poignancy, as the events it depicts slip further into history. To October 29, kilntheatre.com

Seismic social change also underpins Chekhov's 1905 masterpiece *The Cherry Orchard*, as the aristocratic Madame Ranevskaya fails to deal with the economic disaster facing her country estate. Vinay Patel's inventive version pitches the story into the future. Here the action unfolds on a spaceship spinning towards an elusive destination. We are hundreds of years into the mission: the ship is crewed by cloned humans (all of south Asian heritage) who never saw the Earth and various, now antiquated, bits of AI: Firs, the ancient retainers of the original, has become Feroze, a glitchy android servant, brilliantly played by Hari Mackinnon.

The cherry orchard still exists, but in an arboretum. It constitutes a link back to Earth, as does the ship's rigid social hierarchy, which keeps the lower deck workers toiling in the dark. But the mission has become sclerotic: tensions are brewing between the decks, and the discovery of a nearby habitable planet brings everything to a head. As in the original, pragmatic engineer Abinash Lenka (Lopakhin in Chekhov) urges Captain Ramesh to change course but ends by taking charge himself.

Sci-fi it may be, but Patel's play operates as a stinging metaphor for a society too stuck in its ways to make essential change, with the setting bringing a cautionary element. The mapping onto Chekhov's play can feel convoluted, particularly in the first half, and invites comparisons that aren't quite fulfilled.

But it grows into something more poignant, partly thanks to Patel's writing, partly thanks to the skill of director James Macdonald and his cast and creative crew. There's terrific work from Anjali Jay as the obdurate Ramesh and Maanuv Thiara as the exasperated Abinash. Rosie Elnile's rotating spaceship with its pulchish central control column is a joy while Max Pappenheim's sound design and Jai Morjaria's lighting create a reflective mood. The melancholy sight of the receding planet at the end, as the abandoned Feroze spins off into space, makes this an elegiac reminder of the beauty of our own planet. To October 22, theyardtheatre.co.uk

they squabble while the catering staff urge them to attend to the unseen guests gathering in the hall.

Eyre, who also directs, brings to his play a lifetime of working on socially engaged state-of-the-nation drama and the issues here are piping hot: Brexit, climate change, class, integrity... A huge disclosure about the former relationship between Marriot and the catering manager (played with quiet, formidable dignity by Amanda Bright) raises serious questions about medical ethics.

As a bruising summary of the many problems besetting current Britain and of polarised public debate, it's spot on. As a play, it is much less satisfying. The characters too often sound like mouthpieces and there is way too much on the table: that plot twist deserves a whole play. Plus it's hard to care much about a central four that are so spiky and one-note, though the cast depict them with droll humour and Franklin brings poignancy to Marriot's late admission of wrongdoing. There's great work too from Raphael Famotibe and Megan McDonnell as the young gig-economy caterers, witnesses to this privileged family charade. But for all it bubbles with issues, this show is sadly flat. To October 15, hampsteadtheatre.com



'The Snail House' is the debut play from director Richard Eyre — Manuel Harlan



Out Now: The fDi Report 2022 Global greenfield investment trends

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- Germany, the UK and Spain account for 42% of FDI projects into Europe

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A publication from the Financial Times

Thirteenth-century adolescence made fresh

FILM

Catherine Called Birdy

★★★★★

Leslie Felperin

Lena Dunham, creator and star of the 2012-17 HBO series *Girls*, is a divisive figure for all kinds of reasons. But while people may object to her personal style, her fudging of the lines between autobiography and fiction, her white privilege and more, the fact that she has real talent as a maker of TV and film is much less in dispute. The evidence is there in *Girls*, which she shaped as star, showrunner, key writer and sometime director, but also in her early features *Creative Nonfiction* (2009) and *Tiny Furniture* (2010). Reports from Sundance Film Festival earlier this year suggested that her down-and-dirty comedy *Sharp Stick* is both problematic and disappointing, but now comes the firework bang of pure joy that is *Catherine Called Birdy*.

It's a more mainstream work than *Girls* or Dunham's previous features. Like the acclaimed 1994 book by Karen Cushman on which it is based, the film centres around a 14-year-old protagonist living in 13th-century England, and is aimed more at fans of Young Adult fiction than the kinds of actual young adults found in *Girls*. The challenge of adapting another writer's work and the raised stakes of a higher budget may have curbed some of Dunham's more provocative instincts. But with a story that touches on menstruation, a young woman's first exposure to sex, her incestuous desire for her uncle, the threat of sexual abuse and harrowing scenes of

childbirth, it still meshes with Dunham's usual preoccupation with the sticky bodily facts of being female.

That might make it sound like a YA version of *Game of Thrones* spin-off *House of the Dragon*, but without the dragons or, thankfully, the dour self-seriousness. It does have *Thrones'* breakout star Bella Ramsey (who played a tiny but fierce clan head) in the lead role of Birdy, an irrepresible imp who prefers playing in mud to learning to be a lady. This greatly annoys her father, Lord Rollo (Andrew Scott), who needs to marry her off quickly to bolster his estate's dwindling finances. Birdy's permanently pregnant mother Aislinn (Billie Piper) and nurse Morwenna (Lesley Sharp) are quietly on her side but are powerless to avert the onset of adulthood. In her desperation, Birdy conspires to sabotage every introduction her father arranges with either histrionics, blackened teeth or plain rudeness. Dunham and her casting directors

have always had a great eye for new talent, and that's as true again here, with such discoveries as Rita Bernard-Shaw as snorty-laughed maid Meg, Michael Woolfitt as goatherd Perkin and others, while the rest of the roles are filled out with established names on cracking form, including Spike Okonedo as a saucy aunt by marriage and Paul Kaye as a loathsome suitor. But it's Ramsey who owns or steals every scene, a petite combustible package bursting with fury, pleasure and potential. It may go down as one of the all-time great teen performances.

The film taps into that youthfulness as Dunham and her team create a medieval world, encapsulated in a sleepy corner of Lincolnshire, that feels fresh, contemporary and effortlessly cool, with hip cover versions of pop songs and costumes that channel boho-boutique chic.

In UK and US cinemas from September 23; on Amazon Prime Video from October 7



Star: Bella Ramsey is at the helm of 'Catherine Called Birdy' — Ann Selway

The secretive field of ransomware negotiation has become big business in recent years after hacking proliferated in the pandemic. But the playbook for dealing with attacks is thin – and still being written.

By Hannah Murphy, Dan Clark and Sam Joiner

Max Bevilacqua was just 18 years old when he was forced to learn the delicate skills of negotiation. "I was unprepared," he says, of the time he successfully talked an acquaintance down off a ledge. The experience would lead Bevilacqua, now 33 and founder of Max Negotiating, into the increasingly sought-after profession of ransomware negotiation, haggling with cyber criminals who lock up a company's data or computer systems until desperate victims agree to send them a payout.

Over the past few years, ransomware has exploded into a multimillion-dollar global enterprise for cyber gangs. The number of ransomware attacks globally has more than tripled since 2019, hitting businesses, government entities, hospitals, schools and colleges and even charities of all sizes. Global ransomware damage is predicted to cost victims more than \$250bn a year by 2031.

Fighting back, Bevilacqua and others in his field help clients communicate with the hackers with the aim of regaining control of their valuable data – at minimal cost – and returning to business as usual.

"I work as the threat actor," he says. "I think of what they would do – [of] a situation where I wanted to make as much money as possible – and try to go backwards from there."

It is an awkward craft, and one shrouded in secrecy. Western authorities generally advise against paying hackers in any ransomware situation, several US states already ban government entities from paying ransoms to attackers – and others are mulling over similar prohibitions.

That leaves the industry's legitimacy in a grey area. Victims generally try to avoid disclosing embarrassing hacks if

"The attackers want their money quickly so they can move on to the next attack, so slowing them down is crucial"

they can help it, demanding discretion on the part of negotiators, who are themselves careful not to share too much insight into their strategies, lest cyber criminals use that information against them.

For Bevilacqua, the rules of engagement are far trickier than in the other types of consulting work that his firm offers, such as advising lawyers and human resources staff on how to reach an agreeable resolution on workplace matters.

The main problem is that cyber criminals simply "don't care", he says. "They don't have the reputational cost that binds them to good behaviours, such as fairness."

Writing the playbook

The playbook for negotiators is thin and just starting to be written. Ransomware groups proliferated during the Covid-19 pandemic, in part because the transition to remote working left businesses more vulnerable to opportunistic outsiders. The FBI said last year it was monitoring more than 100 gangs.

Full data sets are scarce, as many victims do not disclose if they have been hacked, let alone paid hackers, but demands run from the thousands into the multimillions of dollars – and are rising. According to Palo Alto Networks, 35 fresh groups sprung up in 2021. A March report by the cyber security company estimated that the average ransom demand in cases handled in 2021 rose 144 per cent to \$2.2m compared with the previous year. Meanwhile, the average payment increased 78 per cent in 2021 to \$541,010.

Fuelled by such lucrative business, many hacking groups have professionalised. In some cases, they mirror corporate organisations, with designated hierarchies, salaries and revenue targets for staffers to hit. "The operational sophistication of these groups continues to grow," says Bill Siegel, chief executive and founder of incident response firm Coveware.

While smaller outfits remain easy prey for attackers, there have also been debilitating attacks on high-profile targets, such as the 2021 attack on Colonial Pipeline, which supplies almost half of the motor fuel consumed on the east coast of the US. The hack caused the pipeline to be shut down for five days, triggering a run on petrol supplies as motorists rushed to fill their tanks.

Incidents of attacks on this scale have fallen slightly recently as law enforcement has circled, according to Siegel. "We are seeing [fewer] truly disruptive hacks," he says, but he also notes that many criminal groups have started employing new and brazen tactics to give them additional leverage in negoti-



Real-world ransomware websites seen by the Financial Times
FT message Dearstime

How to fight back against a cyber hack

Play the game
Can you protect your company from a cyber attack and avoid a crippling payout?



"I think of what they would do – a situation where I wanted to make as much money as possible – and try to go backwards from there"

Max Bevilacqua

ations – albeit on softer targets. This includes so-called double extortion (shifting from merely holding a victim's data hostage to also threatening to publicly leak the information) as well as crashing a victim's public websites or calling their customers to embarrass them, Siegel says.

Much like in the approach to traditional hostage situations, US and UK governments recommend that victims do not interact with cyber criminals. "It doesn't guarantee you or your organisation will get any data back. It also encourages perpetrators to target more victims and offers an incentive for others to get involved in this type of illegal activity," the FBI website says.

But the issue remains hotly debated, with some local governments taking a more hardline stance. The US states of North Carolina and Florida have explicitly banned state and local government agencies from paying or even communicating with ransomware hackers, with others such as Pennsylvania, Texas, Arizona and New Jersey weighing similar moves. Meanwhile, New York is proposing banning businesses, as well as government agencies, from paying ransoms.

The thinking is that these laws will make the states "less attractive targets to ransomware groups", according to Allan Liska, intelligence analyst at US cyber company Recorded Future. But he adds that this could "backfire" and in fact "incentivise ransomware groups to go after victims in those states [as a sort of 'challenge accepted' moment]."

Brett Callow, analyst at the cyber security group Emsisoft, maintains that many victims pay a ransom to combat the threat of potential legal action from their users, rather than to restore operations. "It's a matter of being seen to do everything they can to appease the people whose data has been stolen – to prevent class action suits," he says.

But many victims feel like they have no choice but to pay. "I don't think you can criticise a family business for wanting to save their livelihood," Bevilacqua says.

Live attack

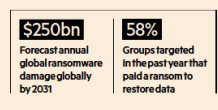
One weekend in March 2021, Sir Daniel Moynihan, chief executive of the Harris Federation and his IT staff were making frantic calls for help.

His multi-academy trust – based in London and Essex and made up of more than 50 schools catering to 40,000 youngsters largely from disadvantaged areas – had been hit by Russia-linked ransomware attackers demanding a payment of at least \$4m in cryptocur-

rency, he says. Staff had been forced to shut down its computer systems to stop the virus spreading further. The consequences were already dire. The schools' teaching materials and registration systems were down; students' medical details could not be accessed, neither could payroll.

"In some of our schools, door entry systems operated on wireless networks so we didn't know on the Monday morning whether the schools would be able to open the front doors," Moynihan says, "or indeed whether the front doors would be wide open."

But each of the cyber security firms listed on a UK government cyber website refused to take on the trust as a client because, they said, they were at capacity. "That kind of gave us early indication that a lot of this goes on below the radar," says Moynihan. Eventually, following a recommendation from a



board member, the group turned to Israeli cyber outfit Sygnia. Hiring the right negotiator can be a complicated matter. They can be in specialised boutique companies or in-house teams at larger cyber insurance or cyber security firms, such as Sygnia. Many have backgrounds in traditional hostage or terrorist negotiation, or military intelligence; others have dark web and technical backgrounds.

A large chunk of their time is spent seeking to build profiles of their invisible opponents – cyber criminals mainly based in Russia or eastern Europe, who operate outside the purview of western extradition treaties – so as to be able to predict how they might behave in future. Are they likely to honour their commitments, for example?

"At the very outset, you're trying to figure out, who is the player I'm playing with?" says Bevilacqua.

In the case of the Harris attack, Sygnia's job as negotiator was to "find out what [the hackers] had" (valuable intelligence on the damage they had done or data they had stolen) and also to "delay as long as possible", while the trust's IT staff got their systems back up and functioning again, Moynihan says.

Paying was out of the question for his foundation as it could potentially set a precedent for other education groups. "To hell with them!" he says. But the Sygnia negotiator, an ex Israeli army

hostage negotiator, took on the fictitious online persona of a school bursar called Emily, who "pretended to be naive" and was "pressing them for more information" under the guise that she needed to take it back to the board. In the end, while the disruption cost the Harris Federation £600,000 to £700,000 and some private data was leaked, Moynihan never paid a ransom, stalling the hackers while rebuilding the security of the servers.

Malicious activities

Analysis of ransomware payouts shows that in the majority of cases the payment demand can be significantly reduced. In certain cases, they can be brought down by about 25 to 30 per cent – or sometimes even as much as 80 per cent, says Oren Wortman, vice-president of cyber security services for North America at Sygnia.

Negotiators typically correspond with hackers via email or instant chat windows with the permission of their client. As a first step, it is vital to initiate communication as soon as possible to increase the chances that the hackers will "pause their malicious activities", Wortman adds. "It's very analogous to more traditional types of ransom negotiation, in the sense that from the time you start that dialogue, the threat actor will not do something to harm their own chances of achieving their objectives."

That said, negotiators tend towards stalling as a way of gaining a degree of control. According to Kurtis Minder, CEO and co-founder of cyber company GroupSense, the longer you have to plan and strategise the better. He advises his clients to try to put themselves in a "high-maintenance, low-value" bracket in the minds of the hackers.

"The attackers want their money quickly so they can move on to the next attack, so slowing them down and making yourself as much of a nuisance as possible is crucial," Minder says. "The additional time will also enable you to validate the severity of the attack."

In some cases, criminal groups with sophisticated coding ability will develop and maintain their own ransomware software to deploy it themselves – and undergo serious due diligence on their targets. "For a lot of the big ransomware groups, the number or amount the attackers are asking for isn't a wild guess," explains Marc Bleicher, managing director of a group of firms that specialises in cyber risk. "It's based on research and reconnaissance they've undertaken."

In other cases, smaller groups of hackers without the prowess to maintain their own strains of ransomware might pay to rent technology from groups that offer ransomware as a service and buy up lists of targets. "If it's a less sophisticated group, we'll have a higher level of confidence that we can continue negotiating it down to a fraction of what the initial demand was," says Wortman. "As opposed to a more sophisticated group that we will be able to negotiate [with] but only to a certain point."

Ultimately, it is down to the victim to decide whether or not to pay. Minder advises compromised companies to place a value on the information stolen and then negotiate from there. How long will it take for you to become operational again? Could your company face legal repercussions if customer information is made public? What impact would a hack have on your reputation?

If a victim does proceed with payment, negotiators might help them transfer funds via cryptocurrency and simultaneously offer cyber security services to help victims back on their feet. The process is not without its controversies. Negotiators face mounting pressure to conduct due diligence on criminal gangs to ensure they do not hand cash to entities under sanctions.

In September 2021, the US Treasury department's Office of Foreign Assets Control issued an advisory warning that any group facilitating payments to ransomware gangs on its economic sanctions list could risk severe penalties, and outlining the "proactive steps companies can take to mitigate such risks". Given the prevalence of Russian ransomware groups, the issue has become more pertinent this year since Russia invaded Ukraine and was put under increased sanctions by the west.

Meanwhile, some criminal groups try to offer fixed deals and discounts to the negotiators they come up against regularly. Negotiators who have developed relationships with hacking groups have come under criticism and had their incentives questioned.

"We think it crosses a major line, ethically and possibly legally," says Siegel. But he adds that the fee structure that his company uses is "not predicated on ransoms being paid". Rather, fixed contracts based on time and resources are used, he says. "We have taken great care to ensure that there is zero financial incentive around the outcome."

advantage and thus cannot be unseated.
They point out, too, that there was no market for bitcoin when it was invented, and so the network was maintained not for profit but by people who believed in the value of the system – unlike later coins, some of

crypto, and bitcoin cannot solve it.
This is not to say that there aren't some crypto projects and tokens that are better than others. But a space, no matter how shiny, is still a space. And bitcoin, I'm afraid, is still crypto.
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by Najmeh Bozorgmehr

overstretched its enforcement of the Islamic dress code in an effort to hold back the tide of secular modernity.
Women who have peacefully and consistently pushed against boundaries for the past four decades – and who dare to walk in the streets

Everybody is aware that this week's street protests will not succeed in overturning the hijab obligation, but people are now emboldened to speak out. For the time being, the authorities are being careful. Hardly any senior politicians have defended

At Amini's funeral on Saturday, women took off their headscarves in solidarity. On her grave was the simple message: "You won't die. Your name will become a code name".
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Opinion

Better work-life balance for bankers could be another 'mommy track'



Brooke Masters

Sachs analysts drew global attention in 2021 for a slide deck in which they complained about being overworked and disrespected. Attrition in junior banking programmes has risen sharply.
But I am deeply dubious about Citi's solution. The Málaga experiment comes as other big financial institutions are pressing for a return to pre-pandemic working patterns, which usually put a premium on face time and long hours.
JP Morgan, Goldman and Morgan Stanley are pushing staff to come back to the office five days a week and Goldman has resumed its annual cull of low-performing staff after a pandemic hiatus. Midtown Manhattan is once again crowded, particularly midweek, and subway ridership is back to two-thirds of pre-pandemic levels. Citi has more than 400 other new analysts worldwide who will be expected to put in normal, which is to say insanely long, hours for normal – ie very high – salaries.
Citi says that the Málaga analysts will work on the same transactions as their counterparts elsewhere in the bank. They will just be assigned to fewer of them and given compensatory time off

if they have to work late or on weekends to meet deadlines. Executives also promise that those who thrive in the two-year programme will be offered promotions, including the option to take on more demanding, higher-paying roles elsewhere.
"This is not something we have suddenly come out with. We are listening to what people are telling us," says Maria

Citigroup's Málaga programme might permanently stigmatise its participants as unserious

Diaz del Río, chief of staff for the Citi unit that is running the programme. "The industry is trying to change the culture, but the new generations are going further."
However, the Málaga analysts could easily find themselves on a co-ed version of the 1980s and 1990s "mommy track", which sidetracked the careers of many women who wanted to balance

parenting with demanding jobs. Highly educated women who reduced their hours suffered lasting harm to their long-term earnings relative to male colleagues. (A 2010 paper put the gap at 24 per cent after 10 years.) They also missed promotion opportunities, leaving them a choice between dead-end jobs or departure.
Sexism was part of it but even well-meaning banks, consultancies and law firms found it hard to offer the pioneering mothers on and off ramps to the traditional high-speed career path. Most financial institutions still struggle to retain and promote mid-career women and mommy track discrimination lawsuits persist. US law firm Morrison & Foerster settled one in March.
Similarly, despite periodic promises of reform, seven-day work weeks remain normal in investment banking. Younger recruits may want something different, but a tiny beach resort programme is not going to change bosses' expectations overnight. Participants risk resentment from co-workers, as well as being permanently stigmatised as unserious.
To be fair, Citi is probably the Wall

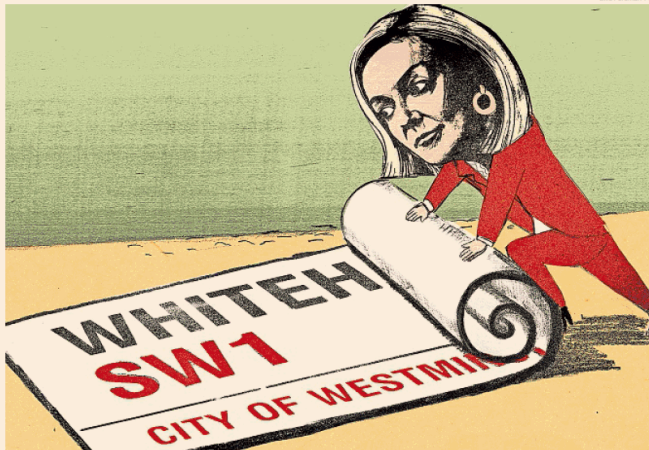
Street bank most likely to make such a flexible working programme succeed. Chief executive Jane Fraser, the first woman to run one of the US giants, has personal experience with non-traditional working. She went part-time at consulting firm McKinsey when her children were small. She has also called the pandemic recovery period a "once-in-a-generation opportunity for companies to redefine their workplaces".
Diaz del Río believes Málaga is the beginning of a wider cultural shift. "I think London, Frankfurt and Madrid are going to get closer to Málaga than Málaga will get to them," she says.
Maybe this is the wave of the Gen Z future. But Goldman received record applications for its much harder core entry-level jobs last year, and UK bankers have praised the government's plan to lift the cap on bonuses because it will allow them to compress salaries while rewarding high fliers. With investment banking fees falling and a recession in the offing, the pressure on juniors to prove their worth will only grow.
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'Trussonomics' is shaky but may work politically



Robert Shrimmsley

that people feel themselves – the cost of living, NHS waiting times, crime. If the government fails here, then being seen as the party of the rich will further weaken it. If not, the public will most likely mutter and move on.
In the drive to reduce taxes, cut regulation and pare back what Conservatives like to describe as "nanny-state" policies such as anti-obesity measures, Truss is developing a clean argument and one with historical appeal to Tory voters. A Conservative government, she will say, is there when you need it but the rest of the time it gets out of your way. In a crisis, it will deliver a furlough or an energy package, but the ambition is to cut your taxes, free you from meddling and let job creators and hard workers thrive. The energy support provides cover for the tax cuts. The Tory message is freedom with security.
Here is a story that can fly. Truss even embraces the unpopularity of some policies, believing they signal a leader-like readiness to defy convention and take tough decisions. For all the small-state rhetoric though, the policies are notably less radical when it comes to certain Tory-leaning voter groups like pensioners or suburban homeowners. They also rely heavily on deficit financing to prop up those core public services.
This narrative is closer to both the baccaneering Brexit government, of which many Tories dream, and the ideals of those longstanding, more affluent supporters who the party fears losing in southern seats. Nor is it unhelpful for Conservatives to once again seem



to give a damn about the financial services industry.
Since it accords with her core beliefs, Truss is happy to test the theory that a post-Brexit economy drives growth by removing obstacles to business and investment – though not, crucially, trade barriers with the EU and China.
And she could be lucky. A benign but not impossible scenario sees the UK survive the winter without power cuts. The energy package shelters voters and holds down inflation. Starved of foreign currency, Russia eases gas supplies in the spring, depressing prices. Interest rates rise less than feared. Business confidence begins to grow.
Suddenly the government can weave a tale of Tories, post-Covid, taking the nation through two existential shocks.
The Tories' energy support package gives cover for the tax cuts, an appealing mix of freedom with security

Meanwhile, an unsure opposition is now vulnerable on tax. Add in a premier displaying political clarity and you are back in the ballgame.
Patently, there are some very good reasons to be dubious. The energy crisis may run on. Ukraine could get worse. There are credible doubts about tax cuts driving growth, so the risks with public finances could further dent investor confidence in the EU economy.
Most potentially damaging, the problems of the NHS may not sufficiently improve. The percentage of people having second thoughts over Brexit is rising. If the critics of Trussonomics are right, it will not deliver the growth she suggests. This will deepen the spending cuts they fear she already desires after the next election.
Labour can argue that Tory mistakes stalled growth and that nothing in the UK seems to working – historically its most potent electoral weapon. Cuts and deregulation can be linked to swelling on beaches and rivers, NHS waiting lists, low wages and poor services. Brexit can be tied to NHS staff shortages.

Having heard the Tories under Boris Johnson make the case for more active government and seen the deterioration of public services under George Osborne's austerity, voters may no longer be as receptive to the small state Conservatism of Truss' *Britannia Unchained* crowd. Above all, Britain may simply be at that point in the political cycle where the tide has turned on the Tories and the country wants a change.
But there is a future in which Truss's plan holds together for long enough. In any case, she has few options other than to double down on her views. And while no government can indefinitely outrun the economics, Truss need only stay ahead of them till the election.
Will it work? Quite possibly not. But this is not mere blind ideology. The conservatives are shaping a political argument that has succeeded before. Scepticism is well justified but, given their electoral record, it is at least worth considering the possibility that they know their audience.
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Saudi Arabia and the US are drifting back on to the rocks



Edward Luce

family are as intimate as his disdain for the Biden administration is obvious. Saudi Arabia is thus now part of a select group of countries that roots for one of America's parties over the other. This includes Putin's Russia, Viktor Orban's Hungary and Israel when Benjamin Netanyahu is its prime minister. In the new world disorder, America's openness can often be its Achilles heel.

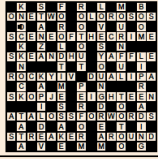
Prince Mohammed's motive may be more monetary than geopolitical. But collateral damage to Biden is a bonus. The second is the crown prince's hostility to lectures from western liberals. Biden's rhetorical contrast with Trump is like night and day. Biden divides the world into autocracies and democracies. Trump, whose first presidential trip abroad was to Saudi Arabia, has a

tences – 45 years and 54 years – were extreme even by the standards of strong men and could easily have been avoided. The crown prince seems to be making a point that Biden's values hold no sway.
The final reason is that Prince Mohammed viscerally prefers a Trumpian US foreign policy to Biden's. The crown prince's ties to Jared Kushner, Trump's son-in-law, go far deeper than

Mohammed, \$2bn is a small risk to take for a huge potential return if Trump and his family regain the White House.
Biden's frustration is that there is not much he can do to alter Prince Mohammed's calculus. The west's renewed clean energy ambitions threaten Saudi Arabia's bottom line, as well as Russia's. Most forecasts say fossil fuels will go into secular decline within the next ten

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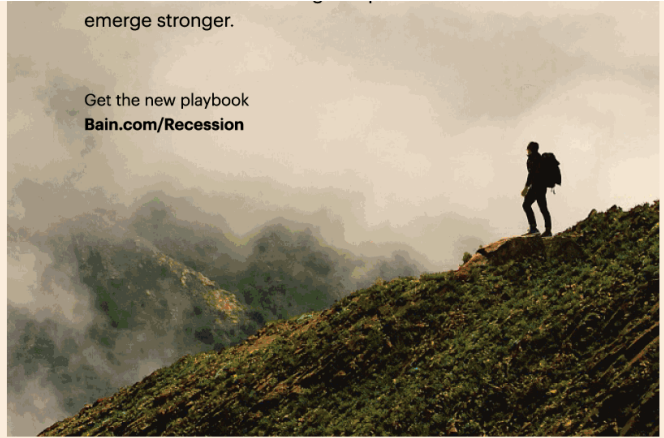


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