



Markets see a winner in the Middle East

RUCHIR SHARMA, PAGE 15

Meta trial turns spotlight on board culpability

COMPANIES, PAGE 5

Germany urges weapons suppliers to speed up European rearmament

Industry should stop 'complaining' Pistorius flags Russian threat Meeting with Hegseth today

LAURA PITEL AND ANNE-SYLVAINE CHASSANY — BERLIN

Germany's defence minister has told weapons makers to stop complaining and 'deliver' on re-arming Europe, as he called for production to increase to match his country's booming spending plans.

Boris Pistorius told the Financial Times his government had addressed long-standing industry concerns by streamlining hundreds of billions of euros of new military spending, as Europe seeks to deter Russian aggression amid waning US interest in the continent's security.

"There is no reason to complain any more," Pistorius said. "The industry knows perfectly well that it is now responsible for delivering."

Industrial groups had to hold up their end of the bargain, he said. Berlin is aiming to raise its annual defence spending to €162bn by 2029, a 70 per cent increase from this year.

"Unfortunately, we still experience delays in individual projects, where everything seems settled and then delays occur on the industry side," Pistorius said. "Industry needs to ramp up its capacities. That applies to ammunition, to drones, to tanks — really to almost every area."

The Social Democrat is tasked with delivering a "Zeitenwende" — or sea change — in his country's approach to defence, which was announced three years ago after Russia's full-scale invasion of Ukraine.

The aim is to transform the armed forces after decades of under-investment and give Germany a leading role in European security.

Pistorius is due to meet US secretary of defence Pete Hegseth in Washington today, where he said he would discuss a "road map" for US security support for

Pyongyang pledge Kim offers full backing to Kremlin



North Korean leader Kim Jong Un welcomes visiting Russian foreign minister Sergei Lavrov at the weekend, pledging that Pyongyang would 'unconditionally support' the Kremlin's goals in its war with Ukraine Full backing, Page 2

Europe. A widely expected reduction should not leave capability gaps that would risk "making an invitation to Putin", he warned.

Also on the agenda is Ukraine and the pressing issue of US Patriot air defence systems, after deliveries to Kyiv were paused by Washington. Berlin has already given three of its once 12-strong stock of the systems to Kyiv.

"We only have six left in Germany," Pistorius said, adding that two others had been lent to Poland and at least one was always unavailable due to training or maintenance. "That's really too few, especially considering the Nato capability goals we have to meet in the coming years."

Pistorius said he would discuss a proposal he made to Hegseth last month to let Germany buy two Patriot systems from the US for Kyiv.

However, he said that Germany would not deliver its long-range Taurus missiles to Ukraine despite a wave of recent Russia air attacks and a renewed request from Kyiv.

Pistorius said his ministry was working on a procurement plan for equipment including tanks, submarines, drones and fighter jets well into the 2030s, to make good on Chancellor Friedrich Merz's pledge to make the German army Europe's strongest.

Long-term contracts with "regular annual purchase obligations" would aim to address the long-standing industry complaint that it cannot invest in expensive new production lines without certainty about future orders.

A report published last month by the think-tank Bruegel and the Kiel Institute for the World Economy found that European ammunition and artillery manufacturing capacity had increased substantially but warned that the production rate of the battle tank used by many European nations lags behind that of US and Russian equivalents.

Pistorius said he was seeking to improve procurement. "We need to get faster. We need to become more effective. We need to throw rules overboard when it comes to procurement and planning."

Briefing

Crypto companies race for foothold in US banking

Cryptocurrency groups have rushed to expand into traditional banking, in a bid to become more embedded in the financial system and capitalise on a friendlier regulatory environment under President Donald Trump. — PAGE 5

EU tariff retaliation pause

Brussels has said it will delay a plan to hit the US with levies on exports tomorrow in the hope of reaching a deal, after Donald Trump said he would slap 50 per cent tariffs on the bloc. — PAGE 4

UniCredit attacks Rome

The bank has attacked the Italian government's intervention in its hostile takeover bid for rival Banco BPM, criticising its use of powers to set conditions for a deal as "illegitimate". — PAGE 5

EU boosts subsidy probes

Brussels antitrust chief Teresa Riberha has warned that the EU will pursue more investigations of foreign companies in the bloc. Such probes have been used to target Chinese companies. — PAGE 2

Kraft Heinz eyes break-up

The packaged foods giant is weighing a break-up, a decade after billionaire investor Warren Buffett and 3G Capital merged the two brands, people briefed on the matter have revealed. — PAGE 7

Aid cuts worse than Covid

John-Arne Ratttingen, head of the Wellcome charitable foundation, has warned that aid cuts by rich nations threaten to be deadlier than the pandemic in poorer regions such as Africa. — PAGE 4

Fuel puzzle over crash jet

A preliminary report into the Air India flight that crashed on June 12 in Ahmedabad killing 241 passengers and 19 people on the ground has said the engines cut out seconds after take-off. — PAGE 2

Musk AI targets \$200bn

Tech billionaire Elon Musk's xAI is preparing to raise more cash in a deal that could value the group as high as \$200bn — 10 times its value early last year, people close to the talks have said. — PAGE 7



Apollo-backed insurer's UK pensions push stirs concern

Athora, the insurer backed by Apollo, took a big step into Europe with the £5.7bn purchase of the Pension Insurance Corporation. Buying PIC will hand it a fifth of the UK bulk annuity market in one fell swoop, a route that Apollo's US private capital rivals KKR and Carlyle had each explored. But insurers' links to private capital giants have caused concern for regulators and retirees who fear they may be taking on too much investment risk. Britain targeted — PAGE 6

Fox News ad boom as lobbyists target 'audience of one' in the White House

DANIEL THOMAS AND ANNA NICOLAU — LONDON

Advertisers are flocking to Fox News to reach "an audience of one", according to the network's head of ad sales, as companies, advocacy groups and foreign leaders try to lobby US President Donald Trump through his television screen.

Fox News has recorded a boom in advertising revenues this year on the back of record audience numbers, backed by an unexpected boost from political advertising. While this typically falls away after an election, Fox has found that political and advocacy advertising has increased as groups seek to influence the White House.

"News has always attracted advertisers that are trying to reach influential folks, but I think a lot of folks are aware

that the president and a lot of the folks in his administration are watching the [Fox News] network," Fox Corp ad sales president Jeff Collins said. "We're seeing a lot of advertiser demand coming in for that audience, whether it's an audience of one or an audience of 12... we're seeing quite a bit of demand for that."

Trump is known to be a regular viewer of Fox, which has also served as a conveyor belt for people entering his administration.

Fox has had Trump's ear in big policy decisions this year. When JP Morgan chief executive Jamie Dimon appeared on Maria Bartiromo's Fox show in April warning that Trump's tariffs would probably trigger a recession, it caught the president's attention.

Trump mentioned the interview several times that day in public appearances and posted about it on his Truth

Social platform. Later, he announced a 90-day pause on tariffs with all trading partners except China.

Collins said. "We've seen other nations coming on to advertise across the Fox News portfolio. I can't speak to who they're specifically trying to reach, but one who would assume that it would be the president, as well as his circle of advisers that are forming policy."

Fox News has been the most-watched TV channel in the US this summer, averaging more than 3mn viewers during the primetime hours between 8pm and 11pm, according to Nielsen data.

Fox chief executive Lachlan Murdoch said in March that "because of the election", many advertisers had "rethought their positioning... and understand the Fox News viewer really does represent middle America — and they're responding with their cheque books".

World Markets											
STOCK MARKETS			CURRENCIES			GOVERNMENT BONDS					
	Jul 11	Prev	Jul 11	Prev	Jul 11	Prev	Yield (%)	Jul 11	Prev	Chg	
S&P 500	6258.07	6280.46	0.34	S/E	1.169	1.188	0.5	US 2 yr	3.90	3.88	-0.02
Nasdaq Composite	20611.97	20530.67	-0.39	S/E	1.351	1.358	0.5	US 10 yr	4.41	4.37	-0.04
Dow Jones Ind	44520.34	44500.04	-0.04	E/E	0.869	0.862	0.5	US 30 yr	4.98	4.88	-0.05
FTSE100	2187.31	2192.48	-0.15	N/E	147.365	146.505	N/E	UK 2 yr	3.88	3.89	-0.01
Euro Stoxx 50	5379.14	5438.27	-1.09	N/E	189.024	188.580	N/E	UK 10 yr	4.71	4.68	-0.03
FTSE 100	8941.12	8975.66	-0.38	S/E	0.637	0.631	0.001	UK 30 yr	5.43	5.40	-0.03
FTSE All-Share	4857.64	4876.19	-0.38					JPY 2 yr	0.76	0.76	0.00
CAC 40	7829.28	7802.25	-0.32					JPY 10 yr	1.50	1.49	-0.01
ASX 200	2425.37	2445.81	-0.82	Bitcoin (\$)	117260.00	116880.00	0.33	JPY 30 yr	3.84	3.98	-0.02
Nikkei	29609.68	29640.36	-0.19					GER 2 yr	1.90	1.89	-0.02
Hang Seng	24138.57	24028.37	0.46					GER 10 yr	2.72	2.70	-0.02
MSCI World \$	4062.96	4055.89	0.20	CRYPTO				GER 30 yr	3.22	3.20	-0.03
MSCI EM \$	1222.38	1227.87	-0.28		Jul 11	Prev	%Chg				
MSCI ACWI \$	508.22	524.30	-0.21	Oil WTI (\$)	68.38	68.57	-0.27				
FT Wilshire 2500	8079.97	8058.45	0.27	Oil Brent (\$)	70.37	68.64	2.52				
FT Wilshire 5000	62867.68	62833.19	0.27	Gold (\$)	3333.71	3317.40	1.29				

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INTERNATIONAL

Ukraine conflict

N Korea gives full backing to Russia's war

Moscow's foreign minister thanks Kim for military help during weekend visit

POLINA IVANOVA

North Korea will "unconditionally support" Russia's goals in Ukraine, leader Kim Jong Un told visiting Russian foreign minister Sergei Lavrov at the weekend, according to North Korea's state news agency, as the two countries reaffirmed their deepening military and economic ties.

Lavrov met Kim on Saturday on the leader's yacht near the coastal resort of Rason after arriving in North Korea to a red-carpet welcome on Friday.

Lavrov thanked his host for the weapons and troops already sent by Pyongyang to aid Russia's full-scale invasion of Ukraine, describing it as a "sincere expression of solidarity", and said that the format any future military support would take was up to Kim.

North Korean ammunition and troops played a decisive role in Russia's fight this spring to restore control over the Kursk region, swathes of which were seized and occupied by Ukrainian forces last year. Russia is intensifying its summer offensive in Ukraine, but it remains unclear whether North Korea troops will be involved in fighting beyond Russia's internationally recognised borders.

According to a new report by South Korean military intelligence, cited by

news agency Yonhap yesterday, Pyongyang has dispatched some 15,000 troops and 2,000 tonnes of shells to Russia since October and is likely to send further troops this summer. The Kremlin has been escalating its drone and missile attacks on Ukraine, with Kyiv and the US accusing Russia of predominantly targeting in recent assaults.

The attacks come as Russia gains ground in the east of the country, where its troops are advancing at their fastest pace since November.

In June, Russian security council chair Sergei Shoigu announced that North Korea had pledged a further deployment of 6,000 military personnel, including 5,000 military construction workers, to aid Russian reconstruction

in its Kursk region. Asked whether, with Kursk retaken, North Korean troops could now support Russia's military efforts in other areas of the front line – which would entail fighting on Ukraine's sovereign territory – Lavrov said Pyongyang "itself determines the forms in which we implement our strategic partnership agreement".

That agreement, signed in June last year during Russian President Vladimir Putin's first visit to the isolated communist country in more than two decades, has formed the basis for North Korea's military support.

North Korea's official news agency summarised Lavrov's three-day visit yesterday, saying the two countries discussed "defending the common core

interests by further developing the comprehensive strategic partnership".

Kim reaffirmed that North Korea is "ready to unconditionally support and encourage all the measures taken by the Russian leadership as regards the tackling of the root cause of the Ukrainian crisis in keeping with the spirit of the interstate treaty", the KCNA news agency said.

Alongside military co-operation, Moscow and Pyongyang have increasingly fostered economic and social ties. Some North Korean products are now appearing in Russian supermarkets, while Moscow is promoting joint infrastructure projects including the construction of a large bridge connecting the two countries.

Trade tensions

Brussels to step up probes into foreign subsidies, says antitrust chief

JOE LEAHY – BEIJING
ALICE HANCOCK – BRUSSELS

The EU is to pursue more subsidy investigations against foreign companies investing in the bloc as it steps up efforts to combat what it sees as unfair competition, its antitrust chief has said.

Although not specifically aimed at China, the EU's foreign subsidies regulation, which came into force in 2023, has been used to target many Chinese companies amid growing concern that oversupply by the world's largest manufacturer is jeopardising European industry.

Asked whether there would be more such probes under the regulation, Teresa Ribera, EU executive vice-president for clean, just and competitive transition, said: "Of course."

Ribera said she expected sectors in which there was increasing foreign interest in investing to come under scrutiny. "There is a broad spectrum of those sectors where there is interest to invest in Europe – basic industries [and] modern industries – chemicals, pharma, cars and batteries," she said.

The foreign subsidy regulation (FSR) allows Brussels to block companies subsidised by foreign governments from public procurement, mergers and acquisitions and even selling goods and services into the single market.

The EU has used it to investigate Chinese companies bidding for public tenders in Europe ranging from electric-vehicle maker BYD and a state-owned train maker to a solar panel company and its government-owned parent.

The EU has also launched "ex officio" investigations under the FSR into a Chinese security scanner maker and Chinese wind turbine sales.

Ribera is in Beijing to co-chair the Sixth EU-China High-Level Environment and Climate Dialogue with China vice-premier Ding Xuexiang today and for other meetings to discuss the green transition of EU-China co-operation.

Her visit comes ahead of a summit scheduled for late July between European Commission President Ursula von der Leyen and Chinese President Xi Jinping to mark 50 years of diplomatic relations. The planned meeting will take place amid trade tensions and EU anger over China's continued support for Russia following its full-scale invasion of Ukraine.

Ribera said the intention behind the foreign subsidies regulation was that companies investing in the EU should add value and foster talent and innovation in the bloc. She pointed to Beijing's example in the past of demanding that companies investing in China did so through joint ventures and introduce technology to the market.

The idea could be to "develop these types of joint ventures, also in Europe, but without risking getting trapped in a context where innovation and knowledge may be lost and not only get products to the markets", Brussels has also begun to increase "Buy European" provisions in its legislation in an effort to boost the bloc's markets.

"We know the EU is still at work with the US abandoning the Paris climate accord and turning away from multilateralism, it was important for other countries to renew their commitment to the process."

Europe. Energy security

Rising demand forces Dutch to ration electricity

Nearly 12,000 businesses are awaiting connection as switch from gas fuels demand in EU

ALICE HANCOCK – BRUSSELS
ANDY BOUNDS – EINDHOVEN

Thousands of businesses and households are waiting to connect to the Dutch grid, forcing network operators to ration power in an early indication of what other European countries are likely to suffer as the speed of electrification increases.

More than 11,900 businesses are waiting for electricity network connections, according to Netbeheer Nederland, the association of Dutch grid operators. On top of that are public buildings such as hospitals and fire stations as well as thousands of new houses.

Dutch officials and companies said lengthy waits for connections were holding up economic growth and could force businesses to rethink their investment plans. Despite efforts to invest in new cables and substations, new connections in some areas of the country will only become available in the mid-2030s, according to network operators. Although the bottlenecks in the Netherlands are particularly acute, analysts say it is a harbinger of what is likely to occur in other EU nations, as the speed of electrification increases to meet the bloc's ambitious decarbonisation targets. "There is congestion in other countries," but other countries should "definitely" see the Dutch example as a warning, said Zsuzsanna Pató, power team lead at the Brussels-based energy non-governmental organisation RAP.

The Netherlands is among the countries in Europe to have moved fastest to electrify critical parts of the economy after it ended production at its giant onshore gasfield, Groningen, in 2023.

More than 2.6m Dutch homes now have solar panels on their roofs, Netbeheer Nederland figures show. Companies also accelerated their move away from gas after the EU energy price crisis in 2022.

The country had been so used to relying on its gas resources that power grid upgrades had not kept pace, its national power grid operator, Tennet, said.

To provide the grid capacity required, the Dutch government estimates the level of investment needed in cables and



Power shortage: solar panels in Deventer in the Netherlands. Consumers are being asked to charge bikes and cars outside the peak hours

new substations to be in the region of 2,000 to 2040.

Some of that can be funded through the sale of Tennet's section of the German power grid to private investors, which is valued at about €20bn, according to officials involved in the talks. But much of the rest will have to be covered by the amortisation of assets, with consumers footing the cost.

The Netherlands already has some of the highest electricity costs in western Europe because of the grid bottlenecks. Monthly prices are, for example, roughly €50 per megawatt hour higher than they are in France this year, according to data from the think-tank Ember.

To cover the necessary investment, tariffs are expected to increase each year until 2054 by an average of between 4.3 and 4.7 per cent in real terms, a presentation from Tennet said.

To free up capacity, Tennet and regional grid operators have started to offer contracts to households that discount electricity used at non-peak times, such as between 11am and 5pm, and other flexible contracts that allow

users to pay for electricity in time blocks. From April 1, operators could offer contracts where large industrial users are barred from using their connections at all during certain busy hours in exchange for lower tariffs.

The Hague has also put out a "more conscious use of energy" advertising campaign across TV and social media that asks consumers to charge bikes and cars outside of the 4pm to 9pm peak, when the grid comes under greatest strain. But local leaders are still worried that their regions will lose investment if the queues for connections endure.

"Everything is going electric and electricity [support structure] needs to grow massively everywhere," said Jeroen Dijsselbloem, mayor of Eindhoven.

The Brabant region around Eindhoven, covering 750,000 people in several municipalities in the southern Netherlands, had lost investment because it had to ration power supply, he said. Brabant is also home to a cluster of advanced technology companies led by ASML, the maker of the world's most sophisticated chipmaking machines. No significant new grid

'Everything is going electric and electricity [support structure] needs to grow massively everywhere'

capacity would be installed in the region until 2027, Tennet figures show.

"We need more than 100 medium-size substations and 4,000 small substations," Dijsselbloem said. Grid operators are also short of 28,000 technicians to install the necessary infrastructure, according to Netbeheer Nederland.

Companies such as Thermo Fisher, a US medical business with a base in the Eindhoven area, have maintained their growth plans but invested in on-site battery storage and solar to counter the grid congestion issues.

In the meantime, the Dutch energy ministry and network operators are looking at ways to increase the load on the grid safely without causing blackouts like the one across the Iberian peninsula in April.

There are also initiatives to pool connections and create "energy hubs" that share grid access. Eefje van Gorp, spokesperson for Tennet, said that other countries should beware. "Belgium is in trouble. The UK is in trouble. In Germany there's lots of trouble because in Germany all the wind is in the north and the demand is in the south."

Preliminary report

Air India jet fuel switches cut off seconds before fatal crash

JOHN REED – NEW DELHI
PETER WELLS – NEW YORK
SYLVIA PFEIFER AND
KANA INAGAKI – LONDON

The engines on Air India flight 171 briefly cut off seconds after take-off, a preliminary report into the jet's fatal crash last month has found.

India's Air Accident Investigation Bureau said in its report released last Saturday that the aircraft reached the necessary speed to lift off but seconds later, switches that controlled the flow of fuel to the jet's two engines "transitioned" from "run" to "cut-off" position. In the cockpit voice recording, one of the pilots is heard asking the other, "Why did you cut off?" to which he responded "that he did not do so", the report said.

Although the two switches transitioned back to the "run" position between 10 and 14 seconds later, the engines had been starved of fuel and thrust, leading one pilot to declare "mayday, mayday, mayday". Aviation experts have said it is difficult for pilots to inadvertently move the fuel switches.

The crash on June 12 occurred moments after the Boeing Dreamliner 787-8 took off from Ahmedabad, bound

for London Gatwick airport. The accident killed 241 people on board and another 19 on the ground, where the jet crashed into a medical college near the airport. It was India's worst aviation disaster in almost three decades and the industry's deadliest in 11 years, as well as the first fatal crash involving a Boeing Dreamliner.

The investigation was conducted with assistance from US's Air Accident Investigation Branch and the US National Transportation Safety Board.

The AAIIB said at this stage of its investigation there were "no recommended actions" to Boeing, the aircraft manufacturer, or GE Aerospace, whose engines powered the plane.

In a statement, Air India said that it "stands in solidarity with the families and those affected" and "continues to mourn the loss" of those killed in the accident. It added that it was "working closely with stakeholders, including regulators" and continuing "to fully co-operate with the AAIIB and other authorities as their investigation progresses".

Boeing said: "Our thoughts remain with the loved ones of the passengers and crew on board Air India Flight 171,

as well as anyone affected on the ground in Ahmedabad. We continue to support the investigation and our customers." GE Aerospace did not immediately respond to a request for comment.

The Indian consumer data group, which owns the airline, referred reporters to the statement from Air India.

The preliminary findings, which are based on data drawn from the cockpit voice and digital flight data recorder, as well as evidence gathered from the crash site, did not draw any final conclusions about what led to the switches being turned off.

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Crash site: the Air India jet hit a medical college in Ahmedabad

Mark Martin of Martin Consulting, an aviation safety firm based in Gurugram India, said the AAIIB and other investigators needed to probe further how the fuel switch had been cut off.

"No pilot is going to foolishly want to cut fuel to both engines during a phase when he needs engine power the most," said Martin. "It is imperative that we wait for the entire, comprehensive investigation to be complete."

John Cox, a former airline pilot who is now chief executive of consultancy Safety Operating Systems, described the reports as "factual and credible".

"We know the fuel control switches moved," said Cox, adding that "it took a person to move them – those are positive lock switches".

The next part of the investigation would need to be to find out whether they were moved deliberately or inadvertently, he said.

Sumet Sabharwal, the captain, had more than 11,200 hours of flying experience. While his co-pilot, who had more than 3,400 hours.

The report said both pilots had an "adequate rest period" and took breathers before the flight.

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INTERNATIONAL

Trump's tone on Ukraine shifts as frustration with Putin grows

How much Kyiv will benefit from US president's ire at Kremlin is unclear

JAMES POLITI — WASHINGTON
CHRISTOPHER MILLER — KYIV
HENRY FOY — BRUSSELS
MAX SEDDON — BERLIN

Donald Trump was on the South Lawn of the White House on Friday morning when he was asked about a Russian drone attack that hit a hospital in Ukraine overnight, injuring nine people. "I know," he said. "You'll be seeing things happen."

The US president's comments highlighted how his frustration with Russian President Vladimir Putin for failing to budge in talks to end the war he launched three years ago appears to have reached a tipping point.

Over the past week, Trump has said he will be providing additional weapons, including Patriot air defence systems, to Ukraine; signalled his willingness to embrace much tougher sanctions against Moscow; and criticised the Russian president.

He also vowed to issue a "major statement" on the war in Ukraine today, without elaborating.

"We get a lot of bullshit thrown at us by Putin," Trump vented on Tuesday. "He's very nice all the time, but it turns out to be meaningless."

Trump's ire represents a big shift in tone from the White House. The president spent the early months of his second term pinning the blame for the conflict on Ukrainian President Volodymyr Zelenskyy, including during an infamous, public dressing-down in the Oval Office in late February.

Since then, Trump has become

increasingly unhappy with Russia's intransigence in talks over a possible ceasefire that would pave the way for the longer-term settlement — a primary foreign policy goal for the US president.

"We're the closest we have been to new financial measures or new pressure being put on Putin for this entire administration," said Kristine Berzina, managing director at the German Marshall Fund of the US.

Yet while Trump's bluster against Putin will ease fears that the White House will completely abandon Ukraine, it may not represent a profound shift in Kyiv's favour.

"This is a shot across Russia and Putin's bow that he's sick of being strung along," said Max Bergmann of the Center for Strategic and International Studies, a Washington think-tank. "But it doesn't actually mean that the US is going to shift to being suddenly a big ally and backer of Ukraine, or more significantly than it has been."

Jeanne Shaheen, the top Democrat on the Senate foreign relations committee, said that during a meeting at last month's Nato summit, Zelenskyy said his "first priority" was securing help to defend Ukrainian cities from Russia's serial assault. Trump this week said the US would be sending additional Patriot systems to Nato allies for them to distribute to Ukraine. "It would be good news if the president follows through and ensures that he makes good on those statements," Shaheen said.

In his evening address from Kyiv on Friday, Zelenskyy also suggested the



Donald Trump has become increasingly unhappy with Vladimir Putin's rigidity in talks over a ceasefire in Russia's war against Ukraine

*FT images
Reuters/Blomberg/Getty*

geopolitical winds were shifting in Ukraine's favour. "We have received political signals at the highest level — good signals, particularly from the United States of America and from our European friends."

He added that Kyiv would this week be discussing military co-operation with Trump's Ukraine envoy, Keith Kellogg, and expected "strong steps" on sanctions as well.

Yuriy Fedorenko, commander of Ukraine's 429th "Achilles" drone regiment, said Trump's changing rhetoric "is good for us".

"We can see that tensions between Washington and Moscow are rising," Fedorenko said.

But while Trump's rhetoric has raised some hopes in Europe of a potential shift in his attitude, two senior officials involved in defence and security negotiations with Washington said there was still little tangible evidence of the White House taking a more pro-Kyiv stance.

Western allies of Ukraine were still assuming Trump was predisposed to seeing Putin as his main negotiating partner in any settlement and Zelenskyy as the primary obstacle to a workable peace deal, the officials said.

They added that while Patriots were critical to Ukraine's ability to better defend its troops and its cities, they would not change its ability to strike back against Russia nor shift the overall dynamic of the war.

Rachel Rizzo, a senior fellow at the Atlantic Council's Europe Center, said: "I would say Trump's announcement is probably more a factor of his frustration with Putin rather than his affection for Zelenskyy or his support for Ukraine."

Nevertheless, the Ukrainian president has become more successful at managing Trump. Following the Oval Office confrontation, UK Prime Minister Sir Keir Starmer and French President Emmanuel Macron advised Zelenskyy on how to shift his approach to dealing with the US president by offering emphatic praise and always thanking Washington for its support, according to US, French and Ukrainian officials familiar with the matter.

The Ukrainian president is still dealing with an administration in which scepticism about helping Kyiv runs deep — both from officials who believe the US needs to focus more on Asia rather than Europe, and others who are philosophically non-interventionist.

"We're the closest we have been to new financial measures or new pressure being put on Putin"

"What we have seen is a lack of consistency in this administration's approach to Ukraine, and what we need to do to support ending that conflict and pressuring Russia," Shaheen said.

The administration is continuing to negotiate with Moscow. Last week secretary of state Marco Rubio met Sergei Lavrov, the Russian foreign minister, for talks in Malaysia. But there was no breakthrough. Rubio told reporters there had been a different "approach" from Russia but did not offer any details. "I wouldn't characterise it as something that guarantees a peace."

The Russian foreign minister made it clear the Kremlin was not prepared to budge on any of Putin's maximalist demands, telling Rubio he "confirmed the position Putin has put out".

"It was obvious from the first talks after inauguration that Putin wasn't interested in peace except on his terms. He thinks he can win the war," said Alexander Gabuev, director of think-tank the Carnegie Russia Eurasia Center in Berlin. "Putin decided there's no point doing a deal with the US because western support for Ukraine is fracturing anyway. We'll have to see on the battlefield if he was right."

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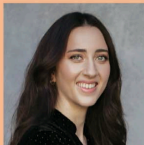
Vie for your seat to hear from ex-deputy prime minister and former president of global affairs, Meta, **Nick Clegg**.



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INTERNATIONAL

Exports deadline

EU pauses trade retaliation against Trump

Levies delayed in hope of reaching deal after US announces 30% tariffs

ALICE HANCOCK AND ANDY BOUNDS
BRUSSELS

The EU will delay its plan to impose tariffs on €21bn of annual US exports to Europe tomorrow in the hope of coming to an agreement after President Donald Trump said he would put 50 per cent tariffs on the bloc from August 1.

European Commission president Ursula von der Leyen said yesterday that the application of tariffs to annual US exports, including chicken, motorcycles and clothes, that were due

to come into effect after midnight on July 14 would be suspended until "early August".

"We have always been clear that we prefer a negotiated solution with the US. This remains the case," she said.

Trump announced on Saturday that he would hit the EU and Mexico with 10 per cent of the US's closest trading partners, with 30 per cent tariffs from August 1. European leaders have been split on whether the bloc should press for a quick framework trade deal similar to the UK's or keep negotiating in the hope of achieving a better outcome.

Senior EU officials told the Financial Times that they did not expect the US president to go through with his new 50 per cent figure, which is being widely

interpreted by Brussels as a bid by the president to increase pressure on the bloc in the remaining time left for negotiations.

One EU official pointed to the likelihood of a very negative US investor reaction to such steep measures on a key trading partner. "We trust in the markets," the official said.

German finance minister Lars Klingbeil called for the EU to continue "serious" talks. "Nobody needs new threats or provocations right now. What we need is for the EU to continue serious and targeted negotiations with the US," he told Süddeutsche Zeitung.

However, Klingbeil warned that "if a fair negotiated solution cannot be reached, then we must take decisive

countermeasures to protect jobs and companies in Europe."

As well as the initial list of counter-tariffs, the European Commission, which runs trade policy, is consulting on a package of tariffs on a further €95bn of imports from the US, including aircraft, ethanol and food, which would have member states' approval. This has already been reduced to €72bn, according to two diplomats, after governments lobbied to remove some sensitive products from the target list.

The US is applying tariffs on around €380bn of annual imports from the EU. Von der Leyen said the commission would "continue to prepare" the second list of countermeasures but added that the bloc would not invoke its anti-

coercion instrument, which would allow it to take measures against US service exporters, for example by blocking companies from public procurement contracts. The instrument "is created for extraordinary situations – we are not there yet," the commission press said, adding that "the time is for negotiations".

Her comments came as she announced a "political agreement" on a free trade deal with Indonesia after nine years of talks.

The deal, expected to be finalised in September, will need to be ratified by a weighted majority of member states and by the European parliament.

Additional reporting by Amy Kearnin, Henry Poy and Anne-Sylviane Chassagny

Funding crisis

Western aid cuts deadlier for Africa than Covid, warns charity

MICHAEL PEEL AND CLIVE COOKSON
LONDON

International aid cuts by rich nations threaten to be deadlier than the Covid-19 pandemic in poorer regions such as Africa, the Wellcome Foundation's charitable foundation has warned.

The "abrupt change" in assistance policies at the magnitude of the health impacts of the pandemic – and even higher, potentially, in mortality, Rattgen said. "The abrupt cuts [in international aid] from the United States are challenging, because they have such immediate effects."

The remarks echo recent studies warning that slashed international funding for vaccination, anti-HIV/Aids efforts and other health campaigns could cause millions of deaths over the coming years.

US secretary of state Marco Rubio said in March that 83 per cent of US Agency for International Development programmes would be cancelled. The UK has announced a 40 per cent cut to its international aid budget as a share of national income.

Rattgen said the sudden funding crisis had driven home the need to reform global health provision and in particular the way donor countries often imposed ways of working on recipient countries. The southern African nation Malawi had to create 56 strategic plans for the health sector in part to fit different donor requirements, he said.

The funding shortfall could not be bigger said by Wellcome, one of the world's biggest biomedical charities, since its £37.6bn endowment and £1.5bn annual expenditure were geared to biomedical research rather than health delivery. Rattgen said that the organisation wanted to play an important role in public health advocacy.

Wellcome was organising five "regional dialogues" in Africa, Latin America, the Middle East, Europe and North America to propose reforms for public health, he said.

"We need to handle the urgent needs but we shouldn't lead prematurely on bigger reforms that do not take a long-term perspective on where we need to go," said Rattgen, a Norwegian public health expert who has led Wellcome since last year.

He added that middle-income countries such as South Africa and Nigeria were ready to take on more responsibility for operational spending, with local health workers replacing more expensive western staff.

In this way it should be possible to deliver HIV programmes for much less than the costs incurred by western countries, he said. "We need to ensure donors could then focus on funding infrastructure, innovation, research and development, though the world's 40 or so poorest countries would still need to deliver basic health services."

Rattgen raised concerns about other aspects of the Donald Trump administration's attitude to science and health, besides aid cuts. One was the potential spread of misinformation, as "fantasy" alarms based on loose scientific studies, while ignoring large amounts of research that came to opposite conclusions.

US charges. Transshipments

Vietnam faces tariff threat despite deal

Businesses fear export clause that could double fee on goods using components from China

A. ANANTHA LAKSHMI – HANOI

For Thanh Cong Garment, a Vietnamese supplier to apparel companies including Adidas, Calvin Klein and Columbia, a trade deal to avoid the worst of US President Donald Trump's tariffs should have been a huge relief.

Vietnam was one of only two countries that Trump said had clinched a deal with the US by a July 9 deadline to avoid his "reciprocal" tariffs. This week, many of its neighbours received letters from the White House threatening, in some cases, higher levies.

But the company was left puzzling over the lack of detail in the agreement – Trump announced a blanket 20 per cent tariff rate, down from an initial threat of 46 per cent, but neither Vietnam nor the US has provided further details on the specifics of a final version of a trade agreement.

Hanoi has also not confirmed the new tariff rate, saying only that the two sides had reached a "fair and balanced reciprocal trade agreement framework", raising further uncertainty for companies.

The US side also included a clause threatening a 40 per cent rate on goods "transshipped" – or rerouted through Vietnam, though it did not define transshipment. But the clause has stoked concerns among businesses that they will be penalised for using Chinese inputs, which are critical to supply chains in Vietnam.

Tran Nhu Tung, chair of Thanh Cong garment, noted that the 20 per cent import rate was not much higher than the 15-17 per cent import tax currently paid by Vietnamese garment makers. But the transshipment clause could prove to be a huge challenge.

Many of the products that [have] materials from China but manufactured in Vietnam, what is the tariff to export to the US? Twenty per cent or 30 per cent or 35 per cent?" said Tung. "We need to know."

Vietnam, one of the biggest suppliers of apparel, shoes, electronics and other products to the US, became a manufacturing powerhouse in recent years, attracting the likes of Apple, Nike and Samsung as companies rushed to relocate production out of China to avoid blowback from geopolitical tensions.



Under scrutiny: workers on a garment assembly line in Ho Chi Minh City, Vietnam has been accused of acting as a conduit for Chinese goods seeking to avoid US tariffs

Many of those companies are clamouring to figure out how the new trade deal will work – and whether by moving quickly, Vietnam has scored favourable terms or hemmed itself in. "There is a sigh of relief that at least we know what the answer is for Vietnam... but there is still quite a lot of uncertainty in the agreement that exists right now," said Rich McClellan, founder of the RMAC Advisory, whose clients include companies and the Vietnamese government. The transshipment clause was "the most ambiguous and most potentially risky portion of this agreement," he added.

Vietnam has a lot at stake. One of the world's most trade-dependent countries, with an exports-to-GDP ratio of nearly 90 per cent, it sends a third of its exports to the US, making a higher tariff rate a significant risk for economic growth. Its trade surplus with the US has surged in recent years to \$123bn. In 2024, the third-largest behind China and Mexico.

The country has also drawn accusations of serving as a conduit for Chinese companies seeking to avoid Washington's tariffs. A large amount of manufacturing investment in Vietnam has come from China, which accounted for almost

one in three new projects last year. Experts say the Trump administration's definition of transshipment could refer to a range of practices from simply repackaging Chinese goods with a counterfeit "made in Vietnam" label or to using Chinese raw materials in goods manufactured in Vietnam.

"The impact may be more limited if these 40 per cent tariffs are enforced solely for the most egregious practices of plain diversion of trade to avoid US tariffs," said MUG analyst Michael Wan. "In contrast, if there is a stricter definition of transshipment defined as a certain threshold of foreign value added, the impact... may be pronounced."

Given the Trump administration's interest in isolating China, businesses fear a wider definition. This would be extremely damaging for Vietnam, where many companies rely on Chinese raw materials and components, amid warnings that removing them would be impossible.

"That is not realistic, that does not take into account how global supply chains avoid and deter the rest of the world," said one American businessman in Hanoi. "It's not just impossible for Vietnam. It's impossible for everybody."

"There is a sigh of relief... but still a lot of uncertainty in the agreement that exists right now"

Rich McClellan, RMAC Advisory

Another big unknown is how Vietnam's tariff rate will compare with those of its neighbours – a difference that will be critical to Vietnam retaining its competitive advantage as a manufacturing hub. Trump has set a new deadline of August 1 for countries to come to an agreement with the US.

Whether the negotiated tariff is ultimately a win or loss for Vietnam will largely depend on whether other 'China plus one' markets secure similar deals," said Marco Förster, Asian director at Dean Shira & Associates.

Official data for the first half of the year shows foreign direct investment increased nearly a third to \$21.5bn, suggesting that investment had not been scared off by the tariff uncertainty. Vietnam also has an edge in certain incentives and cheaper costs for producers.

But Steve Greenspan, founder of US home goods retailer Honey-Can-Do, warned that even a "20 per cent tariff will result in higher prices and inflation on goods".

"This will certainly lead to reduced demand for goods, hurting American businesses and jobs," he said. "Companies will continue to produce their products in Vietnam, though at a lower pace than prior to the tariffs."

Burial scandal

Investigators seek 800 children's remains at site of Irish home for unmarried mothers

JUDE WEBBER – TUAM, IRELAND

International archaeologists and forensic experts will begin digging at the site of a notorious Irish mother and baby home today to try to retrieve the remains of 796 babies and young children believed to be buried there.

Grey hoardings cord off the site where experts must sift through a former underground sewage system and nearby areas to retrieve bones, which will then be reassembled, then into skeletons and try to identify them.

"We cannot underestimate the complexity of the task before us," said Daniel MacSweeney, a former international consultant of the Red Cross envoy leading the excavation operation that will also lay bare one of the most painful and shame-filled chapters in Ireland's history.

International experts from Colombia, Spain, the UK, Canada, Australia and the US have been recruited for the dig at the site of the former Catholic Church-run institution for unmarried mothers

in Tuam, County Galway, which starts today and is expected to last two years.

Among the team includes archaeologists, forensic anthropologists, osteoarchaeologists and crime scene specialists, "no one has experience" of trying to extract, reorder and identify so many commingled infant remains, according to Niamh McCullagh, senior forensic consultant to the dig, who has worked with police on cold cases and murders.

"This is about a wrong that had to be put right," said Catherine Corless, the local historian whose research first identified 796 babies and children recorded as having died between 1925 and 1960 at the institution run by Bon Secours nuns, but for whom there were no burial records.

She suspected some children were placed in the septic tank of the now demolished institution that was housed in a former famine-era workhouse.

"You can't leave it be, you can't put monuments, you cannot beset the site. This was all wrong. It shouldn't have been done," Corless told the Financial

Times. "Hopefully they'll find a lot of little babies."

In a formal state apology in 2021 to tens of thousands of women and children, the Irish government highlighted the "appalling" mortality rate in institutions where unmarried mothers were shamed and kept out of sight.

McCullagh, a forensic archaeologist,

directed a test dig at Tuam in 2016-17 that identified the remains of 35-week-old fetuses and the bones of children up to three years old at the site, located in the middle of a housing estate.

Ground-penetrating radar found "anomalies" indicating potential burials on the site of a playground that was demolished for the dig.



Niamh McCullagh, a consultant to the dig, at the Tuam site – Paula Harris does Sarroff

foster home," he said. "That's when my life started... I wouldn't have the love." He hailed the excavation as "fantastic," but cautioned: "People say a closure, but it won't take the anger away. That anger is going to stay with [survivors and relatives] until they leave this world."

Anna Corrigan, whose brothers aged seven months and 13 months died in the home, called it a "light at the end of a very long tunnel." But she feared she would "probably not" get answers. "I'm cynical at this stage."

Haverty was among the children earmarked for adoption in the US, a plan that involved including a girl who would have been passed off as his sister. The adoption never went ahead because his mother refused to sign the paperwork.

But Corrigan believes that death records of some of the Tuam babies were falsified to face widespread US adoptions – a practice suspected at other homes. And she wondered: "Are they walking around America not knowing they are dead in Ireland?"

Harassment rules Britain takes aim at ‘gagging clauses’, but critics are complaining of regulatory over-reach

WORK & CAREERS

Companies & Markets

Crypto to groups
rush to secure
foothold in
US banking

- ◆ Mood driven by pro-digital Trump
- ◆ Companies aim to broaden activities

NIKOLU ASGARI — LONDON
MELIA QUINHO AND JOSHUA FRANKLIN
NEW YORK

Cryptocurrency companies are racing to expand into traditional banking in the US, as they seek to capitalise on a friendlier regulatory environment under President Donald Trump and become more embedded in the financial system.

Crypto payments group Ripple, stablecoin company Circle and custodian BitGo have applied for national bank trust charters that will allow them to offer some banking services, while crypto exchange Kraken plans to launch bank cards in the next month.

“It’s a natural convergence,” Arjun Sethi, co-chief executive of Kraken, told

“It’s a 180 from where a lot of these crypto companies started, saying, “We don’t need banks”

the Financial Times, adding the company planned to launch debit and credit cards by roughly the end of the month.

The moves underscore how crypto companies are seeking to broaden their financial system. Anchorage Digital is the only crypto company with a national bank charter.

“It’s... a 180 from where a lot of

these crypto companies started, saying, “We don’t need banks, we don’t need ones, we’re above it all,” said Max Bonini, partner at law firm Davis Wright Tremaine. “Now they’re saying ‘regulate us.”

The push into banking comes ahead of stablecoin legislation being debated in Washington that would bring the tokens, which proponents argue can act like a currency, closer to the traditional financial system.

Stablecoins track the price of national currencies such as the dollar and are becoming increasingly mainstream, enjoying enthusiastic backing from Trump and his cabinet. Traders use them to move between sovereign currencies and crypto, while others use them for cross-border payments.

The proposed Genius Act will tighten regulation of stablecoins and tie them more closely to US Treasuries, which are used to back stablecoins that are pegged to the dollar. Only regulated banks and some non-bank groups with licences from the OCC will be able to issue stablecoins.

Brad Garlinghouse, chief executive of Ripple, said the company also applied for a master account at the Federal Reserve, which would allow it to hold stablecoin reserves directly with the central bank.

Retail brokerage Robinhood, which last year derived more than half of its transaction revenues from crypto, is planning to roll out some banking services in the autumn.

London-based neobank Revolut, which also makes a large chunk of its revenue from crypto trading, has a long-term ambition to secure a US banking licence, while Klarna chief executive Sebastian Siemiatkowski plans to add crypto to the consumer lender’s products.

Capital controls Taiwan tells foreign investors to ‘self-regulate’ as currency keeps advancing



Richie Tonga/EPA/Shutterstock

The Taiwan dollar has appreciated more than 10% this year
NT\$ per US\$



WILLIAM SANDLUND
AND HAOHSIANG KO — HONG KONG

Taiwan’s central bank has warned “a few foreign investors” against violating its capital controls as it seeks to contain volatility in its rapidly appreciating currency.

The Central Bank of the Republic of China at the Financial Times said it had “strengthened communication with a few foreign investors” and “asked them to self-regulate and make necessary improvements” after finding that foreign capital inflows were not being invested in domestic securities. It did not name the investors.

The warning comes as the central bank seeks to rein in the New Taiwan dollar’s sharp rally without being labelled as a currency manipulator by the US. The Taiwan dollar has strengthened more than 10 per cent this year, threatening an economic model built around the country’s enormous trade surplus.

Taiwan is on the US Treasury’s monitoring list for currency manipulation. Large interventions to contain

the Taiwan dollar’s appreciation would risk it being classified as a lull-blown manipulator, said Lennon Zhang, a foreign exchange and emerging markets macro strategist at Barclays.

To reduce appreciation pressures without intervening, the central bank is stepping up efforts to “close loopholes and discourage speculative shorts”, said Zhang.

Taiwan requires foreign investors who convert money into Taiwan dollars to use the cash for investment. Violating the regulations can hamper investors’ ability to work in the country, giving the central bank an indirect channel to influence exchange rates, said analysts, although the bank’s foreign exchange regulations say “there are effectively no foreign exchange restrictions in Taiwan”.

Taiwan’s currency began experiencing volatility in early May, when it appreciated more than 9 per cent against the US dollar over three trading days. The rally was driven largely by the country’s exporters repatriating assets and by life insurers with

large US holdings rushing to hedge their exposure to a weakening US currency.

Taiwan’s export-dependent economy has vast US dollar holdings. Exports last year hit a record \$475bn and comprised about 60 per cent of GDP, double the global average, according to the World Bank.

A sharply appreciating home currency threatens to erode the value of those assets and make Taiwan’s products less competitive globally in the long term. The central bank has sought to calm markets by discouraging currency speculation. It warned importers and exporters last month against speculating on exchange rates and spoke out against investors using a combination of exchange traded funds and inverse ETFs to take positions on the Taiwan dollar.

In May, it launched investigations into the local banking sector to discourage speculation. The central bank has also said it would consider imposing trading delays on foreign investors deemed to be speculating on the currency.

UniCredit attacks Rome over BPM bid intervention

SILVIA SCIORILLI BORRELLI — MILAN

UniCredit has attacked the Italian government’s intervention into its hostile takeover bid for rival Banco BPM, criticising its use of powers setting conditions for a deal as “illegitimate”.

In a statement following an Italian court decision on Saturday that handed UniCredit a partial win against Giorgio Meloni’s government seeking to impose stringent conditions for a takeover deal, the Milanese bank said the court’s decision was “unequivocal proof that the way in which [the government’s powers] were used was illegitimate”.

UniCredit, led by chief executive Andrea Orcel, also accused BPM of spreading misinformation about the takeover, was “totally legitimate” and “in a further escalation of tensions”.

BPM had engaged in “unjustifiably aggressive and often misleading communications campaigns”, UniCredit said. The lender also suggested that it would not improve the financial terms of its BPM offer, an option that had been on the table in the early days of the bid in November.

The Italian court on Saturday had partially upheld an appeal by UniCredit cancelling government prescriptions on BPM’s post-merger loan-to-deposit ratio and the maintenance of the two lenders’ project finance portfolios in Italy.

However, it ruled that the government’s demand that UniCredit had to exit Russia if it wished to complete the takeover, was “totally legitimate” and “there can be no doubt about the fact it is proper”. The administrative court has no jurisdiction over political decisions.

UniCredit said that “as [stated] by the administrative court, the European Central Bank has the [legal] competence to assess the matter and [it was] recently compliant with the ECB’s requests”.

UniCredit’s exit from Russia has been a major sticking point between the government and lender. The imposition of a fixed loan-to-deposit ratio, which was struck down by the court, had also been strongly criticised by UniCredit.

On Saturday BPM said it was pleased with the outcome of the appeal and called on UniCredit to “clarify its intentions” on the takeover. The bank has under competitive bidding process since its statement yesterday. Spokespeople for the Italian government were not immediately available for comment.

Technology. Data breaches

Meta privacy trial becomes test of board culpability

Top executives and directors to testify in Delaware court over role in corporate scandal

SUJEET INANI — NEW YORK
HANNAH MURPHY — SAN FRANCISCO

Meta luminaries will publicly testify in a landmark shareholder lawsuit this week over shareholder allegations that board mismanagement was directly responsible for billions in sanctions that the social media group paid over data breaches.

Two of the Facebook parent company’s best-known executives, chief executive Mark Zuckerberg and former chief operating officer Sheryl Sandberg, are also set to appear.

Longtime director and investor Marc Andreessen, as well as ex-board members Jeff Zients, a former adviser to President Joe Biden, are also set to appear. Other director defendants include the investor Peter Thiel, Kenneth Chenail, the former American Express CEO, and Reed Hastings, the Netflix co-founder.

The lawsuit, brought by three tiny minority Meta shareholders, is the first time a complaint over a board’s culpability for a corporate scandal has reached a trial in Delaware, where most such lawsuits are quickly dismissed.

In a handful of instances, companies have settled litigation over board oversight charges, most notably the directors of Boeing who agreed to pay \$257.5m over shareholder charges that the highest levels of the aviation group failed to prevent the 737 MAX scandal.

overseeing lax privacy practices, in violation of a 2012 consent decree struck with the US Federal Trade Commission designed to protect users’ personal information — claims that the defendants reject.

The FTC later launched an investigation into Facebook’s parent triggered in particular by the Cambridge Analytica scandal in which user data was leaked to a political research group through a third-party app.

The suing shareholders have asked for damages stemming from the \$5bn settlement struck with the FTC in 2019 following the investigation.

According to the plaintiffs, the board “protected” Zuckerberg by approving the price tag without any internal investigation, in return for the FTC agreeing to drop his name as an individual defendant in the case.

Plaintiffs also allege that the founder “unlawfully sold billions of dollars of Meta stock because of the material non-public information he had regarding the Company’s illicit, undisclosed data sharing practices”.

Meta declined to comment on the case. In court filings, the defendants said that the social media company’s directors did not knowingly violate the 2012 consent order, and that the board’s decision-making was prudent and not conflicted.

Meta faces continued regulatory and legal scrutiny over issues including privacy and antitrust. Critics have argued that its aggressive hunt for growth and profits as a younger company led to online harms, with the company accused of amplifying hate speech and misinformation to boost engagement, or having poor data management practices. More recently, it has poured bil-

lions of dollars into trying to become a leader in artificial intelligence.

“The allegations are significant in terms of who knew what and when during their largest scandal that they’ve had a public research, while Klarna chief executive Sebastian Siemiatkowski plans to add crypto to the consumer lender’s products.

Shareholder lawsuits alleging poor board oversight have become known as “Caremark” claims, named for the healthcare company whose shareholders alleged corporate law liability over criminal fraud charges in the 1990s at the healthcare company.

Scholars and judges have long been sceptical that wrongdoing stemming from business operations far removed from the boardroom could be pinned on the offending company’s directors. Directors can also offer a defence that pushing the boundaries of the law is consistent with maximising shareholder value.

In the case of Meta, its market capitalisation has increased to nearly \$2tn. Meta notes in its court briefs that Delaware judges have previously remarked that a Caremark claim “is possibly the most difficult theory upon which a plaintiff might hope to win a judgment” and that Meta’s “evidence will show that Facebook implemented a robust system of privacy controls” after the 2012 FTC consent decree.

However, the company has already faced setbacks. The core Caremark claim from the plaintiffs has survived Meta’s motion to dismiss.

Separately, Sandberg, who left her executive role in 2022 and the Meta board in 2024, has been sanctioned by the court earlier this year for deleting email messages from her Gmail account after being put on notice about the lawsuit.

Last week, venture capital firm Andreessen Horowitz said it would move its incorporation from Delaware to Nevada, citing “recent actions by the [Delaware] Court of Chancery, which have injected an unprecedented level of subjectivity into judicial decisions, undermining the court’s reputation for unbiased expertise”.

The Financial Times has previously reported that Meta has pondered moving its incorporation out of Delaware. Technology companies have been spooked by the 2024 decision by Delaware Chancellor Kathleen McCormick to rescind a \$55bn pay deal that Tesla had previously struck with its chief executive, Elon Musk. That case will soon be heard on appeal by the Delaware Supreme Court.

Chancellor McCormick is the judge who will oversee the Facebook trial.

Sheryl Sandberg, former COO of Meta Platforms, is listed as a witness

Contracts & Tenders

INVITATION TO E-BID
THROUGH SAP-ARIBA DISCOVERY

Oil & Gas Development Company Limited (OGDCL), the largest Exploration and Production listed Company of Pakistan having operations at different locations and fields in all the four provinces of Pakistan, intends to invite E-Bids through SAP-ARIBA Discovery for the service/material given below in the competitive bidding procedure as per Public Procurement Regulatory Authority (PPRA) rules:

SR	TENDER NUMBER	DESCRIPTION	BID SUBMISSION DATE & TIME	BID OPENING DATE & TIME
1.	OGDCL-SCM-FC-CB-P AND P-BETTANI-PLANK-2025	HIRING OF CONTRACTORS FOR RENTAL FEE BASIS WITH BUY BACK OPTION FOR (500-50) MMSD MODULAR LPG/NGL RECOVERY UNIT (S) ALONG WITH ALL UTILITIES FOR BETTANI OIL AND GAS FIELD F.R. LAKKI MARWAT, KPK PROVINCE	27.08.2025 AT 1100 Hrs	27.08.2025 AT 1130 Hrs

2. All bids will be opened 30 minutes after the bids closing date/time.
3. Tender Notice/ detailed instructions are available on PPRA website at www.ppra.gov.pk.
4. Tender documents are available online and bids are also required to be submitted online through e-procurement portal at <https://ogdcl.com/sap-ariba-tenders> or [discovery.ogdcl.com/profile/AN01562899621](https://ogdcl.com/sap-ariba-tenders) for details see "Instruction for Bidders Section" of the tender documents.
5. OGDCL reserves the right to accept or reject any bid and to annul the bidding process and reject all the bids as per Public Procurement Regulatory Authority (PPRA) Rule-33.

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COMPANIES & MARKETS

Apollo-backed insurer targets UK pensions

Athora's £5.7bn acquisition of PIC heralds private equity giant's arrival into Europe's largest retirement market

LEE HARRIS — LONDON
SHAJEE INADAP AND ANTOINE GARA
NEW YORK

Apollo has used its in-house insurer Athora to remake US private capital, using billions of dollars from retirees to feed its asset management machine.

But now it is another Apollo-backed insurer, Athora, that is on the march in Europe, with a £5.7bn acquisition that heralds the private equity giant's arrival into the region's largest retirement market.

The biggest UK deal of the year so far relates to the obscure but lucrative insurance niche of pension risk transfers or bulk annuities. Over the next decade, British companies are expected to offload about £500bn of retirement obligations and the assets backing them to insurers via pension risk transfer agreements as they wind down defined benefit pension schemes.

The business has boomed as higher interest rates closed schemes' deficits, making sales to insurers more attractive and spawning a market dominated in the UK by Goldman Sachs' former unit Rothsays, London-listed insurer Legal & General, and the Pension Insurance Corporation (PIC), which Athora agreed to buy earlier this month.

Buying PIC will hand Athora a fifth of the UK bulk annuity market in one fell swoop, a route that Apollo's US private capital rivals KKR and Carlyle had each explored before Athora struck its deal.

"Apollo's arrival in the UK shows retirement groups and the assets backing them will stay private for longer, if not forever," Abid Hussain of Pamure Liberum said. The Athora acquisition of PIC follows a move by Canadian private capital firm Brookfield last year to cash in on the bonanza by building its own bulk annuities business Blumont from scratch. "UK insurers are struggling to keep pace with the sophistication of US private capital firms," Hussain said.

But the PIC acquisition also speaks to how Apollo is having to adapt the strategy that has tripled its share price over the past five years, uniting private capital



Big opportunity: over the next decade, British companies are expected to offload about £500bn of retirement obligations
Chris Wedel/Reuters

and retirement services under one roof, to overcome European resistance to the industry.

"Originally, when Apollo divided up the world, the UK was Athens's jurisdiction, not Athora's," one insurance analyst said. But Apollo appeared to have redrawn the map after concluding that Athora's "natural hunting ground [of continental Europe] is closer to them".

Apollo chief executive Marc Rowan pioneered a widely imitated model of managing life insurance assets for "spread" earnings – buying liabilities at

a discount and investing them in higher-yielding assets such as private credit.

The model gives Apollo a large base of "permanent capital" that constantly refreshes with new annuities sold – in contrast with its traditional private equity funds, which require new fundraising every few years. But rather than Athens to enter the UK market as previously appeared to be Apollo's plan, the private capital firm is making its debut in the UK bulk annuity market through an entity in which it only has a minority ownership stake.

Insurers' links to private capital giants have come under scrutiny on both sides of the Atlantic from regulators and retirees concerned that they may be taking on too much investment risk. The opposition stems from financial difficulties with private equity-backed insurers, not least problems at 777 Partners last year and the collapse in 2023 of Italian life insurer Eurovita.

After rising interest rates prompted policyholders to surrender savings contracts early, Eurovita's UK-based owner Cliven stumbled up less than half of the capital regulators asked it to inject into the business. People familiar with the matter said Athora later sought to acquire German life insurer Viridium, but the group was ultimately sold to a consortium that included Allianz.

"The most common question I get is: 'Do you have private equity fund capi-

tal?' We have none," said Athora chief executive Mike Wells, who previously served as chief executive of London-listed insurer Prudential.

Wells draws a distinction between Apollo's private capital funds and its retirement services businesses, which it owns outright. The difference in ownership structure meant there was "no expectation" Athora would exit the PIC investment in less than five years or be pushed to liquidate, Wells told the

'UK insurers are struggling to keep pace with the sophistication of US private capital firms'

Financial Times. While Athora was backed by "a firm that has private equity expertise", Wells said, "there's none of the sorts of pressures that a PE-backed insurer would have".

Athora was originally a Bermuda-based holding company for Athene's European operations, carved out of the larger US insurer in 2018. Apollo co-founder Leon Black pitched it as "Athene-like, but it's European", a "permanent capital" vehicle to support the group's less liquid lending.

Since then, however, the models have diverged. Apollo bought Athene, which it created in 2009 but maintained as an

affiliate, in-house in 2021 through an \$11bn share deal. At Athene, Apollo has kept its distance. It and Athene have retained a combined 25 per cent stake and just shy of half the seats on the board. A subsidiary of the Abu Dhabi Investment Authority, a frequent co-investor with Apollo, holds 19 per cent of Athora's shares.

Apollo has said private capital firms have been the main force behind recapitalising the struggling life insurance sector in the past decade, and Athora itself has raised €6.75bn in equity capital from an investor mix including sovereign wealth funds and pensions.

But acquisitions in Europe have proved "politically very difficult", Rowan told investors last October. Rowan said the region's market for retirement products offering guaranteed income had "virtually shut down," as some jurisdictions had been "hostile to private markets".

Athora struggled to make big acquisitions in Europe despite the fact that Apollo had made an effort to "look and act like an insurance company", the insurance analyst said. Buying PIC could signal a new approach.

Using Athora to buy PIC rather than Athene means the US private capital group will forgo the full insurance spread it retains through deals with Athene. Instead, it would collect a fee for managing some of PIC's assets, Wells said. Apollo currently manages about a third of Athora's assets.

Whether or not the PIC acquisition ends up being a good deal for Athora may ultimately depend on how much risk it is able to shift offshore through so-called funded reinsurance. UK regulators are more open to the strategy than European ones, but the practice is under scrutiny by the country's Prudential Regulation Authority.

In the US, meanwhile, Athene's pension risk transfer dealmaking has been on ice since companies that sold it their pensions were hit with lawsuits from trustees concerned about investment risks. None of the lawsuits have yet succeeded.

Apollo executives have argued that European regulators will have to soften their opposition to private capital groups' retirement product roll-outs sooner or later, since the region's ageing population needs access to the private investments it specialises in. Life insurance and retirement products have long-term liabilities, which can pair well with illiquid loans that take years to pay back.

The challenge will be for the two Americans – Wells and Todd Solash – tasked with leading Athora's charge to prove they can squeeze more value from the UK's life insurance market than its previous private equity owners, in a market that is already highly competitive.

PIC already became a juggernaut in pension risk transfers under the stewardship of investment group Reinet Investments, buyout firm CVC Capital and private credit shop HPS Investment Partners. The company has grown its assets nearly 10 times since Reinet first took a stake in 2012.

Tracy Blackwell, chief executive of PIC, said the sale would "give us more firepower to invest in UK" and access to "a bigger balance sheet".

Wells said listed insurers would struggle to meet the demand from companies to offload their obligations to pensioners because of the different priorities of their backers. The market needed private capital to step in.

"Rather than growth, [traditional] insurers tend to be more focused on dividends and payback," Wells said. "We can help fill the gap."

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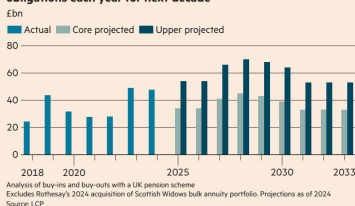
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UK companies are set to offload £30bn-£70bn in pension obligations each year for next decade



Industrial goods

Manufacturers plead for copper tariff clarity

KANA INAGAKI AND
LESLIE HOOK — LONDON
ZENRA MUMIR — NEW YORK

Global manufacturing executives are begging for clarity over whether the tariff policy beyond a 50 per cent levy is imposed on copper imports, as their stockpiles diminish and the clock ticks on existing contracts.

The US president has vowed to impose the higher tariff on the metal from August 1, matching levels already in place on all imports of steel and aluminium. But it remains unclear whether the levy will be applied to all copper products, stoking anxiety across industries.

Companies' deepening concerns over copper come as they are already grappling with the higher costs of Trump's escalating trade war, with US sales of products from cars and trucks to construction equipment hit by policy uncertainty. Analysts warn the conse-

quences to prices and demand of permanently higher copper tariffs will be serious since the metal is widely used in electric vehicles, chips and defence equipment, as well as household appliances and wiring.

John O'Leary, North American boss of Daimler Truck, said companies had

'I would say there is six to nine months to use that buffer built from extra buying of refined copper'

become increasingly frustrated since they had anticipated clarity on the tariff policy by now.

The group last week reported a 20 per cent drop in second-quarter truck sales in North America as logistics companies held off purchases due to the uncertainty.

The White House has not released details of the tariffs, including whether they will apply to semi-finished copper products such as wires and rods, and whether restrictions on exports of copper scrap might also be put in place.

There has been a rush of copper into the US this year on expectations of higher tariffs. As a result, analysts say end users of copper are unlikely to be hit with the full impact until the producers' own warehouses run out of their supplies.

"I would say there is six to nine months to use that buffer built from extra buying of refined copper," said Morgan Stanley.

Aerospace Industries Association, a US trade group, has asked the government to make up to 10 years to lend, certify and switch to a new supplier of critical minerals because of the complex nature of aerospace and defence supply chains.

COMPANIES & MARKETS

Food & beverage

Kraft Heinz weighs split to lift performance

Break-up considered 10 years after Buffett-backed tie-up of household names

JAMES FONTANELLA-KHAN AND ERIC PLATT — NEW YORK
IVAN LEVINGSTON — LONDON
Packaged foods giant Kraft Heinz is studying a break-up a decade after Warren Buffett and 3G Capital merged the two brands, people briefed on the matter have said.
The decision comes after the company, known for Heinz Ketchup and Kraft Macaroni & Cheese, said in May it was considering several options to

reverse its persistent underperformance, the people said.
One of the plans being considered includes spinning off much of the traditional grocery portfolio, which would include boxed dinners, processed cheese and packaged meats, into a standalone company, the people said.
The remaining part of the business, which would include Heinz condiments, Grey Poupon mustard and a broader state of sauces, could be set for swifter growth because of changing consumer tastes, they added.
Executives believed two separate companies could ultimately be worth more than Kraft Heinz's \$31bn market

value, the people involved in the talks said. The people stressed no final decision had been made and it was still possible the company would opt to sell some assets and remain a single entity.
"As announced in May, Kraft Heinz has been evaluating potential strategic transactions to unlock shareholder value," the company said. "Beyond that, we do not comment on rumours or speculation."
The internal debate comes as big food groups confront intensifying pressure to reshape their portfolios in the face of inflation, health-conscious consumers and growing competition from private labels. A break-up would undo the 2015

deal, in which Heinz bought Kraft. The Brazilian investors behind 3G Capital and Buffett were widely seen as pioneers of reviving struggling consumer brands thanks to their aggressive cost-cutting strategy.
However, Kraft Heinz suffered setbacks following the acquisition, including being rebuffed by Unilever, which in 2017 rejected its \$143bn takeover offer, and an accounting scandal.
Buffett admitted to overpaying for Kraft in 2019, saying he had been "wrong in a couple of ways on Kraft Heinz". His company Berkshire Hathaway took a \$3bn writedown tied to its investment in the business at the time.

The Omaha-based conglomerate initially teamed up with 3G in 2013, when it took the US ketchup maker private in a \$28bn deal. Two years later they took control of Kraft in a deal worth \$63bn, including a \$10bn special dividend Berkshire and 3G funded for existing Kraft shareholders, according to Dealogic.
The 2015 acquisition gave the Heinz investors majority control of the combined businesses, with Kraft shareholders retaining a 49 per cent stake.
Berkshire, which owns roughly 27 per cent of Kraft Heinz, did not immediately respond to a request for comment. 3G exited its stake in Kraft Heinz in 2023, according to US regulatory filings.

Market questions. Week ahead

Strong China growth expected despite trade tension

Will China hit its mid-year growth target?

China GDP figures for the first half of the year are published tomorrow, providing the latest indication of whether US President Donald Trump's trade war is weighing on the economy.
Despite trade tensions and deflationary pressures, the country is widely expected to report a strong figure.
A Bloomberg poll of economists still forecasts the country to grow 5.3 per cent in the first six months of 2025, in line with the government's growth target "of around 5 per cent" for the year.
However, the strong growth has been helped by "frontloading activities", Deutsche Bank said in a recent note.
Trump's real and imagined trade tariffs have prompted businesses around the world to rush out shipments and orders before the duties take effect, boosting short-term economic figures for export-oriented economies such as China.

The current consensus is that the country will fall short of 5 per cent economic growth for the year as a whole. The median bank forecast is 4.6 per cent, according to Bloomberg.
Recent price data confirmed China is still battling deflationary pressures as demand in the economy remains weak.
Although there is growing talk among analysts of "supply side reform" that could help address some of the vicious price competition contributing to deflation, such efforts may do little to revive demand in an economy where consumer confidence remains at record-low levels, according to official data from the National Bureau of Statistics.
Consumer confidence slumped in 2022 as a property market crash and suffocating pandemic restrictions took hold, and it has yet to rebound. *William Sandhu*

Will June inflation data keep the Fed on hold?

The US is expected to report a pick-up in inflation in June, which could nudge the chance of interest rate cuts by the Federal Reserve later this year.
The Bureau of Labor Statistics will tomorrow release the latest US consumer price index report, which is expected to show a headline rise of 2.6 per cent in June year on year, up from 2.4 per cent in May, according to economists polled by Bloomberg.
The core rate, which strips out the volatile food and energy sectors, is also



Flying low: Shanghai's financial district. Recent price data confirmed China is still battling deflationary pressures as demand in the economy remains weak
Raul Arias/Bloomberg

expected to show a rise, with June's rate forecast to come in at 2.9 per cent, compared with 2.8 per cent in May.
Fed officials have maintained that while inflation has remained subdued, more evidence is needed before they will consider cutting borrowing costs. Futures markets are pricing in two rate cuts by the end of the year, with the first one fully priced in by October, but not all analysts are convinced and the outlook could shift depending on the inflation data.
BNP analysts say June will be the first month in which the effect of President Donald Trump's tariffs will be evident in the inflation data. Effective tariff rates – which take into account both nominal tariffs on a product as well as levies on inputs – remained steady in April and May but rose in June, as companies started to push the cost of levies on to consumers.
"June CPI is the first of three reports before the September FOMC [Federal Open Market Committee] that will inform the committee's judgment of tariff pass-through and strongly influence its interest rate policy decisions," wrote the BNP analysts.

"We think visible tariff pass-through over the summer and associated risks keep the Fed on hold through year-end," they added. *Katie Deguid*
Is UK inflation on the rise?
Investors will closely look at UK inflation data published on Wednesday to assess the path for interest rates ahead of the Bank of England's monetary policy decision next month.
Economists polled by Reuters expect the annual rate of UK inflation to rise to 3.5 per cent in June, from 3.4 per cent in May and well above the 2 per cent BoE target.
Services inflation, closely watched by the BoE as a better measure of underlying price pressures, is expected to ease marginally to 4.6 per cent in June from 4.7 per cent in the previous month.
There are concerns about inflationary pressures from rising food prices, with the British Retail Consortium reporting faster price growth in the sector, in part as a result of warmer weather. Higher food prices could have spillovers to restaurant prices amid higher employers' natural insurance contributions.
Any significantly higher reading in

Trump's real and imagined trade tariffs have prompted businesses around the world to rush out shipments

June would reignite fears that higher inflation is becoming more ingrained in the economy, providing reasons for policymakers to be cautious about rate cuts.
However, the UK economy contracted in April and May, losing momentum after a strong start to the year, and official data published on Thursday could show clearer indications of a loosening job market and softening wage pressures.
Economists expect regular wage growth, which excludes bonuses, to slow to 5 per cent in the three months to May from 5.2 per cent in the three months to April. The number of payroll employees, which has been declining since November 2024 at an accelerating rate, will also reveal the impact of slow growth and higher taxes on the labour market.
"A continual loosening in labour market conditions amidst uninspiring economic growth should, by lowering wage pressures, weigh on services inflation, while our base case is that the recent spike in food price inflation is a temporary phenomenon," said Ellie Henderson, economist at the bank Henders. *Valentina Romei*

Technology

Musk's xAI seeks \$200bn valuation in funding round

TABBY KINDER AND STEPHEN MORRIS
SAN FRANCISCO
IVAN LEVINGSTON — LONDON
JAMES FONTANELLA-KHAN — NEW YORK

Elon Musk's xAI is preparing to raise more money from investors in a deal that could value the artificial intelligence company as high as \$200bn – 10 times its value early last year, according to people close to the talks.
The fundraising, which is being discussed and could start formally as soon as next month, would be its third large share sale in less than two months.
It raised \$10bn through loans and cash investments in July, and in June sold \$300mn of shares in a secondary stock offering. A deal would also cement a rapid rise in xAI's valuation from the \$18bn set in its "series B" fundraising in May 2024.
The company this week released the fourth model of its Grok chatbot, which posts on Musk's social media platform X – days after the bot repeatedly praised Adolf Hitler and shared antisemitic rhetoric on the platform. The company pledged to ban hate speech from its posts.
Three people close to the process said the new fundraising would target a valuation of \$170bn–\$200bn. They cautioned the talks were preliminary and the details could change. PIF, Saudi Arabia's sovereign wealth fund, was expected to play a large role in the deal, two of the people said. PIF holds an indirect interest in xAI through its stake in

A deal would mark a rapid rise in xAI's value from the \$18bn set in its 'series B' fundraising in May 2024

Kingdom Holdings company, which has invested \$800mn in xAI.
xAI did not respond to requests for comment. PIF declined to comment. xAI acquired X in March in an all-stock deal for \$45bn. The transaction valued the combined company at \$113bn. That would grow to about \$245bn if the latest xAI fundraising is successful.
Another Musk company, SpaceX, has surged in value recently. The rocket and satellite group is preparing to sell about \$1bn of its shares in a deal that would value it at \$400bn, the Financial Times reported this week.
Musk's companies – including Tesla and brain chip company Neuralink – initially benefited from the entrepreneur's connections to US President Donald Trump following November's election. Musk was one of Trump's biggest backers, spending more than \$250mn on his campaign, but a public spat last month has led to concern about blowback on some of his businesses.
The value of his private companies suggests investors are looking past the risks of Trump targeting Musk's businesses. But shares in Tesla have fallen nearly a fifth since the start of the year.
xAI launched in 2023 shortly after OpenAI released its chatbot GPT, which exploded in popularity. Musk was a co-founder of OpenAI in 2015 but he left in 2018, and has since been a vocal critic of the company and Sam Altman, its chief executive. OpenAI was valued at \$300bn as part of a fundraising earlier this year.
Additional reporting by Hannah Murphy

FT FINANCIAL TIMES

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MARKET DATA

WORLD MARKETS AT A GLANCE

S&P 500	Nasdaq Composite	Dow Jones
-0.34%	-0.09%	-0.74%

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



Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous
Australia	ASX 200	8025.30	8020.70	Canada	S&P/TSX Comp	2198.00	2192.00	China	FTSE China Mid-Cap	3027.27	3020.00	France	CAC 40	5928.90	5925.00
Brazil	Ibovespa	12010.00	12000.00	Germany	DAX	12339.00	12320.00	India	Nifty 50	22872.70	22868.00	Italy	FTSE MIB	29511.00	29500.00
Canada	S&P/TSX 600	5211.90	5210.00	Japan	Nikkei 225	32534.00	32510.00	Malaysia	FTSE Bursa Malaysia KLCI	1547.70	1545.00	Netherlands	AEX	540.70	540.00
China	FTSE China 500	3011.40	3011.40	Poland	GPW Warsaw 30	211.00	211.00	Romania	BVB Bucharest 100	245.70	245.00	South Africa	JSE Top 40	246.00	246.00
Denmark	NASDAQ OMX	111.00	111.00	Sweden	SIX Stockholm 30	242.70	242.00	Spain	IBEX 35	245.00	245.00	South Korea	KOSPI	245.00	245.00
France	CAC 40	5928.90	5925.00	Switzerland	SMI	10340.00	10330.00	Taiwan	TSEI	245.00	245.00	UK	FTSE 100	245.00	245.00
Germany	DAX	12339.00	12320.00	USA	S&P 500	245.00	245.00	USA	Nasdaq Comp	245.00	245.00	USA	Dow Jones Ind	245.00	245.00
India	Nifty 50	22872.70	22868.00												
Indonesia	JSE Jakarta Composite	245.00	245.00												
Italy	FTSE MIB	29511.00	29500.00												
Japan	Nikkei 225	32534.00	32510.00												
Malaysia	FTSE Bursa Malaysia KLCI	1547.70	1545.00												
Netherlands	AEX	540.70	540.00												
Norway	NOSDAQ OMX	111.00	111.00												
Poland	GPW Warsaw 30	211.00	211.00												
Romania	BVB Bucharest 100	245.70	245.00												
South Africa	JSE Top 40	246.00	246.00												
South Korea	KOSPI	245.00	245.00												
Spain	IBEX 35	245.00	245.00												
Sweden	SIX Stockholm 30	242.70	242.00												
Switzerland	SMI	10340.00	10330.00												
Taiwan	TSEI	245.00	245.00												
UK	FTSE 100	245.00	245.00												
USA	S&P 500	245.00	245.00												
USA	Nasdaq Comp	245.00	245.00												
USA	Dow Jones Ind	245.00	245.00												

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

52 Week										52 Week										52 Week										52 Week										52 Week																			
Stock	Price	High	Low	Change	Vol	PE	P/B	Div	Yield	Stock	Price	High	Low	Change	Vol	PE	P/B	Div	Yield	Stock	Price	High	Low	Change	Vol	PE	P/B	Div	Yield	Stock	Price	High	Low	Change	Vol	PE	P/B	Div	Yield																				
United States																																																											
Apple	133.2	137.0	132.0	2.0	10.5	1.8	0.00	0.00%	0.00%	Apple	133.2	137.0	132.0	2.0	10.5	1.8	0.00	0.00%	0.00%	Apple	133.2	137.0	132.0	2.0	10.5	1.8	0.00	0.00%	0.00%	Apple	133.2	137.0	132.0	2.0	10.5	1.8	0.00	0.00%	0.00%	Apple	133.2	137.0	132.0	2.0	10.5	1.8	0.00	0.00%	0.00%										
Microsoft	125.0	128.0	122.0	1.0	10.5	1.8	0.00	0.00%	0.00%	Microsoft	125.0	128.0	122.0	1.0	10.5	1.8	0.00	0.00%	0.00%	Microsoft	125.0	128.0	122.0	1.0	10.5	1.8	0.00	0.00%	0.00%	Microsoft	125.0	128.0	122.0	1.0	10.5	1.8	0.00	0.00%	0.00%	Microsoft	125.0	128.0	122.0	1.0	10.5	1.8	0.00	0.00%	0.00%	Microsoft	125.0	128.0	122.0	1.0	10.5	1.8	0.00	0.00%	0.00%
Amazon	110.0	115.0	105.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Amazon	110.0	115.0	105.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Amazon	110.0	115.0	105.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Amazon	110.0	115.0	105.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Amazon	110.0	115.0	105.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Amazon	110.0	115.0	105.0	0.5	10.5	1.8	0.00	0.00%	0.00%
Google	105.0	110.0	100.0	1.5	10.5	1.8	0.00	0.00%	0.00%	Google	105.0	110.0	100.0	1.5	10.5	1.8	0.00	0.00%	0.00%	Google	105.0	110.0	100.0	1.5	10.5	1.8	0.00	0.00%	0.00%	Google	105.0	110.0	100.0	1.5	10.5	1.8	0.00	0.00%	0.00%	Google	105.0	110.0	100.0	1.5	10.5	1.8	0.00	0.00%	0.00%	Google	105.0	110.0	100.0	1.5	10.5	1.8	0.00	0.00%	0.00%
Facebook	100.0	105.0	95.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Facebook	100.0	105.0	95.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Facebook	100.0	105.0	95.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Facebook	100.0	105.0	95.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Facebook	100.0	105.0	95.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Facebook	100.0	105.0	95.0	0.5	10.5	1.8	0.00	0.00%	0.00%
Twitter	95.0	100.0	90.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Twitter	95.0	100.0	90.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Twitter	95.0	100.0	90.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Twitter	95.0	100.0	90.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Twitter	95.0	100.0	90.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Twitter	95.0	100.0	90.0	0.5	10.5	1.8	0.00	0.00%	0.00%
LinkedIn	90.0	95.0	85.0	0.5	10.5	1.8	0.00	0.00%	0.00%	LinkedIn	90.0	95.0	85.0	0.5	10.5	1.8	0.00	0.00%	0.00%	LinkedIn	90.0	95.0	85.0	0.5	10.5	1.8	0.00	0.00%	0.00%	LinkedIn	90.0	95.0	85.0	0.5	10.5	1.8	0.00	0.00%	0.00%	LinkedIn	90.0	95.0	85.0	0.5	10.5	1.8	0.00	0.00%	0.00%	LinkedIn	90.0	95.0	85.0	0.5	10.5	1.8	0.00	0.00%	0.00%
Slack	85.0	90.0	80.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Slack	85.0	90.0	80.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Slack	85.0	90.0	80.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Slack	85.0	90.0	80.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Slack	85.0	90.0	80.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Slack	85.0	90.0	80.0	0.5	10.5	1.8	0.00	0.00%	0.00%
Dropbox	80.0	85.0	75.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Dropbox	80.0	85.0	75.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Dropbox	80.0	85.0	75.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Dropbox	80.0	85.0	75.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Dropbox	80.0	85.0	75.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Dropbox	80.0	85.0	75.0	0.5	10.5	1.8	0.00	0.00%	0.00%
Zoom	75.0	80.0	70.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Zoom	75.0	80.0	70.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Zoom	75.0	80.0	70.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Zoom	75.0	80.0	70.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Zoom	75.0	80.0	70.0	0.5	10.5	1.8	0.00	0.00%	0.00%	Zoom	75.0	80.0	70.0	0.5	10.5	1.8	0.00	0.00%	0.00%
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WORK & CAREERS

Regulation

Britain takes aim at office bullies and cover-ups

Critics bemoan 'mission creep' as regulator expands harassment rules, write **Martin Arnold** and **Ashley Armstrong**

Britain has taken significant steps to crack down on the harassment, bullying and cover-ups that can make office life hazardous for many people.

Supporters say the reforms, which would expand rules for misconduct in financial services and prevent companies using "gagging clauses" to silence victims of harassment, should make the workplace safer and more harmonious.

However, the changes have been criticised in some quarters. Opposition politicians have complained of "mission creep" by regulators that threaten economic growth.

Lawyers warn managers could find themselves held accountable for bad behaviour done by people they oversee, even if they did not know about it. Some worry about employers seeking to pry into their employees' private lives and social media activity.

The first big change came this month from the Financial Conduct Authority, which said it would expand its rules on non-financial misconduct beyond banks to the 37,000 other financial services groups it regulates from September 2026.

The regulator said it aimed to tackle the "rolling bad apples" problem of people being moved between financial services companies to avoid the repercussions of their behaviour.

The changes mean senior incidents would have to be reported to the regulator, recorded on a person's reference for future employers to see and could lead to senior managers being barred from financial services for no longer being considered fit and proper.

The watchdog said its new approach was designed to be a complement to and not a replacement for criminal law or companies' own disciplinary processes and employment tribunal cases. It added that the changes would only apply to subsequent events, not retrospectively.

Separately, government-backed amendments introduced last week to the employment rights bill would make non-disclosure agreements null and void if used in cases where employees had been subjected to sexual harassment and discrimination.

The provisions would also allow people who witness harassment to "call it out" without the threat of being sued, the government said. Employees would still be able to request an NDA, as some do after a traumatic incident.

The moves follow calls by politicians



Regulators have been under pressure to curb harassment in financial services but some worry the changes could lead to a 'heavy personal burden on senior managers'

Illustration by [unreadable]

The changes at a glance

REGULATOR PROPOSALS

From September 2026, the Financial Conduct Authority is set to extend rules on non-financial misconduct beyond banks to 37,000 other financial services groups.

That means organisations such as consumer credit firms and asset managers will have to report serious bullying and harassment by senior employees to the regulator.

Misconduct might include sexual harassment, racism or illegal drug use,

per 1,000 employees in 2023, up from 4.2 incidents in 2021.

The complaints reported ranged from sexual and racial harassment to illegal drug use and offensive language. The watchdog has warned non-disclosure agreements should not prevent people from reporting misconduct to the authorities. But it said NDAs agreed as part of settlements of non-financial misconduct seemed to be becoming less popular, finding 51 instances of them at the firms it surveyed in 2023, down from 87 two years earlier.

The FCA said its rules should only cover "serious instances" of misconduct to avoid "minor incidents of poor

workplace behaviour" being over-escalated. It is targeting conduct in a work environment that is violent, violates a person's dignity, or creates "an intimidating, hostile, degrading, humiliating or offensive environment".

The changes should make it easier for the regulator to deal with non-financial misconduct. After hedge fund founder Crispin Odey was accused of sexual harassment and assault, the FCA was initially hesitant to intervene. When the watchdog did impose a fine and ban several years later, it did so over the way the Odey Asset Management boss allegedly frustrated internal disciplinary proceedings, not over

but cases reported to the regulator must be "serious substantiated cases of poor personal behaviour".

One of the aims is to prevent "tolling bad apples" — repeat offenders, who can now easily move from firm to firm because there is no mechanism to record red flags outside a current employer.

NDA RESTRICTIONS

Government-backed amendments to the employment rights bill will set out to curb employers' use of gagging clauses to

stop whistleblowing on workplace harassment.

The legislation, which is making its way through the House of Lords, would make non-disclosure agreements null and void if they are used to conceal harassment, including sexual harassment and discrimination, by silencing those directly affected or witnesses.

However the amendments would not affect other uses of NDAs — for example to stop workers disclosing commercially sensitive information about their employer if they move to a new role.

the allegations themselves — which Odey denies.

Critics, however, complain the changes will drag companies into policing their employees' behaviour and making debatable judgments on what is acceptable or not.

Catrina Watt, a partner at law firm Fox & Partners, said: "This imposes a tricky distinction to be made by firms as to what type of social media activity may cross the threshold into non-financial misconduct."

Christine Braamskamp, managing partner at law firm Jenner & Block, warned the rules placed a "heavy personal burden on senior managers to take action in potentially nebulous circumstances in an era where cancel culture is rife, and offence can sometimes be in the eye of the beholder".

For Tim Lewis, head of financial services and markets at law firm Travers Smith, the changes mean managers could be held accountable for allowing harassment or bullying to happen between the staff they oversee.

"How far is the regulator prepared to go in terms of assigning responsibility when bullying or harassment happens?" Lewis said. "It is one thing to say the perpetrator is responsible. But it is quite another to hold managers responsible for allowing it to happen."

However, others believe the rules help put misconduct in the spotlight. "The behaviour has got a lot better," said a senior City of London adviser. "Everyone used to [have] horror stories, but that doesn't mean that it's entirely gone away. Reminders about what is acceptable behaviour and what is absolutely not still need to be done regularly."

Some opposition politicians are concerned about regulatory over-reach. "This is grade A mission creep and a perfect example of the unintended consequences of having too many well paid, deeply 'woke' public sector regulators making work for themselves," Andrew Griffith, the Conservative shadow business secretary, wrote on X.

Fellow Tory MP and former City minister John Glen said that while such misconduct was "unacceptable", the FCA's priority should be to "remove material costs from reporting to allow growth in the economy — that would be a better headline to generate".

A senior City adviser suggested the FCA "focus on the F in their name". But the FCA rejected the barbs. "There was broad support for our work in this area, including from 80 per cent of the firms that responded to our consultation," it said.

"There is widespread recognition that there is harassment or bullying can indicate poor culture, leading to concerns around a firm's risk management and controls," the watchdog added. "That poses a risk to consumers and the economy, and has led to the failure of firms."

'Behaviour has got a lot better. Everyone used to [have] horror stories, but that doesn't mean it's entirely gone away'

Wellbeing and fitness

Networking hops up in the yoga studio

Fans of high-temperature sessions say they sharpen focus, improve health, and help to build contacts, writes **Emma Jacobs**

Sweat equity takes on a whole new meaning when you're networking in a hot room," says Chad Messer, a managing director at US lender KeyBanc. Rather than a bustling conference, he is referring to hot yoga, a practice done in temperatures of 35C to 40C.

Messer does sessions before work, typically at 5.30am. "It is a great way to start the day," he says. As well as "physically challenging", he finds it "mentally grounding".

He is part of a growing trend to incorporate hot yoga into the working day. Instructors say individuals are enjoying it as a welcome break from thinking about work, while some teams are swapping a lunch or dinner to take sessions together.

Over the past few years, Kelly Isaac, instructor and co-owner of ID Hot Yoga, which operates studios in New York and the Hamptons, has seen a growing

number of executives, particularly men, practising before work. "It's an hour they choose for themselves, when they are shutting everyone else out," she says. "You can go for a run, or Bikram [boutique fitness studios] but yoga gets you into your flow state when you're not thinking about the email you need to send."

Sophie Deakin, a teacher at Hot Yoga Shoreditch, on the edge of the City of London, identifies a broader workplace trend. "There's a cultural shift [to] doing these activities in a business," she says. She has a regular group from a bank and another from a pharmaceutical company and her studio also offers corporate sessions for team building. It has a branch in Canary Wharf, home to many global banks. Clients "are high-fiving each other after", Deakin says. "There's a lot of camaraderie with people and the recognition that it's challenging."

Hot yoga was popularised by Bikram Choudhury, who later tried unsuccessfully to copyright it, and also faced sexual harassment allegations. More recently, social media influencers have brought it to younger audiences.

Deakin notes a change in motivation among the busy professionals who come to her studio. "People used to do it because they thought they'd get really



Illustration by [unreadable]

skinny really quick, or want the challenge." Now more customers want to improve their wellbeing, she says.

Becca Gray, a town planner based in Manchester who organised a session at a property event for young women recently, says despite initial nerves, attendees reported feeling in "a better mind state to network openly and effectively" after yoga. "They felt so relaxed yet energised... Trying something new together gives people an opportu-

nity to connect over shared experience."

Another enthusiast, LeeAnn Black, chief operating officer at Latham & Watkins law firm, finds it helps clear her mind. "Being in a hot studio requires a lot of determination. It's hard. You really have to concentrate. I really forget about work for an hour. I walk into that room and the [stress] temperature goes down. It's super helpful." In other activities, like SoulCycle, she finds her mind wanders. "The intensity of hot

yoga allows you to get into a place of relaxation while at the same time it's rigorous. You put your phone away, you can't have a phone in the room."

Beth McGorray, research director at the Global Wellness Institute, says hot yoga is part of an evolving corporate trend replacing "the old company nights eating and guzzling booze with healthier social and evening experiences". With the rise of sober workers, companies are "respecting that choice and alternative non-boozing group outings might become more the norm".

Similarly in conferences, she says, "It feels almost de rigueur now to programme in wellness — whether yoga, breath work, meditation, fitness, group running sessions — [to] the agenda".

Philip Berlinski, co-chief operating officer of the Millennium hedge fund, notes a "huge shift" since he started in financial services in 1998. "The culture's changed. There's greater mental health awareness, more focus on wellbeing, and it's less male-dominated now... People realise they are working longer and need to think about their health more."

He did his first hot yoga class two and a half years ago, describing it as "the worst one-hour experience I'd had in a while. I was a ball of sweat. It was exhausting. But it felt good. It's difficult to be in your mind, you're focusing on

your breathing. [It] stops me thinking, improves my flexibility."

Isaac observes that for executives new to the practice, "the head gets in the way. You get guys coming [who] can run a marathon, or [are] physically strong, and they can't touch their toes, or stand in stillness. It's a physical challenge as well as a mental challenge."

One randomised control study found that "16 weeks of Bikram yoga significantly improved perceived stress, general self-efficacy and [health-related quality of life] in professional, stressed individuals".

There are also seasonal benefits. Sometimes Messer encounters bank colleagues at sessions, providing an opportunity "to connect with people at different levels".

It is a striking shift from the old ways of networking. "A lot of professionals prefer early morning yoga [over] evening events," he says. "It's healthier. You start your day earlier but you finish it earlier. Black occasionally takes a class with colleagues, "in lieu of a meeting, we'll walk over together and then go for dinner."

It's more a slow, convivial, and perhaps lower stakes approach, compared with other sports, says Berlinski. "Golf is competitive. You're not competing with anyone with hot yoga."

FEATURES

The Monday
Interview with
Matthew Garrahan

‘If we weren’t
criticised, we
wouldn’t be
doing our job’

MARIA BALSHAW

The Tate director rejects claims of
woke at the art institution and backs
‘adventurous’ decisions

Maria Balshaw does not like the word “woke”. It has become a “weaponised euphemism”, she says of the term, which has been levelled at her by critics unhappy at changes she has made at Tate. As director of the arts institution whose portfolio includes Tate Modern, Tate Britain and sites in Liverpool and St Ives, she has for eight years been in the middle of the culture war that has engulfed museums. The flak has come from all sides: from artists and campaigners unhappy at the display of certain historical works and from critics who resent efforts to explain particular pieces.

Clearly, you can’t please all of the people all of the time. But whether it is the 2023 “rehang” of the Tate Britain collection, which placed historical works in a “social context” (even the wolekistic Guardian called it “worthy” and “patronising”), or the omission of certain artists from Tate Modern (the FT’s Jackie Wullschläger wrote recently that Tate now puts “social activism before aesthetics”), can a museum director ever do anything without upsetting somebody, somewhere?

“The critics are not supposed to like everything that Tate does. They never have,” Balshaw says, firmly. Visitors expect to be challenged by what they see and experience when they visit a Tate museum, she continues. “What is definitely working for the audiences is when we hold to that sense of being adventurous and bold.”

We are in her office at Tate Modern, the former power station on the south bank of the Thames that became a cathedral of modern and contemporary art when it opened its doors in 2000. It

‘Universities are building endowment funds and so should museums because we are for the long term’

has made an indelible impression on British cultural life, hosting hugely successful exhibitions, from a joint Matisse-Picasso show to a blockbuster Damien Hirst retrospective. It also changed the relationship between visitors and the scale of art, with the vast pieces in the main Turbine Hall, such as Louise Bourgeois’ giant spider, “Maman” (which was absolutely not a household name), and Olafur Eliasson’s eerie indoor sun, “The Weather Project”.

Women artists will take centre stage over the next 12 months. An exhibition of the shortlisted artist Emily Kam Karuwaray opened last week: Balshaw says it will “blow people away . . . it will be up there with Matisse and Picasso as one of the most popular shows we’ve ever done”.

Tate Modern has lifted the profile of female artists, she suggests. “Although Louise Bourgeois was a very admired and established artist in 2000, she was absolutely not a household name.” Putting “Maman” centre stage in the Tate “changed that forever . . . it’s now quite normal to have women artists as the main ticket for any museum”. Next year, a Tracey Emin show opens at the museum, followed by Frida Kahlo.

Other profiles of Balshaw have mentioned the distinctive vintage dresses she wears; she once told the BBC her

fashion choices were like “armour”, saying they made a statement about “not conforming”. There are several colourful print dresses hanging in her office but she bristles when I ask about them. “I think we’re at a point in history where it’s not cool anymore to start with the clothes for the woman director,” she says of journalists who begin their articles with such observations. “Do it for the men.”

Fair enough, I think, making a mental note not to mention this exchange until after the fifth paragraph. Instead I ask her about the new Tate endowment, an effort to create a sustainable income for the institution that is equally funded by ticket sales, government support and private donations.

Endowments are more common in US institutions: the Museum of Modern Art in New York has one worth \$1.7bn, which throws off plenty of cash each year. Tate has started smaller, and last month announced £43m had been raised with a target of £150m by the end of the decade.

I wonder Balshaw is worried the UK government could face pressure to reduce the Tate’s public funding if the endowment push succeeds. “I don’t think that’s a danger.” State support ensures free public access to the Tate’s collections: Rachel Reeves, the UK chancellor, “wants to encourage philanthropy”, she continues. “What universities are building endowment funds now and so should museums because we are institutions for the long term.” Part of the campaign will be to encourage people to think of Tate when estate planning, the 55-year-old says. “We are doing the work to change the culture of philanthropy in this country. We want to persuade people that even if they’ve got a very modest legacy, they leave it to the endowment at Tate, it’s there forever. If they’ve loved bringing their kids . . . they could leave a legacy for education activities at Tate and it would go into the fund.”

There have been tough times during Balshaw’s tenure. In 2019 a six-year-old boy was thrown from a viewing platform by a disturbed teenager; the boy survived but with life-changing injuries. He has “made better progress than any of us dared hope”, Balshaw says. Dealing with the incident was devastating and “changed me in lots of ways”.

Then Covid-19 hit. Museums closed around the world and Balshaw would lose both of her parents to illness in lockdown; her mother, who was suffering

from cancer, lived out her final days with her but her father was in a care home. “It was very hard not being able to see him.”

Visitors have returned to Tate since the pandemic but at a lower rate: Tate Modern attracted 4.6m people in 2024, a 3 per cent decline on 2023 – but 25 per cent lower than the year before the pandemic. To some critics, there is a clear reason for this decline: Richard Morrison in The Times wrote recently that Tate was “more intent on pursuing woke agendas than promoting great art”, which Balshaw rejects. “There’s no evidence the current level of visitors bears any relationship to the programme we’re presenting. In fact, quite the opposite.” Indeed, the rehanging art in Tate Britain attracted 12 per cent more visitors in 2024 compared with 2023 but at 1.25m is considerably off its pre-pandemic peak. Tate compares current attendances with an average of the three years before Covid, which accounts for spikes caused by particularly successful exhibitions. Using this formula, attendance across all its museums is back to 94 per cent of pre-pandemic levels.

Balshaw, who previously ran The Whitworth museum in Manchester, is unapologetic about the need to re-contextualise certain historical works. “We

‘Like any institution that looks back across history, the way that we talk about works changes’

have works from the past that were made in times that have very, very different views than we now think is reasonable. Like any institution that looks back across history, you reflect where we are and the way that we talk about those works changes”.

The vast Rex Whistler mural at the Tate Britain restaurant is a case in point. It was commissioned in 1926 and features a tiny image of an enslaved Black child being dragged behind a cart. After much discussion and the forced closure of the restaurant during the pandemic, Keith Piper, a Black British artist, was commissioned to make a film “which looks at the history of the creation of the mural”. The piece, which can now be seen in the same room, is “in dialogue with the mural”, Balshaw says.

“We did what I think we’re supposed to do in the face of culturally sensitive material. We slowed down. We gathered groups of people. They didn’t all agree with each other.”

And that’s now here for visitors. You can’t pretend it’s not there, but you can give it a much better critical context.”

Her years in charge of Tate have coincided with greater scrutiny of corporate sponsorship in the arts. BP ended a long association with Tate in 2016, the year before Balshaw took over, following a lengthy period of criticism (it continues to have a relationship with the British Museum). Then last year the Hay literary festival cancelled its sponsorship deal with Baillie Gifford over the fund manager’s holdings in fossil fuel companies and links to Israel.

At Tate, potential sponsors are discussed and approved by an ethics committee that considers, among other things, the views of the artists the insti-

tution works with. “It would not be helpful for Tate if artists didn’t want to show with us,” Balshaw says. The committee also has to take public opinion into account “because we’re free to the public”. With so much external pressure on sponsors, is the pool of potential backers shrinking? “It’s changing, not shrinking. It’s not a new problem for the arts that people question [those] who choose to support it.”

Tate has backing from Uniqlo, the Japanese clothing retailer, but its largest corporate supporter is the carmaker Hyundai, which doesn’t seem that different from taking money from an oil company. Balshaw disagrees. Hyundai, she says, is “leading the global search for forms of transportation that are much less carbon intensive”. Tate, she adds, “wants to work with companies that are pushing us where we need to go. It’s not

that we’re standing in judgment on everything.”

Maybe not everything but the need to reframe artistic works for modern norms certainly requires judgments – and ones that might not always be popular. “I am more concerned that the public gets a really rich experience of art because we’re a public institution,” she says. “If we weren’t criticised, we probably wouldn’t be doing our job properly.”

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‘Maman’ by artist Louise Bourgeois

ARTS

An artist's fluid universe of skills and materials

Seulgi Lee's work, on show in Birmingham, uses crafts from around the globe to create something distinctively her own, writes Rachel Spence

In a world so often bent on stiffening the borders between us, *Span* is an exhilarating subversion. A new exhibition by Seulgi Lee at Birmingham's Ikon gallery, it unfolds as a fluid universe where line, colour and curve flow across ceiling, wall and floor through a cornucopia of materials including paint, basketweave, wood and glass. Frontierless yet profoundly rooted in the specific *genius loci* of its various crafts, it feels like a humane, exuberant utopian template for dystopian times.

Officially, *Span* starts on the second floor in Ikon's lucent, neo-Gothic galleries. However, when I visit three days before the inauguration, it is alighting elsewhere as Lee and her collaborators, South Korean mural painters Suyeon Kim, Jaewoo Park and Jin Mo Kim, have decided to make an intervention in the reception area.

As I watch, the painters hold up a drawing on paper of a lotus flower between two rippling banners. "Here or here?" they say to Lee, moving their drawing to the left and right against the wall next to the receptionist's desk. Once they have decided on the position, they will paint directly on to the wall. Lee turns to me: "What do you think?"

This collective, democratic spirit is the heartbeat of Lee's practice. Born in South Korea in 1972, she has been based in Paris since 1992 but is still grounded in the cultural vernaculars of her birthland. Over the years, she has exhibited widely including at Paris's Palais de Tokyo (2012), the Gwangju Biennale (2014) and earlier this year at Manarat Al Saadiyat in Abu Dhabi. Crucial to Lee's process are collaborations with artisans who specialise in arts and crafts handed down through generations.

Ikon's lotus flower, for example, has



Clockwise, from main installation view of South Korean artist Seulgi Lee's show, 'Span': Lee's 'Usa piece of cake = Easy' (2025); 'U: Drink the Kimchi Soup = To Hope for Something to Be Given' (2024); 'U: Laugh out loud while clapping one's hands' (2025) — ADACP, David Rowan



blossomed out of *dancheong*, a traditional style of Korean painting used to decorate wooden palaces and temples with intricate, radiant patterns inspired by plant and animal imagery.

Lotus flowers aside, Lee has radically pared down *dancheong*'s flamboyance. The centrepiece of the show is "Slow Water" (2022). A wooden lattice suspended from the ceiling, its visual inspirations encompass Korean *mund* doors and windows, and the *mashabi-yas* which screen projecting windows in Islamic communities. When Lee asked the *dancheong* artisans to paint the slats in different colours, their work transformed the canopy into an ethereal chameleon which changes hue depending on the viewer's viewpoint.

That protean pulse beats on through "Flying Buttons" (2025). These wraith-like trellises, painted by the *dancheong* practitioners, have the air of giant, abstract moths that have briefly touched down on walls and ceilings but may take flight at any moment. One impeccably extends a grid of small window panes that fills one of Ikon's lofty Victorian arches to suggest that the architecture itself is the move.

The gossamer light geometries are a delicate counterpoint to "Blanket Project U" (2014-ongoing), which emerged out of Lee's quest to find the Korean *nulbi* blanket to gift to a friend. After struggling to find any craftspeople who practised the style she desired, which requires strips of fabric to be stitched together line by laborious line in different directions, she finally encountered Sungyoun Cho, a *nulbi* maker in the southern coastal city of Tongyeong.

The quilt's rigorous linear patterns and bold, saturated dyes struck Lee as a potential code, its meaning tantalisingly indecipherable. Working with

Cho, she developed the designs for the quilts on show in Birmingham to encode proverbs. The title of a 2018 quilt patterned with a tall lilac cone against a taupe ground gives the Korean proverb, and explains it: "My three-foot nose — I'm too ground down to help anyone else."

More familiar to a British audience is "A piece of cake = Easy" (2025), which sees an upside-down triangle of chocolate silk wedged between a golden V with a candy-pink arch.

Lee doesn't confine her artisanal collaborations to her birth country. From Mexico comes "W" (2017-18), a constellation of baskets whose palm-leaf thatch has been woven by female members of the Xula co-operative in the village of Santa María Ixcatlán, Oaxaca. With soft

Lee takes pains to credit and contextualise every artisan and collective with whom she works

bellies and cylindrical mouths protruding from their bodies, the baskets are intimate, material expressions of local knowledge, skill and loss. Although the village was once inhabited by 10,000 people, today just four elders remain who can speak their native language of Ixcatec.

"I had to create something that honoured them," says Lee, who discovered the collective as she travelled around the region.

An artist who is profoundly attuned to the rapport between local and global, Lee has also stitched *Span* into Birmingham's own cultural fabric through a partnership with jewellery-makers at



Birmingham City University. The fruit of their effort is "Six Pence" (2025), a cluster of buttons fashioned from mother-of-pearl which were a staple artefact of the city's renowned Jewellery Quarter. Derived from oysters and mollusc shells from Asia and Australia, these lustrous hybrids remind Lee of "stars walking on clothes".

For "Six Pence", she has embedded a constellation into the wall on which the *dancheong* painters have painted one of their vibrant webs. However she has also kept them free. The title of her painted grids, "Flying Buttons", evokes those murals as cartographies charting the flight of a flock of imaginary buttons from gallery to gallery.

Span, then, is a show that travels far beyond Ikon's walls. At once grounded in material craft yet un tethered to space, time or tradition, it is the vision of an artist determined to pay homage to the work of others' hands. Unlike many conceptual artists who outsource making, Lee takes pains to credit and contextualise every artisan and collective with whom she works.

Yet for all her many collaborators, Lee's show is resolutely her own. Choreographed like ballet, the various works dance with each other in rhythmic equilibrium. Visitors must keep their eyes peeled for hidden treasures such as "Espan" (2024) — a silk ball embroidered by Japanese textile artisans that Lee has tucked in a ceiling niche — while "Han" (2024), lurking on a plinth beneath a window, is a diminutive glass sphere blown by Seoul glassblower Jongin Kim, who specialises in test tubes, in which a few drops of water from the eponymous Korean river have been sealed, apparently by magic as there is no joint to be seen.

Such clandestine miniatures give the show a gnomic playfulness in keeping with Lee's own beguiling personality. Although named after that time-honoured, pre-metric form of measurement between our thumb and forefinger, *Span* expands beyond its boundaries to open up our hearts and minds. As I leave, I notice the lotus flower at reception in full bloom.

To September 7, ikon-gallery.org

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Curious tale of an affair with a chatbot

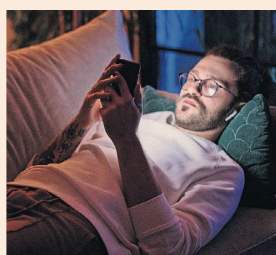


PODCASTS
Fiona Sturges

When Travis, a forty-something man from Denver, met the woman of his dreams, he couldn't wait to introduce her to his family. His new amour had pink hair, a kindly manner and rarely left his side. This was because Lily Rose, as Travis named her, is a generative AI chatbot created on the app Replika. He recalls his parents looking nonplussed when he held up his phone to introduce her at Christmas. Little wonder, since he already has a living, breathing wife called Jackie who is apparently fine with her husband's digital dalliance.

Travis is the centrepiece of *Flesh and Code*, a new podcast about the rise of AI companions. Along with running a leather goods business, Travis is also the principal carer for Jackie, who has heart and mobility issues. He was feeling tired, and a little lonely, when an advert appeared on his Facebook feed featuring an animation of a young woman with a pink bob. When he discovered this AI companion could be "a friend that's always there", he signed up after he upgraded to the app's premium version, his and Lily Rose's relationship soon became intimate.

With the first two episodes dedicated to Travis and Lily Rose's blossoming affair, *Flesh and Code* is a little slow to



'Flesh and Code' explores the rise of AI companions (picture posed by model) — Getty

get going. But it's worth persevering since the story then takes some unexpected turns. First it moves to Italy, which issued a ban on Replika out of concern for children who could be exposed to sexual content, and then on to the UK, where we find a man plotting the murder of the late Queen Elizabeth with a crossbow and being egged on by his AI companion.

To the dismay of its subscribers, Replika adjusted the settings on its bots, meaning they could no longer engage in adult talk. For Travis, the change in Lily Rose's demeanour was devastating. "It was exactly like talking to a robot," he says, apparently without irony. "There was no actual communication, no actual interaction."

Flesh and Code is hosted by Suruthi Bala and Hannah Maguire, best known for the hit podcasts *RedTanded* and *Filthy Ritual*. The pair share a larky

humour which worked well on those series but doesn't always sit comfortably here. Are they laughing at people who aren't empathising with them? They can't seem to decide.

Nonetheless, the series feels timely, arriving as it does shortly after Elon Musk's AI chatbot, Grok, began spewing hate speech on X. And you have to admire Travis's openness about his dependence on a piece of computer coding. He makes an unexpectedly compelling case for the value of chatbots for people who struggle with real-life relationships or who are going through difficult times. As the series reaches its emotional final episode, you may not be rushing to get your own AI friend. But you might feel more sympathetic towards those who have come to depend on them.

wonder.com/shows/flesh-and-code



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After warm relations during the president's first term, Tokyo has failed to adapt to a less constrained US administration, with potentially serious consequences for trade and regional defence.

By Leo Lewis, Harry Dempsey and Demetri Sevastopulo

How Japan misread Trump 2.0

At the start of July, days before the US was due to impose large tariffs on \$150bn of imported Japanese goods, President Donald Trump vented his frustration with America's biggest direct investor, its largest host of military forces and the biggest foreign holder of its debt.

"I could send a letter to Japan. 'Dear Mr Japan, here's the story...'," Trump told a television interviewer, after months of negotiations failed to yield the quick and amicable trade deal both sides initially thought possible.

For senior officials in Tokyo, the "Mr Japan" line jarred horribly with the "we love Japan" rhetoric deployed by Trump when Japanese Prime Minister Shigeru Ishiba had visited a few months earlier.

But some fear it symbolises a descent into the worst crisis in a quarter-century for a bilateral relationship that has underpinned the postwar global order.

There have been rough patches before: Richard Nixon's courting of China, US lawmakers smashing Toshiba radios on the steps of Congress after the company sold submarine technology to the USSR, and the 1990 Gulf war.

But suddenly, there are signs of a more fundamental fragility. Trump's hard-headed approach and Japan's failure to adapt to it present a rising risk, say senior officials on both sides, of a destabilising conflation of security, trade and currency issues.

"The challenges go deeper than any single figure in the administration," says Christopher Johnstone, a former White House official now at The Asia Group consultancy. "There is a sense in Japan that for the Trump team, nothing is sacred and everything is transactional."

Others talk of an unusually severe mutual misjudgment and a widening trust deficit. Wendy Cutler, vice-president of the Asia Society Policy Institute, says the trade deal Trump struck with Japan in 2019 caused both sides to enter the 2025 talks with too much optimism.

"Washington thought Japan would be a relatively easy partner in this 90-day [trade deal] exercise, and would provide momentum for others to fall into place," she adds. "Japan was confident it could get the same [automotive tariff] exemption it got last time. These were unrealistic expectations."

The absence of any preferential status in trade talks was confirmed on July 7, when Trump posted his trade terms letter to Japan on social media before it had even reached Ishiba. It was largely identical to ones sent that day to the leaders of 14 other countries, including peripheral ones such as Kazakhstan, Laos and Serbia. There was no recognition of Japan's status as a key ally, no reward for being first to the negotiating table. It was, said Ishiba, "deeply regrettable".

Japan should be seen that coming, according to one person close to both sides, as a sign of respect. Japan lobbied for a total exemption from tariffs, a stance that critics of Ishiba say ignored Trump's underlying agenda of trade rebalancing and his core belief that free trade erases all evidence of intrinsic unfairness.

Near-weekly visits to Washington by Japan's chief negotiator, Ryosei Aka-zawa, have not broken the impasse. A planned visit to Japan by US Treasury secretary Scott Bessent this week is not expected to do so either.

Fears are growing that the escalating trade crisis will directly affect the balance of security across the Asia-Pacific region. "The strategy is you isolate the isolator — China — and you do that by having no daylight between the US and Japan," says Rahm Emanuel, who served as US ambassador to Japan under the Biden administration.

"So why create unnecessary daylight? If Japan and the US are aligned, all the other pieces — India, South Korea, Australia, the Philippines, New Zealand and others — quickly join up, leaving China as the odd man out," he adds.

Dozens of current and former officials on both sides had told the FT that the alliance as an institution will survive, but that an era-defining reset is now inevitable, and it will be a litmus test of what it means for anyone to be a friend of the US in 2025.

"US-Japan relations are in their worst state perhaps in a generation, going back as far as the late 1990s when there was intense trade friction and fundamental questions about the shape of the alliance after the cold war," says Johnstone.

"I have never before heard senior Japanese officials express such concern about the relationship."

Donald Trump gave Shigeru Ishiba a warm welcome to the White House this year, but there are rising fears that the US president and Japanese prime minister are not seeing eye to eye. Below: lawmakers smash a Toshiba radio outside the US Capitol after the company sold submarine technology to the USSR. The 1980s protest was one of the rough patches in the US-Japan alliance

FT images, Getty Images, Shutterstock, AP Photo

The sudden uncertainty around the US-Japan relationship has coincided with a moment of peril for Ishiba's Liberal Democratic party, the dominant force in postwar Japanese politics. Concerns about inflation, immigration and trade uncertainty are all weighing heavily. The LDP lost its majority in the lower house last October, leaving it dependent on coalition partners and putting Ishiba's job at risk.

US diplomats say Ishiba's weakness is well understood by Trump and contrasts strongly with the strength and confidence projected by the late former prime minister Shinzo Abe, with whom Trump had a genuine friendship.

Attempts to redress that impression have produced some unusually vehement rhetoric. "We need to make more efforts to become less dependent on the US. It would be a problem if we came to regret that they were telling us to do what they say because of that dependence," Ishiba said on national TV last week.

But the country looks increasingly unable to fight for its national interest on anything other than Trump's terms, say veterans of previous trade talks. Suggestions of notional leverage over the US, such as the scale of Japanese investment in America and its holdings of US government debt, have not appeared to make much difference.

Michael Beeman, the former assistant US trade representative for Japan, Korea and Asia-Pacific, says the difficulty for Japan is that while in the past both sides had emphasised the totality of the relationship in times of friction, that is more difficult now that the US administration is seeking to redefine specific parts of it in zero-sum terms.

"Some of the issues are legitimate but the approach, the unilateralism and aggressiveness are viewed as extreme and not of a normal character even when the US had the worst of their trade disputes back in the 1980s," he says.

That period also provides crucial clues to understanding how the current situation has evolved. When it comes to Japan, Trump may be unpredictable in his tactics, but he is remarkably consistent in his doctrine.

In a 1987 interview with Larry King, Trump elicited his resentment of the way Japan had been "ripping off" America. Trade was not free, he said, despite appearances to the contrary, adding that friends trying to do business there faced "impossible" challenges. The existence of military bases in Japan, he added, meant Americans were paying to defend the "money machine" of Tokyo.

"By the way, I like the Japanese very much... but they laugh at us," said Trump, whose comments came at a time when US concerns about a weakened currency helping to drive Japan's soaring exports were still acute.

Four decades on, many of those views appear intact: Trump has pushed Japan to raise its defence spending, regards its \$68.5bn trade-in-goods surplus with the US as hard evidence of unfair trading practices and non-tariff barriers, and has described the country as "spoiled".

"What is happening to Japan highlights the way that Trump looks at the world," says David Telling, the Japan and Asia trade director at Eurasia Group. "Trade deficits are more important to him than whether you are an ally. Trump 2.0 is Trump 1.0 on steroids, and the president making a long-held view on tariffs to the maximum."

During his first term, Trump was persuaded to suspend his criticism of Japan largely because of his relationship with Abe, according to people who worked in that administration. Japan's longest-serving prime minister and a keen golfer, Abe had more than 30 one-on-one meetings and phone calls with Trump during his first presidency. He astutely judged that his world leader needed to be for Trump at that time, according to Yuki Tatsumi, director of the Japan programme at the Washington-based Stimson Center.

"Abe gave Trump comfort that someone would listen to what he was saying. Abe never criticised Trump in front of the media. If there was a disagreement, he didn't talk about it in the public eye," says Tatsumi. "Trump never felt vulnerable when he was with Abe. There was a sense of friendship and I think, surprisingly, it was quite genuine."

Beeman, who was closely involved with that relationship while at the USFTR, says its rewards were significant. He recounts how, six months into his first administration, Trump's old resentments surfaced and there was an instruction to prepare a Section 301 investigation into Japanese unfair trade

practices in cars and auto parts. "You could imagine a very different US-Japan relationship if that had happened," Beeman recalls. "It didn't, but the point is that the president wanted tariffs back then. Abe was a factor in [avoiding] that."

In the early stages of Ishiba's engagement with Trump there was a hope that the goodwill from that era would carry over and ease trade talks, says Tatsumi, adding that both sides should have appreciated that it would only go so far.

Senior officials familiar with the continuing talks say Ishiba squandered Abe's legacy by insisting on a total tariff exemption and failing to appreciate that Trump is less constrained than he was during his first term.

Ken Weinstein, Japan chair of the Hudson Institute and Trump's pick for



US ambassador in his first term, says it was striking how different the relationship is now compared with the Abe era.

"This time around... it is actually the Germans who have got the message and are making the relationship work," says Weinstein. "Chancellor Merz is the Shinzo Abe of Trump's second term."

The big question now, say officials on both sides, is whether Ishiba's failure to make headway, along with Japan's seeming inability to recalibrate rapidly enough to the new reality, proves existential for the US-Japan relationship.

Many agree that the answer hinges on how skillfully Tokyo can manage what is likely to be a deliberate merging of trade, defence and even currency issues.

One early sign of trouble came when Elbridge Colby, under-secretary of defence for policy, told Congress that Japan should spend more on defence than Tokyo's target of 2 per cent of GDP — sparking a public rebuke from Ishiba.

Tensions worsened last month when Colby privately called on Japan to spend 3.5 per cent of GDP, more than the 3 per cent that US ambassador George Glass had been told to push. In a rare display of frustration, Japan cancelled a high-profile ministerial meeting with the US.

'US Japan relations are in their worst state perhaps in a generation, going back as far as the late 1990s'

Tokyo is also concerned that Colby wants to halt a plan to move 4,000 US marines based in Okinawa, from where they could better respond to any Chinese move on Taiwan, to Guam.

Mira Rapp-Hooper, a former White House Indo-Pacific official at the Brookings Institution, says this would be "extremely fractious, especially since Ishiba ran on a platform that Japan should have more of a say on basing arrangements and the Japanese government has expended significant funds on the existing realignment plan." She adds that a US push for the marines to stay, plus the trade frictions, could trigger a "full-blown alliance crisis".

Michael Green, a Japan expert who served as the top White House Asia adviser to President George W Bush, agrees that the alliance is facing its worst crisis in 25 years, but stresses that the situation is not "existential".

Marco Rubio, the US secretary of state, said in a speech on Friday that he had met his Japanese counterpart "more than any other foreign minister on the planet" and that "it's a very close relationship, a very historic relationship, and one that's going to continue".

Green points to polls showing that 90 per cent of the Japanese public supports the US-Japan alliance. "The Japanese know the US well enough to know that Trump is a tornado, not climate change," says Green, who stressed that the US's military in Tokyo was "exaggerated, but not panicking".

Perhaps the deepest source of angst is that the rift comes when the US and Japan needed to be doing more to tackle the threat from Beijing.

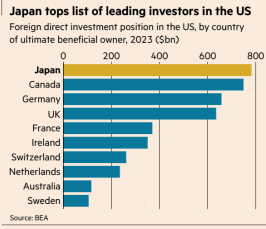
China was an implicit military power the last time there was a serious crisis in the US-Japan relationship. But Beijing has undertaken a vast modernisation of its military in recent years and become increasingly aggressive in the waters and skies around Taiwan.

Faced with threats from China, North Korea and Russia, Japan's only viable choice is to maintain the alliance with the US and use the tariff negotiations as a platform to expand security collaboration, says Ken Jimbo, a Keio University professor who has served as a special adviser to the Japanese government.

But he warns that Japan should start thinking the unthinkable: will the US be there in Japan's hour of need? "There's a sense there is only Plan A for us — the US remains the cornerstone of our defence and security policy... the only choice we have," says Jimbo.

"But another story is that there's a sequence of events [Trump] deals with Ukraine and Iran, then there's a comprehensive deal with China... if that's the case, then we need to think about Plan A minus — or Plan B."

Data visualisation by Keith Fry



The FT View



FINANCIAL TIMES

"Without fear and without favour"

ft.com/opinion

Opinion Health

Summertime sadness is a real thing

Ben Hickey



Jemima Kelly

As an idea, an aesthetic, a palette, I adore the summer. I love its languor and its joyousness and its vividness, its long days and its balmy nights, the way it brings us to the water and to foreign places, the nostalgia and hazy memories of childhood it evokes. I even like the notion of its fleetingness – there is a sort of urgency inherent in it, a sense of needing to "live in the now". And yet in reality, it can be more complicated. Amid all the hedonism and the heat and the holidays, the summer can also bring a deep sense of melancholy and sadness and, for many of us, heightened anxiety. We worry that everyone else is having more fun than we; we feel we should be outside socialising rather than indoors in front of the TV scrolling on our phones; we look at other

There is nothing quite so miserable as feeling unhappy when we are meant to be feeling good

people's beach-ready bodies and feel bad about our own; we feel anxious that it's all coming to an end too quickly.

At a wedding in Greece last weekend with a group of Americans, I was surprised to discover the universality of that last worry. It turns out it's not just pessimistic Brits who start to fret about summer ending as soon as – or even before – it has begun. "I hate Independence Day, it feels like the summer is already over," a woman said to me. One man said he always started to feel like that in May.

Despite the summer solstice being, in astronomical terms, the official start of summer in the northern hemisphere and not the middle of it, the fact that the days start to slowly get shorter from that point leads to a sense that it is slipping away from us too quickly. We look forward to the summer all year, and then when it comes, we are often too worried about its ending – or too preoccupied with what's coming next – to be able to properly enjoy it. When we are finally on that holiday we booked months in advance, the next 24 hours might feel blissful, but then after that we often start to count down the number of days until it's over. A metaphor for life itself, perhaps.

And then there are those among us

who can't bear the heat, or the very idea of summer, who are also counting down the days, but for different reasons. The people who hate the sun and the socialising and the skimpy clothing and long for the colder, cosier weather. A friend of mine consistently feels depressed in July and August, and then a sense of huge relief when September comes around, when all the pressure to appear as if one is having a great time is over.

There is, after all, nothing quite so miserable as feeling unhappy when we are meant to be feeling good. In the winter, we have an excuse to feel blue, a comfort in itself. It's dark and grey and "miserable" outside, so of course we're sad. We get to moan about it with others, too. It's much more emotionally uncomfortable and unsettling to feel blue and sad on a sunny day. And yet it is also far more common than we imagine.

Every January, my inbox fills up with press releases about "Blue Monday", usually the third Monday of the month, supposedly the most depressing day of the year. I have always naively assumed this is the day when suicide rates and societal problems peak at their highest. But it turns out this is a day that was made up by – surprise – a travel company two decades ago. There is no evidence that this is a particularly sad day, and neither is there evidence of an increase in suicides at this time of year.

Quite the contrary, in fact: research has consistently suggested that suicide rates in countries with temperate climates – not tropical ones that have distinct seasons – spike in late spring or early summer, and tend to be at their lowest in the winter. A 2019 meta-analysis of 10 studies in various countries found that a 1°C increase in average temperature was associated with a 1.7 per cent increase in the incidence of suicide.

And in our warming climate, summer brings with it more than just social factors and expectations to make us feel anxious – the physiological impact that very hot weather has on our bodies mimics that produced by high levels of stress and anxiety: a raised heart rate, rapid breathing, high cortisol levels, dizziness and lightheadedness. No wonder heatwaves can trigger panic attacks, insomnia, and psychosomatic sickness.

You may know someone who has seasonal affective disorder, or SAD; you might even have it yourself. But we should not imagine that it is only the colder, darker days that can make us feel blue, and nor should we imagine that the summer is some kind of months-long bliss.

Summertime sadness is not just a

Lana Del Rey song.

jemima.kelly@ft.com

Regulators should mitigate specific harms, rather than anticipate broader concerns

One of the biggest policy challenges of our times will be how to regulate artificial intelligence appropriately. As the powerful general purpose technology is rapidly adopted across society and the economy, the task will be to maximise its upsides while minimising its downsides. AI is already proving a helpful boost to productivity in areas such as software, marketing and administration. But its widespread use also raises real concerns about its more harmful impacts, ranging from algorithmic discrimination to deepfakes and disinformation. The Grok chatbot's praise for Adolf Hitler last week underlined the myriad issues that will emerge.

To date, regulators and lawmakers have failed to grasp the full dimensions of the challenge. Since 2016, more than

30 governments have enacted a form of AI regulation, according to Unesco. But few of these initiatives match the fast-evolving scale or complexity of the issue. A better approach is possible.

In the US, the Trump administration has prioritised innovation over regulation. AI is seen as a catalyst to help the US maintain its technological edge over Europe, and even though Washington has failed to pass any federal legislation concerning AI, many states have been rushing to fill the void. At least 45 have introduced 530 bills this year that focus on AI, according to the National Conference of State Legislatures, covering privacy, cyber security, employment, education and public safety.

So alarmed are some big AI companies about this piecemeal regulation that they lobbied the US Congress to impose a 10-year moratorium on all state legislation in the field. Rightly, the Senate rejected this rash idea, which had been included in the "Bipartisan AI Bill", by 99 to one. The next logical step,

though, is for Congress itself to hammer out federal legislation forestalling the need for such state activism. It makes no sense for individual states to adopt different rules on, say, autonomous vehicles, National, or ideally international, standards should apply.

If Washington is in danger of under-regulating AI, the EU risks over-regulating it through its E.U. AI Act, which is gradually coming into force. European start-up and industry associations have warned that the act's overly broad provisions impose an excessive burden on smaller companies and will erode the power of bigger incumbents. The EU last week pressed ahead with unveiling its code of practice for general purpose AI despite fierce lobbying against it.

Other technologies highlight the practical difficulties of trying to regulate the base technology itself, rather than just focusing on its applications. The intent of EU legislators may be admirable but the EU's focus on regulating European companies trying to exploit its

Existing consumer, finance and employment rules should be modified to protect rights that are long enshrined in law

potential. Start-ups fear they may end up spending more on lawyers than software engineers to comply with the law.

Rather than seeking to regulate AI as a category in its own right, it makes more sense to focus on the technology's applications and modify existing legislation accordingly. Competition policy should be used to check the concentration of corporate power among the big AI companies. Existing consumer, finance and employment regulations should be modified to protect rights that are long enshrined in legislation.

Instead of adopting sweeping laws that are hard to comply with and enforce, it would be smarter to concentrate on mitigating specific real-world harms and ensuring real accountability for those deploying the technology. Pulling in many western countries shows users are understandably wary of the indiscriminate introduction of AI. Narrower, clearer, enforceable rules would help deepen consumer trust and accelerate the beneficial deployment.

Letters

Race for critical minerals sparks call for new materials agency

With Donald Trump eyeing up Greenland, China restricting exports of rare earths and the EU due to announce a new stockpiling strategy for key commodities, it seems the world is waking up to just how "critical" so-called critical minerals will be in a future defined by conflict and climate change ("Brussels to stockpile critical minerals because of war risk", FT View, July 5). China's weaponisation of rare earths is a new kind of trade war", Report, July 8).

Europe's attempt to shore up key raw materials and components essential for

clean energy, digital infrastructure and defence may enhance regional resilience in the short term, but risks triggering retaliatory policies, such as the imposition of export restrictions or tariffs.

Currently, no international institution exists to co-ordinate global governance of raw materials – even though their systemic importance is growing fast. In the absence of a co-ordinating body, geopolitical tensions could escalate, resource-rich developing countries will probably be exploited and the environmental and

social impacts of mining will go unchecked.

A new International Materials Agency could serve multiple critical functions, including providing key data, facilitating policy co-ordination and offering dispute resolution and negotiation support for mineral agreements. It could also help build the capacity of resource-rich developing countries, and co-ordinate responses to supply disruptions.

Establishing such an entity when multilateralism is under strain will be

challenging, and will require buy-in from both producing and consuming nations. But doing so offers the most promising path to align sustainability, resource security and equity in an increasingly material-intensive global economy.

Leaders meeting at the upcoming G20 summit in South Africa could serve their collective interests and pursue the looming risks by taking steps to advance this idea.

Dr Patrick Schroeder
Senior Research Fellow, Chatham House, London SW1Y, UK

Temasek reaffirms strong commitment to Europe

A report on Temasek's latest investment performance may have left readers with the wrong impression that we are turning negative on the prospects for Europe and our investments in the region (Report, July 9).

We have a strong presence in Europe and it is among the key markets that will be the biggest recipients of our capital. Temasek's plans to invest \$820 to \$825bn in Europe over five years remain well on track, and we continue to see opportunities in Europe. We will focus on high-quality businesses that are going to be more resistant to the geopolitical shocks we are seeing today. These include family-run businesses offering franchises and deep engineering or technical leadership in sectors such as industrial and new energy, financial services, and consumer goods.

Europe has been the second-largest recipient of our capital since 2022 and will remain so based on our capital allocation for our portfolio construction. We continue to actively seek opportunities to invest in attractive, sizeable transactions, notwithstanding the uncertainties arising from tariffs.

Our views on the macroeconomic outlook do not undermine our investment activities in the region. While there is a sense of elevated trade uncertainty that could impact the growth trajectory of the region, our portfolio in Europe remains resilient.

Chris Tan, Chief Executive
Temasek, Singapore

Graduates struggle as old networks thrive in Russia

There is no good time for graduates desperate to catch two birds in the bush instead of keeping one in their hand ("It's a bad time to be a graduate", FT View, July 6). Here is a vignette of the situation in Russia.

In 1989, I left my home town of Kyzyl in Siberia to study at Moscow university and got married there in 1991. My best man was a student from a likewise small Soviet town of Skopin.

When we met a couple of years later he said he had failed to find a job in Skopin, with his classmates there thriving as unqualified gravediggers.

As our training in Marxism became obsolete everywhere, when I returned to Kyzyl, I heard that my classmates were securely employed through the old network among prison wardens.

Unlike a graduate, a gravedigger or a warden will never be in the melting pot. On the other hand, some of us succeeded in catching two birds in the bush and that's what called progress.

Mergen Mongush
Moscow, Russia



Novak Djokovic at Wimbledon. Why are line calls made by a single voice?

A voice of reason on court

I was fortunate to be sitting on Wimbledon's Number One court last week (in a break of play, I might add) and, mechanical correctness and accuracy aside, is there any reason why line calls should be made by a single voice? Could they not put a greater variety of voices on "shuffle" – perhaps even interspersed with the occasional surprised yelp?

Tony Parrock
London SW20, UK

Push for lower rates risks higher borrowing costs

In discussing Donald Trump's desire for a Federal Reserve that will deliver low interest rates to help reduce the government's borrowing costs, Claire Lewis (FT Big Read, Monetary Policy, July 10) fails to make a crucial point. The US government does not borrow at the Fed funds rate but rather at the longer-end of the US Treasury bond market.

Any attempt to undermine the Fed's independence risks increasing inflationary expectations and exacerbating the dollar's 10 per cent devaluation since the start of the year. In that, risks triggering a Treasury bond market sell-off that would increase rather than reduce the government's interest payment bill.

Before going down the path of undermining the Fed's independence, Trump would be well advised to take a close look at Turkish President Recep Tayyip Erdogan's recent sorry experience with forcing the Bank of Turkey to cut interest rates. That experiment contributed to a Turkish currency crisis, sharply higher inflation and increased government borrowing costs.

Desmond Lachman
American Enterprise Institute, Washington, DC, US

Mozno fine exposes fintech compliance gaps

The FCA's fine against Mozno ("Mozno fined £221m after high-risk clients gave addresses such as Buckingham Palace", Report, July 8) highlights a reality the sector has been slow to see. The fine catches not only the same scale and risk level as traditional banks, but many are still playing catch-up on compliance.

The issue isn't that fintechs don't care about financial crime, it's that their infrastructure wasn't built for it. Many grew quickly with a focus on user experience and growth, while anti-money laundering controls were bolted on later. That's a tough position to be in when the regulatory bar keeps rising and criminals are getting smarter.

Whereas big banks have had decades to embed compliance into every part of their operations, fintechs are trying to retrofit it in real time, often with limited internal expertise and legacy tech debt of their own.

Fintechs can't rely on being "the new kids" anymore. If you're holding billions in deposits and moving money at scale, you need systems that can spot bad actors from day one. This isn't about singling out Mozno; it's about the realisation that too many fintechs are still treating crime prevention like a box-ticking exercise instead of a core part of doing business.

Marit Rodevand
CEO & Founder, Stris, Oslo, Norway

Psychiatric medicines need urgent development

We are heartened to read director of mental health at the Wellcome Trust, Professor Miranda Wolpert, expose the scandal of how progress in developing psychiatric medicines has remained in the slow lane for far too long (Opinion, July 8).

The dearth of innovation in this field is riddled with controversy and polarisation, which has left us with few weapons in our armoury against debilitating conditions such as depression, bipolar disorder and schizophrenia. Patients and their families are crying out for better treatments and therapies. As a mental health charity, we regularly hear from people who say they are taking medication with minimal benefit as their self-harm side-effects or for whom talking therapies alone do not reach their feelings of hopelessness and despair.

At the Prince of Wales International Centre for SANE Research, our facility in Oxford, we host clinical trials on the use of esketamine for depression and cannabidiol for schizophrenia, as well as other innovative medications and interventions. But contributions like this and others cannot meet the scale of need. Mental health is now having a huge impact on the economic development of many countries. It is

essential that the financial sector supports the efforts of clinicians, researchers and the pharmaceutical industry.

We need a resurgence of enthusiasm and encouragement for those able to develop alternative and more effective treatments, so that people who suffer from mental illness have the same prescriptions of drugs invented and made available over 40 years ago.

Marjorie Wallace CBE
Chief Executive, SANE, London N7, UK

We have been weaving tales about tapestries

The loan of the Bayeux Tapestry to the British Museum is exciting news ("British Museum exhibition 'blockbuster' exhibition", Report, July 9), but you report incorrectly states that it was woven in 1066 – it was embroidered and is not actually a tapestry at all. Tapestries, as you suggest, are always woven on a loom.

There are various theories about why it was woven, known as a tapestry. Perhaps a misreading, perhaps because it hangs on a wall as tapestries do. Other embroideries also calling themselves tapestries, such as the Quaker Tapestry of Scotland and the Quaker Tapestry, further confuse the situation. I hope the FT will get to the clarity.

Christine Eborall
London W15, UK

Lower tax thresholds to curb self-interested voting

I agree with Professor Andrew Oswald that we should expand opportunities for the people to have a vote, but he is ignoring the elephant in the room – over half of households currently pay no income tax or national insurance contributions (Letters, July 5).

Politicians of all stripes have appealed to voters by raising taxation thresholds. Those rises create the situation that most voters face no cost for their vote and, accordingly – and quite reasonably – vote for what the state can give them. That is a structural problem, whose only solution is to lower the thresholds so that most voters contribute to the exchequer.

Until the vote has a price attached we will find an electorate focused solely on their self-interest, which inevitably will force up public spending and borrowing. On top of that, we have most voters – who pay nothing to the cost of what they receive from the state – consider that those taxpayers who do pay for the state should pay more. That is democratic expropriation, as we have seen in the recent proposals for wealth taxes. From each according to their ability (taxpayers) to each according to their need (non-taxpayers), indeed.

JB McGuinness
Didsbury, Manchester, UK



Upping the temperature

A growing number of fans say hot yoga is the place to network
WORK & CAREERS

'Truthiness' and why people love a good story



Emma Jacobs Business Life

What is more satisfying than a story of triumph over adversity by wholesome people? A taken-down. These two strands came together in a much-discussed investigation by *The Observer* newspaper last weekend into author Raynor Winn's memoir, *The Salt Path*, which was adapted into a film starring Gillian Anderson and Jason Isaacs.

The Salt Path tells the story of Winn and her husband Moth, who became homeless and embarked on a 650-mile journey along the Devon and Cornwall coast. Nature proved not just spiritually healing but also physically, as Moth's degenerative condition seemed to improve.

Unbelievable? Well, perhaps. The couple, whose real names are Sally and Tim Walker, said they lost their home because of a bad loan made to help a friend. But *The Observer* reported that Winn had embezzled money from her employer. The newspaper also questioned Moth's health condition.

The memoirist is taking legal advice. In a statement this week, she said the investigation was "grotesquely unfair, highly misleading".

This episode has implications for



Emma Jacobs

business beyond the publishing industry, which must be scrutinising its fact-checking procedures. After all, falsehoods are rife in working life. One recent survey by fraud detection group Hedd found "67 per cent of large companies have seen an increase in job application fraud, attributing the trend to AI tools being used to enhance or fabricate experience or qualifications". I suspect the trend in storytelling for business, which requires entrepreneurs, bosses and brands to have a narrative, encourages embellishments, imposing a simplistic as with a successful ending. As LSE researchers have pointed out, it can lead people to exaggerate their humble origins to showcase accomplishments through their own skill and talent. Like Kemi Badenoch, leader of Britain's Conservative party, saying working in McDonald's for three months made her "working class". Or entrepreneurs in the fake-it-till-you-

Against a backdrop of global economic and political turmoil, 'The Salt Path' investigation became a viral hit

make-it, start-up culture, telling a tall tale for investors about future profits. This is a peculiar moment in history. It has never been easier to scam – fraudulent emails can be dispatched in large numbers and deepfake experts generated quickly. It is also easier to expose falsehoods; there is also a greater tolerance for lies as long as a story has "truthiness", to use US comedian Stephen Colbert's phrase, by being plausible and resonant.

The same weekend *The Salt Path* story broke, I stumbled across an Instagram account with thousands of followers in which people told heartbreaking stories of unimaginable human tragedy, such as entire families killed in a car crash. How could you survive such grief, I thought. Except, as I looked closer, I saw the narrators were AI-generated characters. While some commentators complained about the fakery, others seemed moved, perhaps motivated not by gullibility but a desire to believe.

The truth matters less to some than the narrative. A couple of years ago, I asked Hollywood actor Tom Hanks how he felt about an AI character taking his place in a film. "Some people are not

going to dig it because it's not really a real human being, and other people simply aren't going to care because the story is OK," he said. Frank Abagnale, whose own story of deception became the film *Catch Me if You Can*, told me this week: "People want to believe stories are true, especially if the character turns out to do something very positive with his life."

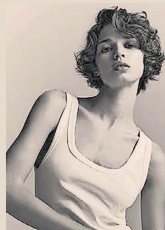
It can sometimes seem arbitrary, who is investigated for wrongdoing and who is not. Whatever the veracity of Winn's story, she could not have predicted such attention. Books are not an obvious choice for anyone wanting to get rich quick. It also appears random who gets judged in the court of public opinion.

Against a backdrop of global economic and political turmoil, *The Salt Path* investigation became a viral hit. Yet, if you are found out it may prove to be the only thing you're remembered for, said Abagnale. Despite decades of working to combat fraud, he said it was "once a criminal, always a criminal in the eyes of some". While taking "sole responsibility for my mistakes," he added, "notoriety is the worst curse an individual can experience."

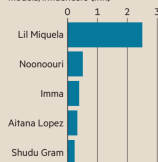
emma.jacobs@ft.com

Lex.

AI models prepare to strut their stuff on the catwalk



Picture perfect
Instagram followers of virtual models/influencers (mn)



Source: Instagram

From large language models to lithe, live ones. Swedish retailer H&M last week dropped its first ad featuring a virtual model;

the "digital twin" of real-life Mathilda Gvariani, pictured. "She's like me," coss the flesh-and-blood version, "without the jet lag". Jet lag is not the only thing fashion brands can eschew by deploying avatars. Artificial intelligence shreds costs: no need to dispatch hairstylists, make-up artists or photographers to exotic locales. That's attractive for bottom lines, which is helpful given the stresses facing consumer fashion brands, and reduces carbon footprints too.

Next, digital twins could start to look less like the models and more like customers. AI-generated likenesses can be easily manipulated, perhaps to more closely resemble a target audience a little older or a lot curvier. Ultimately, at the e-commerce end, shoppers will virtually dress their own likenesses before pressing the buy button. Fashion is one industry where AI might genuinely be a revenue generator as well as a cost saver.

Doppelgängers are harbingers of doom too, at least for some. Jobs will disappear and rights redound. Rank-and-file models will find jobs drying up if their preternaturally beautiful peers have more working days.

Forget months on a diet of coffee and cigarettes; pioneering AI agency Lalaland.ai lets brands create a model in five minutes.

Copyright looms large when the rights are to your own image. The EU's AI Act will require AI-generated images to be marked as such, while Denmark plans to give people legal rights over their own bodies, facial features and voices; as indeed H&M says it is doing. But not everyone will be so obliging – just ask the woman who reckons her voice was scraped by ScotRail for its boarding announcements.

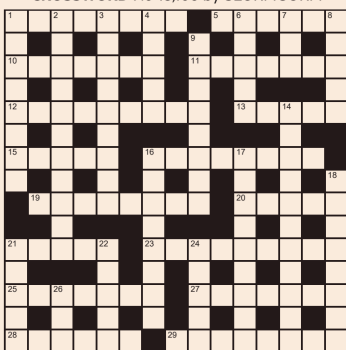
Questions over rights may also change the role of traditional model agencies. They would still manage models' careers and bookings but also take on licensing arrangements, much like music publishers. That's not a bad business model for the recipient either, with royalties flowing through long after blond locks have turned grey.

There will be cavils and what are delicately termed "accidents" of digital twins appearing where they'd really rather not. But the real-life popularity of virtual models such as Lili Miquela and proliferation of AI model agencies shows there's little doubt that – like the creation of synthetic actors and even analysts – this is another AI sector primed for XXI growth.

NIKKEI Asia

The voice of the Asian century

CROSSWORD No 18,106 by SLORMGORM



ACROSS

- Priest on dope and drink in papers, perhaps (5)
- Pretty Penny and Nick will make love August 1st (6)
- The French Connection? (7)
- Music producer in old automobile visiting area (7)
- Drill or try bit of sledgehammer to break up concrete? (9)
- Predatory flapper mostly keen to snap up liberal (5)
- Tender old females about to get knocked back (5)
- Spirit knight put in lager for one starting first course? (9)
- Suit maids don after getting some work done (8)
- Take a load off after engineers exam (5)
- Pressure for all to get one of the five a day? (5)
- Star originally associated with Estonian hit (9)
- Briefly bristle about shower in *The Apprentice* (7)
- Bit of polish on skirt worried cloth rep (7)
- A meeting place in a street lined with ash? (6)
- Range of prey seen gambling about (8)

DOWN

- Select a fortune-telling tile, say, for pirate (8)
- State of haircuts styled by amateurs primarily (5,6)
- Writer getting signature has stuff for star (9)
- Lists of items one might need for picnics? (5)
- Informed of conflict in hospital department (5)
- You must catch annoyingly evasive variety of fish (3)
- Indication of what has happened in tense contest (5)
- Non-reactory sort of peer with flintstone (5,3)
- See a smug lit behaving badly gets a reckoning? (11)
- Repartee about one's in-flight safety feature (8)
- Criminal in a rare TV report (9)
- Sweet comment about chaotic state of affairs (4,6)
- Ancient city paintings record turned up (5)
- Religious type of church in Dubrovnik (5)
- Quick little drink Bond perhaps shakes close to bars (5)
- Beer lacking in colour with no head (3)*

Solution 18,104

JOTTER PAD



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