



Is the EU serious about taking new members?

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Google sharpens focus with Hassabis move

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Warsh firm on Fed guidance despite sell-off in Treasuries

- Bank chief retains stripped-back style
- Doubts over credibility on inflation

CLAIRE JONES — WASHINGTON
KATE DUGUID — NEW YORK

Kevin Warsh is set to stick to his stripped-back communications style even after the Federal Reserve chair's decision to offer scant details of his strategy on interest rates fuelled a sell-off in Treasury bonds.

Long-term US borrowing costs rose sharply after last week's Fed meeting as investors said Warsh had failed to offer sufficient guidance on how he would contain the bout of inflation triggered by Donald Trump's Iran war.

People close to Warsh said he acknowledged that he had made mistakes in his first 10 weeks at the helm of the world's most important central bank, including failing to reinforce his key messages on price stability and sowing confusion over whether his longer-term plans to reform the Fed could affect near-term policy decisions.

But they insisted that those errors did not warrant reversing course on his shake-up of the Fed, which has missed its 2 per cent inflation goal for more than five years. A pillar of Warsh's strategy is drastically reducing policymakers' guidance to markets.

US 30-year Treasury yields hit their highest level since 2007 after last week's meeting and many investors said the move partly reflected concerns that Warsh's limited communications had undercut his credibility.

People close to Warsh noted that market-based measures of inflation expectations remain low and have fallen in recent days, suggesting that investors think the Fed remains committed to hitting its 2 per cent price-stability goal.

The Fed's preferred inflation gauge

was 3.7 per cent in June. Inflation swaps, which are closely monitored by the Fed, show investors expect inflation to average 2.4 per cent over a five-year period beginning in five years.

Warsh has maintained publicly that the "trigger pullers" in bond markets — fund managers making investment decisions — understand his approach.

He would be prepared to raise interest rates at September's meeting if the coming weeks' inflation readings are high and markets ratchet up their expectations for increases in borrowing costs, the people familiar with his thinking said. Futures markets currently assess a roughly 55 per cent chance of a quarter-point rise in September, CME Group data shows.

The two-year Treasury yield, which is sensitive to monetary policy expectations, rose 0.04 per cent to 4.22 per cent yesterday after the FT reported Warsh's openness to raising rates next month.

Warsh has said that he hopes breaking the feedback loop between the Fed and investors will mean that markets spend less time scrutinising officials' clues and focus more on economic data.

President Trump's repeated attacks on Warsh's predecessor Jay Powell for not slashing borrowing costs have complicated Warsh's efforts to convince investors that he is a committed inflation fighter.

"I don't see where all the negativity on Warsh stems from, in terms of market pricing," said Eric Wallerstein, chief macro strategist at Clocktower Group and a former adviser to Fed governor Stephen Miran.

"The loudest critics are those without investment responsibilities."

Flying school Colombian narco fighters seek drone warfare lessons on Ukraine battlefield



A leftist rebel prepares a drone for take off in the region of Nariño in Colombia — Alex Kemman

Colombian drug traffickers and leftist rebels are sending fighters to Ukraine in a bid to get cutting-edge drone warfare expertise that they can use against Bogotá's army on their return.

Drones have overturned the rules of the Colombian state's decades-long armed conflict in the jungle, where it used to rule the skies.

Colombia says that it last year foiled

96 per cent of attacks, but narcos are now learning to use more complex machines that use thin fibre-optic cables to avoid jamming.

"The recruitment schemes are very complex, but what worries me most is the level of specialisation they're acquiring," a Colombian aid worker in Ukraine said on condition of anonymity. "Former paramilitaries, former

guerrillas and former soldiers are fighting and learning together here how to operate drones."

One Colombian drone pilot in Ukraine said cartel recruiters had been seeking training in rigging and operating first-person view drones — attack drones whose agility makes them harder to shoot down.

Drone skills page 2

Briefing

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The German arms giant has said it expects a €300mn sales hit this year after Berlin cancelled a multibillion-euro frigate project. It still raised first-half sales by 39 per cent to over €5bn. — [PAGE 6](#)

► **Cyber hits on hedge funds**
Several of the biggest hedge funds on Wall Street have been targeted by a wave of cyber attacks, putting the industry on high alert to the risk of vulnerabilities in their software systems. — [PAGE 7](#)



New Zealand's golden visa scheme hauls in the dollars

Some 700 rich foreigners have applied to become New Zealanders via a 'golden visa' in the past 14 months, up from 115 in the previous three years. Despite a NZ\$5mn (\$2.9mn) price tag, a relaxation of the rules on property purchases, investments and the length of time applicants need to spend there to qualify has produced a surge. Prime Minister Christopher Luxon hopes to attract foreign investment and reverse a 'brain drain' that threatens growth.

Citizenship plan — [PAGE 4](#)

AI creates synthetic viruses as biology confronts its 'Wright brothers moment'

CLIVE COOKSON — LONDON

Scientists in the US have used artificial intelligence to create viruses unknown in nature, a milestone in synthetic biology that promises benefits for healthcare but also raises important biosafety and biosecurity concerns.

Stanford University researchers developed a generative AI programme called Evo 2 that writes new genomes — the genetic instructions for life encoded in DNA.

They used it to design and make 16 synthetic phages, small viruses that infect bacteria. Phages are sometimes used instead of antibiotic drugs to kill bacteria causing disease.

When tested in their secure lab, the researchers found that these novel phages were more effective at killing the common microbe E. coli than a natural

phage that served as a template for Evo 2 to work on. The results were published in Science.

"Our study is a proof of concept showing for the first time that generative design can generate entire functional genomes," said Brian Hie, the project leader. "We chose to work with phages because they are small viruses, well studied, and have broad applications in molecular biology and therapeutics."

The approach could be extended to larger organisms such as bacteria and then to more complex forms of life, he added.

"The importance of Brian Hie's landmark paper cannot be overstated," said Adrian Woolfson, a genomics expert who is chief executive of DNA synthesis company Genypro.

"It is biology's Wright brothers moment, where we stop looking over

our shoulder at the entities that evolution has created . . . and are confronted with the vast expanses of future biological possibility."

For safety, the initial Stanford study was based on a non-pathogenic strain of E. coli and used a genomic language model that was not trained on viruses capable of infecting the more complex cells that make up animals and plants.

However, the technology could in future encompass a much wider range of viruses and extend to designing entirely new organisms without having to start from a natural genome.

Thomas Inglesby and Moritz Hanke, of the Center for Health Security at Johns Hopkins University, warned in the same issue of Science that the study "raises urgent biosafety and biosecurity questions . . . existing governance frameworks are insufficient".

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World Markets

STOCK MARKETS

	Aug 06	Prev	%chg
S&P 500	7713.52	7723.55	-0.13
Nasdaq Composite	26413.57	26363.44	0.19
Dow Jones Ind	54022.48	54349.12	-0.60
Euro Stoxx 50	6502.56	6476.98	0.39
FTSEurofirst 300	2629.95	2626.33	0.14
FTSE 100	10867.89	10888.30	-0.19
FTSE All-Share	5856.14	5864.06	-0.14
CAC 40	8696.71	8689.30	0.35
Xetra Dax	26140.13	26126.30	0.05
Nikkei	65683.26	66300.44	-0.93
Hang Seng	25530.28	25915.62	-1.49
MSCI World	4988.00	4980.00	0.56
MSCI EM	1685.30	1678.40	0.41
MSCI ACWI	1145.00	1142.60	0.56

CURRENCIES

Pair	Aug 06	Prev	Pair	Aug 06	Prev
\$/£	1.153	1.155	€/£	0.867	0.866
\$/¥	1.347	1.346	€/¥	0.743	0.743
£/¥	0.857	0.858	¥/£	1.167	1.166
¥/£	158.230	157.765	¥/€	182.518	182.199
¥/£	213.065	212.393	£ Index	85.417	85.42
\$/¥	0.935	0.932	\$/¥	1.091	1.087

CRYPTO

	Aug 06	Prev	%chg
Bitcoin	64685.90	64336.45	0.54
Ethereum	1911.89	1872.14	2.12

COMMODITIES

	Aug 06	Prev	%chg
Oil WTI	77.04	75.22	2.42
Oil Brent \$	81.79	79.39	3.02
Gold \$	4249.74	4231.91	0.42

GOVERNMENT BONDS

Yield (%)	Aug 06	Prev	Chg
US 2 Yr	4.24	4.21	0.03
US 10 Yr	4.67	4.64	0.03
US 30 Yr	5.21	5.18	0.03
UK 2 Yr	4.26	4.23	0.06
UK 10 Yr	4.93	4.89	0.04
UK 30 Yr	5.66	5.64	0.04
JPN 2 Yr	1.54	1.55	-0.01
JPN 10 Yr	2.77	2.80	-0.03
JPN 30 Yr	3.94	3.97	-0.03
GER 2 Yr	2.74	2.72	0.02
GER 10 Yr	3.12	3.10	0.02
GER 30 Yr	3.63	3.62	0.01

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INTERNATIONAL

Middle East

Iran says it has agreed Hormuz ship route

Tehran signals that pact with Oman to reopen key waterway is in final stages

ANDREW ENGLAND — LONDON
BITA GHAFARI — TEHRAN

Iran has said it has reached an agreement with Oman on the details of a shipping route through the Strait of Hormuz, in the clearest signal yet from Tehran that a diplomatic push to reopen the vital waterway is in its final stages.

Iran's foreign ministry spokesperson Esmail Baghaei said on Wednesday that Tehran and Muscat had agreed on the geographical co-ordinates of a navi-

gable channel, adding that a joint statement on a provisional arrangement was "in the final stages". But he warned that any new agreement would not by itself ensure ships' safe passage through the strait as long as the US maintained a naval blockade on Iranian ports.

Reopening the strait has become US President Donald Trump's prime goal after more than five months of war with Iran, as he looks to bring down high fuel prices ahead of November's midterm elections. Trump said on Tuesday that "a lot of progress has been made" and that a deal could be reached on Wednesday or yesterday.

Iranian deputy foreign minister Kazem Gharibabadi told state media

that reopening the strait would have "requirements of its own", adding that Tehran would not accept "foreign interference" in the waterway.

However, he said that if the deal with Oman is implemented, the new route for shipping could be used for two to four months.

Diplomats hope a deal between Iran and Oman will help revive a June 17 memorandum of understanding signed by Tehran and the Trump administration. The MoU was also supposed to lay the foundations for talks on a final settlement to end the war, including a deal on Iran's nuclear programme, but it unravelled as the US and Iran fought over control of the strait.

Gharibabadi said Tehran was not currently holding direct negotiations with the US, but had received messages from Washington signalling the Trump administration was prepared to "return to their commitments". He added that Iran had not yet made a decision on entering a "second phase", an apparent reference to a return to the June MoU.

Tehran has come to regard the strait as its main source of leverage over the US. Iran closed the waterway, through which about a fifth of the world's oil and gas normally passes, after the US and Israel launched their war in late February. Disputes over which routes ships should use to transit through the narrow waterway triggered a spiral of tit-for-tat

strikes between the US and Iran, causing the June MoU to collapse. Tehran and Muscat have since been holding talks to agree on a channel in the waterway that is acceptable to all sides.

People briefed on the negotiations said that Iran's top leadership, including Supreme Leader Ayatollah Mojtaba Khamenei, had still to approve the deal.

Two people briefed on the talks said vessels would enter the strait through Iranian waters and leave through mostly Omani waters. If a deal holds and the strait reopens, the US would lift its naval blockade on Iranian ports and reinstate a waiver to allow Iran to sell oil and petroleum-related products, one of the people briefed on the talks said.

Referendum

Iceland insists on control of fisheries in any membership deal with EU

MARI NOVIK — REYKJAVIK

Iceland's foreign minister has demanded "sovereign control over all fisheries" in any membership deal with the EU, testing Brussels' willingness to bend its rules as it seeks to win over the strategically important Arctic state.

Reykjavik is gearing up for a knife-edge referendum on whether to restart EU membership talks, as it faces security concerns that have become more acute because of US President Donald Trump's threats to annex neighbouring Greenland. Its last attempt to join the bloc was frozen in 2013 after a clash over fishing rights.

"When it comes to fisheries, we are a superpower in Europe," Þorgerður Katrín Gunnarsdóttir told the FT. "The EU has to take that into account. If they are not doing that, then it will be very difficult for us to negotiate."

Her comments test how far the EU would be prepared to adapt its decades-old fishing policy to accommodate Iceland. EU membership would not necessarily dismantle Iceland's quota system: member states may decide how to distribute their national fishing allocations among domestic vessels. But Reykjavik would ordinarily lose unilateral control over the wider regime governing catch limits, conservation and access to fishing grounds.

"We have to maintain our sovereign control over all fisheries and, of course, still have the quota system and quota management," Gunnarsdóttir said.

The European Commission has signalled it is open to a bespoke fisheries settlement and that exemptions could form part of future talks, but EU officials this week warned that a full formal exemption would be very unusual.

A European Commission spokesperson said: "No two accession processes are identical. Each candidate country is assessed on its own merits, and negotiations take account of its specific circumstances."

A poll published last week by Icelandic news outlet DV found 53 per cent of voters backed reopening negotiations with Brussels, with 47 per cent opposed. The vote on talks will be held on August 29, but any eventual accession would require a separate referendum.

Gunnarsdóttir, whose party was founded on the idea that Iceland should explore EU membership, sought to reassure sceptical voters that Iceland's growing strategic value to the EU and strong economy would allow Reykjavik to secure a deal without surrendering control of its fishing industry.

Iceland's fisheries, she said, were fundamentally different from those of existing EU member states. Its transferable quota system has created some of the country's most valuable private assets, concentrating fishing rights among a small group of powerful companies known locally as the "quota kings".

"We are living a different life here in Iceland than on the mainland in Europe," she said. "Fisheries are part of our national identity . . . I will not sign an agreement that is not good for Iceland." Marine products accounted for nearly 40 per cent of the value of Iceland's exports in 2024.

Additional reporting by Paola Tamma
See FT Big Read

Latin America. Guerrilla conflict

Colombian rebels gain drone skills in Ukraine

Mercenaries recruited by Kyiv use UAV expertise in fight for aerial supremacy back home

JOE DANIELS — BOGOTÁ
CHRISTOPHER MILLER — KYIV
GEOFF DYER — LONDON

On the front lines of eastern Europe, a Colombian soldier volunteering for Ukraine's army discovered something disturbing: some of his other compatriots trying to fight for Ukraine had ties to organised crime back home.

The men were weeded out and "sent home", said Taras Palianytsia, an officer at the Foreign Recruiting Centre of Ukraine's Ministry of Defence.

The case was not a one-off. Reports have repeatedly surfaced over the past year of Colombian illegal armed groups trying to send soldiers to gain cutting-edge Ukrainian expertise in drone warfare — and then deploy those skills against their own country's army on their return.

"The recruitment schemes are very complex, but what worries me most is the level of specialisation they're acquiring," a Colombian aid worker in Ukraine said on condition of anonymity. "Former paramilitaries, former guerrillas and former soldiers are fighting and learning together here how to operate drones."

Just as drones have revolutionised Ukraine's war with Russia, they have overturned the rules of the Colombian state's decades-long armed conflict with leftist rebels and drug traffickers. In its fight against guerrillas in the jungle, the government could always count on ruling the skies. That is no longer a given.

"The drone industry has exploded and criminals have adapted the technology for attacks, which is a major challenge to battlefield aerial supremacy," Pedro Sánchez, Colombia's outgoing defence minister and an air force general, told the FT.

The defence ministry estimates that illegal groups launched 264 drone attacks between 2024 and 2025, mostly using cheap consumer drones rigged to drop explosives from above.

In May, a soldier was killed and six wounded on patrol in a coca-farming region. In April, drones killed three soldiers near the Ecuadorean border and hit a military radar system in Cauca province. Last year, Colombia's military "neutralised" 96 per cent of attempted



Colombian rebels such as those in Nariño department are training in the use of drones, which have already had a devastating impact in other regions, below

Alex Kemman; Santiago Saldarriaga/AP



attacks with drones, Sánchez said, either by jamming the radio frequencies or by destroying the devices.

But the illegal groups are trying to learn from Ukraine to outwit them.

One Colombian drone pilot in Ukraine said cartel recruiters had been seeking training in rigging and operating first-person view (FPV) drones — attack drones whose agility makes them harder to shoot down. They are generally flown directly into a target and explode on collision.

"FPV drones are already starting to be used in Colombia, but what they don't yet know is how to encrypt the communication between the drone and the person piloting it, or how to set up the explosive charge the way they do here in Ukraine," the pilot said, speaking to the FT from the southern front in Zaporizhzhia province.

Armed groups are also seeking to bypass the army's jamming signals by buying drones that use ultra-thin fibre-optic cables that connect over vast distances to operating systems on the ground, authorities say. Militant group Hizbollah has adopted the tactic — also pioneered in the Russia-Ukraine war — in its conflict with Israel.

The Colombian state is trying to halt such purchases by putting tight import restrictions on all drones. In January, the government also announced plans for a \$1.6bn "anti-drone shield", which includes frequency-jamming equipment and detection systems.

But halting the transfer of knowledge from Colombian soldiers returning home from Ukraine should be a priority, analysts say.

Colombia has long seen its military

"The drone industry has exploded and criminals have adapted the technology for attacks"

veterans, battle-hardened by decades of internal conflict, fighting in foreign wars, including in South Sudan, Yemen and Ukraine, where as many as 500 have been killed in the four years since Russia's full-scale invasion began.

"The Colombians can learn and adapt really quickly and withstand the difficult conditions of service," said Palianytsia, the Ukrainian recruiting officer. "They have proved themselves to commanders, who really like these guys."

The topic has been controversial back in Colombia. Last October, President Gustavo Petro said "Ukrainians treat Colombians as an inferior race" and called on Colombian nationals "who are being treated like cannon fodder" to return home. In a bid to weaken the incentives to join foreign forces, his government raised military salaries and ratified a 1989 UN convention on mercenaries.

Sánchez, the defence minister, said their deployment on far-flung battlefields is a "sad reality" due to the high salaries on offer compared with their Colombian pensions. The country's military has for decades been fighting cartels and guerrillas in the armed conflict that cost an estimated 450,000 lives between 1958 and 2016.

The largest rebel group, the Revolutionary Armed Forces of Colombia, demobilised in 2016, but several dissident factions continue to wage war. All Colombian armed groups are players in illicit economies, including drug trafficking, illegal mining and racketeering.

The armed groups' activities surged under Petro, who for three years pursued negotiations with armed groups as part of his "Total Peace" plan, before pivoting to a war footing towards the end of his single four-year term.

Petro will hand over the presidency to Abelardo de la Espriella, a hardline security hawk, today. De la Espriella said he would prioritise "re-establishing the state's authority in regions hardest hit by violence".

But he will be doing so from a weaker position than predecessors, experts say. "The volume of drones that these groups have can very easily overwhelm any military or civilian target," said Elizabeth Dickinson, deputy director for Latin America at the International Crisis Group.

"[The armed forces] have completely lost their monopoly on airspace and that is actually a huge strategic shift."

Transport

Bloc supply chains at risk as Polish truckers hit end of the road

RAPHAEL MINDER — WARSAW

Polish truck drivers, once the mainstay of European road transport, are becoming ever harder to retain and recruit, part of a worldwide crisis that spells trouble for supply chains and economies.

The number of unfilled truck driver positions in the EU has more than doubled in two years to reach 502,000 in 2025, according to a survey published in late June by the International Road Transport Union (IRU).

The vacancies represent about 13 per cent of the workforce required by the industry. The shortage is only expected to get worse as a generation of truckers retires, with 660,500 — one in five — expected to do so by 2030.

In June, Polish road freight operator Extrego raised the salaries of its 150 drivers by about 15 per cent in an effort to retain existing staff and attract new recruits. Even so, the company is operating this summer with a shortage of about 20 drivers, highlighting the difficulty of recruiting workers in a country that also has one of the EU's lowest unemployment rates.

"Polish drivers are getting old and the young generation is just not willing to do this job because they believe that they can find easier ways to earn money without having to spend weeks abroad on the road," said Wojciech Brzykowski, Extrego's chief executive.

The lack of drivers in Europe risks increasing freight costs and adding delivery times to European supply chains already disrupted by international trade disputes and wars.

An ageing workforce, rising roadside crime, increasing regulation and border checks all contribute to driver dissatisfaction and dwindling numbers.

The shortage is particularly worrying for Poland, which has built the EU's largest truck fleet since joining the bloc in 2004, turning road freight into a cornerstone of its economy.

About 20 per cent of all road freight transport in the EU is carried out by Polish operators, according to the European Commission.

But the problem is much wider, with about two-thirds of European freight operators now identifying driver shortages as their biggest concern, while a similar proportion say they have turned

down business because they cannot recruit enough staff, the IRU says.

The shortage is expected to worsen as a generation of drivers approaches retirement, particularly in central and eastern Europe, where freight companies mushroomed after their countries joined the EU two decades ago.

Membership in the bloc unlocked billions of euros in EU funding for new motorways, while transport operators benefited from lower operating costs than rivals in western Europe, including

cheaper labour. The obvious solution of recruiting more female drivers — women account for only 4 per cent of Europe's truck drivers — turns out to be complicated because the profession, which already demands many nights on the road, appears to be becoming more dangerous.

Underlining the risks, 79 per cent of drivers report having faced a security threat while their vehicle was parked, according to a study last year from the European Commission, which also found that 85 per cent of transport operators experienced theft or vandalism when their vehicles were parked in unsecured areas, with the number only dropping to 41 per cent in secured locations.

"The rising threat of crime, such as assaults and cargo theft at parking areas" means few women want to drive trucks, according to Maciej Wronski, president of Poland's TLP transport association, whose members employ a combined 40,000 people.

He said the profession required "significant personal sacrifices that even above-average wages cannot fully compensate".



Polish freight operator Extrego says recruiting truck drivers is difficult

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INTERNATIONAL

Trump’s lawyers rise swiftly to positions of power

Acting attorney-general Blanche likely to be latest member of president’s personal legal team to gain a plum federal role

ELLA LEE — WASHINGTON

Donald Trump’s former personal lawyer, Todd Blanche, is on the verge of cementing his appointment as head of the US Department of Justice after a Senate panel advanced his nomination for attorney-general on Tuesday.

If confirmed, the president’s former criminal defence attorney will become the face of a DoJ being used by the Trump administration to target its political adversaries and bolster its allies.

Blanche is just one of a number of former lawyers of the president or his close allies who now hold critical roles in the federal government, helping to advance Trump’s second term agenda.

Here is a list of those who have been given plum jobs.

Todd Blanche
Acting attorney-general

Blanche represented Trump in three criminal cases, including the Manhattan “hush money” case, in which the president was convicted of falsifying business records tied to a payment he made to adult actress Stormy Daniels.

He joined the second Trump administration as deputy attorney-general, overseeing the department’s operations, but was elevated to acting attorney-general after Pam Bondi, his predecessor, was fired.

He is now hoping senators will let him stay in the position. At his confirmation hearing, he faced bipartisan scepticism about his independence from Trump. Asked about their relationship, Blanche said, “I am his lawyer”, before quickly correcting to say “was his lawyer”.

His nomination is heading to the full Senate for debate and a final vote.

Emil Bove
Court of appeals judge for third circuit

Bove was a member of Trump’s criminal defence team, alongside Blanche.

He has been appointed to top roles at the DoJ and emerged as a loyal enforcer of the administration’s more controversial acts, from ordering prosecutors to drop a corruption case against Eric Adams, former New York mayor, to using a centuries-old wartime law to speed up deportations of people living in the US illegally.

Last year, Trump appointed him to a seat on the court of appeals for the third circuit, a prestigious lifetime appointment.

D John Sauer
Solicitor-general

Sauer argued — and won — the Supreme Court case that resulted in Trump receiving immunity from criminal prosecution. He was tapped as solicitor-general soon after Trump’s 2024 election victory and now represents the administration’s interests before the justices.

He has argued cases at the nation’s top court, including on birthright citizenship and tariffs.

Although the administration lost both, it won a seminal ruling that expanded presidential executive power and has been successful on the emergency docket, the Supreme Court’s process for handling urgent action.

Will Scharf
White House staff secretary

Scharf was on the legal team that defended Trump in the election interference case brought by special counsel Jack Smith and frequently appeared on television to back the president.

Soon after the 2024 election, he was appointed White House staff secretary — a low-profile but powerful post in which he controls the flow of papers to the president’s desk.

Harmeet Dhillon
Assistant attorney-general for civil rights

Dhillon and her firm, Dhillon Law Group, have represented Trump in numerous personal legal battles, including his bid to dodge testimony before the congressional panel that investigated the January 6 2021 Capitol attack.

Trump picked Dhillon to lead the DoJ’s civil rights division, where she has spearheaded the administration’s efforts to overhaul election regulations ahead of November’s midterms.



Presidential allies: Donald Trump greets Todd Blanche, who is hoping to be confirmed by the Senate as attorney-general. Below, Harmeet Dhillon, left, and Emil Bove

Demetrius Freeman/The Washington Post/Getty Images

now the White House deputy chief of staff.

Woodward also defended Trump’s valet, Walt Nauta, in the federal case against the president and his aides for the mishandling of classified documents.

He was tapped as number three at the DoJ in April, where he has had a hand in shaping the antitrust division’s agenda, including its shift towards settling high-profile merger cases.

Joe diGenova
Counsellor to the attorney-general

DiGenova, a former attorney, is a long-time Trump ally. He was picked in 2018 to join the president’s special counsel legal team in the FBI probe into Russian interference in the 2016 election but was removed days later due to a conflict of interest.

He later represented Trump’s campaign in its efforts to challenge the results of the 2020 election. In April, diGenova was sworn in as a counsellor to the attorney-general to help lead the so-called “grand conspiracy” probe in Florida targeting a number of Trump’s political adversaries.

David Warrington
White House counsel

Warrington, a partner at Dhillon Law Group, was general counsel for Trump’s 2024 presidential campaign. He has also represented the president in civil lawsuits over the Capitol attack and was part of the legal team that successfully challenged a Colorado ruling blocking Trump from the state’s 2024 ballot at the Supreme Court.

He was appointed White House legal counsel before Trump’s second term and now provides legal advice to the president and White House staff.

Matthew Schwartz
Court of appeals judge for second circuit

Schwartz, a former partner at the firm Sullivan & Cromwell, was on the legal team that successfully appealed against Trump’s Manhattan “hush money” conviction.

The president in April nominated him for a lifetime seat on the court of appeals for the second circuit, and he was confirmed this month.

Justin Smith
Court of appeals judge for eighth circuit

Smith was an attorney at the James Otis Law Group, the Missouri-based firm founded by Sauer. He represented Trump in his bids to overturn multi-million-dollar judgments won by writer E Jean Carroll for sexual abuse and defamation.

He was nominated by Trump to a lifetime appointment on the court of appeals for the eighth circuit in February and was confirmed last month.

James McDonald
Attorney for southern district of New York

McDonald, a former partner at the firm Sullivan & Cromwell, worked on the legal team handling Trump’s appeal of his convictions in the Manhattan “hush money” case.

A former federal prosecutor, he was tapped by Trump in June to take over as attorney for the southern district of New York, which is known for taking on high-stakes cases, after his predecessor, Jay Clayton, was nominated to be director of national intelligence.

Michael Talent
Assistant to the solicitor-general

Talent, another former member of the James Otis Law Group, worked on Trump’s bid for presidential immunity.

When the president won back the White House, Talent joined the administration as an assistant to the solicitor-general. He argued the government’s position in a case about the legality of late ballots.

Stanley Woodward
Associate attorney-general

Woodward has not represented Trump but was a go-to attorney for the president’s allies. He has represented trade adviser Peter Navarro and Dan Scavino, the former golf club manager who is



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INTERNATIONAL

South Asia

Sheikh Hasina vows return to Bangladesh

Exiled former PM pledges to go back in December despite death sentence

ANDRES SCHIPANI — NEW DELHI
REDWAN AHMED — DHAKA

Bangladesh's former prime minister Sheikh Hasina has vowed to return to the country this year, despite a death sentence imposed on her after she fled into exile in India following the toppling of her government by a student-led uprising in 2024.

"I may be detained, I may be sent to prison, they may try to enforce the verdict issued in fabricated cases, but fear

cannot decide my duty to the people," Sheikh Hasina said in an audio address to the Foreign Correspondents' Club of south Asia in New Delhi on Wednesday.

"Bangladesh people suffered a lot, and I cannot take it. And that is why I decided to go back," she said, adding she aimed to do so in December.

Any return by Sheikh Hasina would be a political test for the new government led by Tarique Rahman of the Bangladesh Nationalist Party, which won a landslide victory in a general election in February.

His government has vowed to arrest the 78-year-old if she sets foot on Bangladeshi soil. "We will exercise the authority that the law has given us," Md

Asaduzzaman, law minister, said last week.

In her audio address, during which her voice often broke, Sheikh Hasina demanded that "judicial independence must be guaranteed" in Bangladesh. Her advisers said it was her "personal decision" not to appear live on video as doing so could be too politically sensitive.

Bangladesh's foreign ministry said the country was "outraged" that India had allowed Sheikh Hasina to "engage in a live interaction with the media".

Sheikh Hasina ruled Bangladesh for 15 years before the student-led revolt overthrew her in August 2024. A caretaker administration led by Nobel Peace

Prize laureate Muhammad Yunus initiated judicial procedures against her.

Bangladesh's International Crimes Tribunal last year sentenced her to death in absentia for crimes against humanity related to her role in a deadly crackdown during the uprising that eventually toppled her government.

According to the UN, as many as 1,400 people were killed in the 2024 uprising, most by security forces. "There are reasonable grounds to believe hundreds of extrajudicial killings, extensive arbitrary arrests and detentions, and torture were carried out with the knowledge, co-ordination and direction of the political leadership," Volker Türk, UN human rights chief, said in February.

Sheikh Hasina has repeatedly denied responsibility and has denounced her conviction as "biased and politically motivated".

Human Rights Watch said last week the Bangladesh crimes tribunal had been failing to uphold international legal standards in proceedings against politicians, members of security forces and journalists accused of human rights violations under Sheikh Hasina's regime.

"Bangladesh needs to urgently reform its criminal justice system, and the new government should ensure that there is no room for political vendettas through shoddy investigations and arbitrary allegations," said Meenakshi Ganguly, the rights group's deputy Asia director.

Crime gangs

US announces record \$25mn bounty for Mexican drug cartel leader

CHRISTINE MURRAY — MEXICO CITY

The Trump administration has offered up to \$25mn for information on the leader of the Jalisco New Generation Cartel, Mexico's most powerful drug-trafficking group and a top source of illegal fentanyl entering the US.

The bounty announced on Wednesday, one of the largest of its kind, is part of a package of rewards totalling up to \$102mn and visa cancellations aimed at degrading the cartel known as the CJNG.

Juan Carlos Valencia González took charge of the cartel this year after its founder, his stepfather Nemesio Oseguera Cervantes or "El Mencho", died following a shootout with Mexican authorities in a rural country club.

Valencia González, 41, is highly unusual among Mexican drug-trafficking kingpins as he is a US citizen, adding extra legal hurdles for American authorities trying to find, capture and prosecute him.

The US state department offered \$25mn for information that leads to his capture, equal to the bounty offered for Venezuela's powerful interior minister Diosdado Cabello.

It also has offered smaller amounts totalling up to \$77mn for information on seven other cartel figures and placed visa restrictions on 65 people associated with the CJNG.

"This is just the beginning," said Terrence Cole, administrator of the Drug Enforcement Administration, who called Valencia González the DEA's number one priority. "DEA is on the hunt with our partners."

Mexico is home to a plethora of organised crime groups that traffic drugs and profit from fuel smuggling, controlling territory and extorting legal industries. Since Mexico launched its "war on drugs" two decades ago, homicide rates at one point nearly tripled, and more than 130,000 people are missing.

US President Donald Trump has taken an aggressive approach to Mexico's cartels during his second term. He designated several of the groups as foreign terrorist organisations and implemented tariffs tied to border security.

Trump has repeatedly asked President Claudia Sheinbaum to allow the US military to participate directly in drug-busting operations on Mexican soil, which she has denied.

In recent months Sheinbaum has hardened her rhetoric against US authorities. She has shifted her tone since April when two US agents she said were unauthorised to be in Mexico were killed after a state-level operation and Sinaloa's former governor Rubén Rocha Moya was indicted on drug trafficking conspiracy charges. He denies the allegations.

The CJNG — based in the metropolitan area of Guadalajara, Mexico's third-largest city — grew out of an armed wing of a violent criminal group. It later morphed into the country's most powerful group as US and Mexican authorities went after the leadership of its main rival, the Sinaloa Cartel.

The US Treasury last month announced its largest action yet against the group, implementing sanctions on more than 50 individuals and companies linked to the CJNG, including a private security group, a tequila maker and a petrol station company.

Immigration. Citizenship scheme

California's rich grab New Zealand 'golden visas'

Investors value country's remoteness and safety at a time of geopolitical turmoil

NIC FILDES — QUEENSTOWN

In the coming weeks, a veteran polar explorer will lead eight wealthy people on a rare expedition to New Zealand's stunning Southern Alps — a "reward" for those who have chosen to make the country their home by investing in a "golden visa".

The two-day event is organised by the Mountain Club, a private members' club that has played a role in welcoming new citizens — and is among those thinking of how New Zealand can fully benefit from the arrivals.

"How do I make the person that spent NZ\$5mn [\$2.9mn] want to invest NZ\$500mn?" asked Peter Fullerton-Smith, the club's chief executive.

More than 700 wealthy foreigners have applied to become New Zealanders under the scheme in the past 14 months, up from 115 in the previous three years, after the country relaxed rules on property purchases, investments and the length of time applicants need to spend there to qualify.

Applicants must make a minimum investment of NZ\$5mn in local funds, companies or charities within three years. A further 127 have applied for a different scheme that requires NZ\$10mn to be invested over five years in passive assets such as bonds.

The rising number of applicants for the right to live, work and study in New Zealand indefinitely comes at a time of geopolitical uncertainty that has made the country's safety and remoteness increasingly attractive.

Dozens of countries, from Portugal to the US, offer priority immigration treatment in return for investment or, in some cases, cash. Many have mixed experience. Ireland, Malta and Australia cancelled their schemes due to poor uptake or concerns about the scheme being abused.

In New Zealand's case, Prime Minister Christopher Luxon hopes the visas will attract more foreign investment and reverse a "brain drain" that has endangered growth. While tourists may love New Zealand and fantasise about moving there, many young people emigrate in search of economic opportunity.

New Zealand start-ups have already



High life: in the Southern Alps town of Queenstown, locals refer to billionaires, including entrepreneur and investor Peter Thiel, below, as 'sleepers in the hills' — Omritri Pichugin/Dreamstime



benefited, according to Luxon. "At a time when everyone around the world is tightening up their settings, we've opened that up, and we've been a great beneficiary of the capital coming into our start-ups, but also the knowledge and knowhow to come into those start-ups as well," he said.

For many in New Zealand politics, the archetype is US billionaire and hedge fund founder Julian Robertson, who lived in the Pacific country in the 1970s and is credited with later developing its lucrative luxury golf courses. "Golden visa" holders, proponents have said, could use their wealth and acumen to enrich New Zealand. Since April 2025, when the scheme was overhauled, applicants from North America, Europe and Asia have committed NZ\$4.8bn (\$2.7bn) at NZ\$5mn or NZ\$10mn each. This compares with the NZ\$14.8bn of foreign investment in the first quarter of this year.

"It is becoming a badge of honour in Silicon Valley," said Lachlan Nixon, founding partner of venture capital firm Motion Capital. Data shows Americans account for 277 applications, with Californians particularly keen on a New Zealand passport.

"There's a huge wall of money coming

but the calibre of these people now investing in the New Zealand economy is what's important," said Nixon, who added he was able to tap 30 "golden visa" holders for 40 per cent of a recent NZ\$27mn fundraising for high-growth New Zealand companies.

Beneficiaries include critical minerals company Zethos, which has appointed European steel veteran Francesc Rubialta to its board, according to Luxon. Others under the scheme were backing seed oil protein business Miruku and magnesium miner Aspiring Materials, Nixon said. New Zealand was no longer a "backwater" for high-growth investors in the US, said Sir Peter Beck, the founder of Rocket Lab, a SpaceX competitor, arguing that the NZ\$5mn threshold was too low. "The country is underselling itself," he said.

In the mountain town of Queenstown that many applicants favour, locals refer to billionaires — including software billionaire Peter Thiel and Anthony Malkin, who runs the trust that owns the Empire State Building in New York — as "sleepers in the hills". The town, which has a population of about 50,000 and hosts millions of tourists each year, has one of only two Louis Vuitton stores in New Zealand. The NZ\$200mn opulent

'It is becoming a badge of honour in Silicon Valley . . . There's a huge wall of money coming'

Lachlan Nixon, Motion Capital

food and wine hub Ayrburn opened in 2023. Authorities plan to construct a NZ\$250mn cable car "gondola" to connect the airport to nearby hubs to alleviate traffic congestion. Queenstown's growth had been "relentless" in the past 20 years, said Sharon Fifield, chief executive of Queenstown Business.

There is scepticism about the benefits. People should be "properly invested" in the country and not seeking special treatment for a "tiny" sum in a venture capital fund, said Sam Stubbs, managing director of pension fund Simplicity. "Paradise has a price, the same price the rest of us pay," he said.

Some of the applicants themselves voice criticism. Courtney Andelman, who runs a venture capital fund with her husband Jim in Santa Barbara, successfully applied for a visa last year and visits regularly. "There's something magic in the air and in the water. It's a really healthy place to be," she said.

Andelman said she loved New Zealand but voiced her concerns, and — implicitly — a threat. "What is the highest and best use of a dollar is a constant question we ask ourselves," she said. "If New Zealand doesn't provide the best value then we'll go somewhere else. Every one of those dollars is mobile."

Interview. Abigail Spanberger

Virginia's centrist governor rejects claims of civil war in Democratic Party

Call to unite over cost of living after progressive candidate's victory in Michigan primary

LAUREN FEDOR — WASHINGTON

Democrats must unite to address voter anxiety about affordability ahead of November's midterm elections, Virginia's governor has said, as she brushed aside suggestions of a civil war in her

party. In a wide-ranging interview with the FT on Wednesday, Abigail Spanberger said Democrats needed to project a strong contrast with President Donald Trump and the Republicans.

"The task before anyone who is now the [Democratic] nominee in their state, whether it is a Senate nominee in Michigan or any of our House nominees in Virginia, is that they have to focus on delivering for people," Spanberger said.

"Telling them . . . I am focused on the things that matter to you, and this is

what I am going to do about the things that impact your life.

"It is not a question of the contrast within different types of Democrats," she added. "The question is: how are they working on the things that matter to people that frankly the White House and current members of Congress . . . are not focused on?"

Spanberger spoke to the FT the day after Democratic primary voters went to the polls in five states, including Virginia and Michigan.

Hours earlier, Michigan's insurgent progressive Abdul El-Sayed had sent shockwaves throughout the Democratic Party establishment when he narrowly defeated four-term centrist congresswoman Haley Stevens, who had been endorsed by party heavyweight Senator Chuck Schumer and Michigan's popular Democratic governor Gretchen Whitmer, among others.

El-Sayed was the latest progressive challenger to defeat a more moderate incumbent, after a slate of candidates endorsed by New York mayor Zohran Mamdani won their congressional pri-

maries in the city earlier in the summer.

On Wednesday, Spanberger dismissed suggestions that left-leaning candidates such as El-Sayed represented the future of the Democratic Party, noting that she and several other centrist Democratic candidates had also won decisive victories in the past 12 months. Last November, she was elected Virginia governor by a historic 15-point margin, roughly nine points



Abigail Spanberger said Democrats needed to focus on voters' concerns

ahead of Kamala Harris's presidential campaign in the state just a year earlier.

In the same month, Spanberger's former roommate at Capitol Hill, Mikie Sherrill, also outperformed expectations and won New Jersey's governorship by a margin of more than 14 points.

Ahead of the midterms, the Republicans have sought to tie Democratic candidates to the more fringe policies of the Democratic Socialists of America, a leftist group that has endorsed several insurgent progressives. El-Sayed was not endorsed by it but had the support of democratic socialist lawmakers, including Vermont Senator Bernie Sanders and New York congresswoman Alexandria Ocasio-Cortez.

Spanberger rejected the Republicans' accusations and said individual Democratic candidates had to tell voters where they stand. "It is only a challenge if you allow [Republicans] to paint everybody with the same paintbrush," Spanberger said. "Any [Democratic] candidate who is running, if somebody is trying to turn you into something that you are not, tell people who you are,

and also tell people who you are not."

The governor acknowledged the Democrats faced political challenges. While Trump has record-low approval ratings, national opinion polls also show approval for the Democratic Party has hit new lows. "The problem is that people don't necessarily know: what is the Democratic Party?" Spanberger said.

"Conversely, the Republican Party is Donald Trump. The Democratic Party is a broad array of people."

Polling shows that the cost of living remains the most important issue for voters ahead of the midterm elections and a liability for Trump and the Republican Party. Some 68 per cent of voters in a June FT poll said they disapproved of the president's handling of inflation.

In Virginia, Spanberger's approval ratings have fallen sharply since she was sworn in as governor in January, with a recent poll showing just 38 per cent of those surveyed saying the state was headed in the right direction.

Spanberger said the polling underscored challenges in addressing voters' concerns, especially the cost of living.

Contracts & Tenders

APPROVED PREVENTIVE COMPOSITION AGREEMENT No. 2/2025 NUOVA CO.ED.MAR. S.R.L.

Italy - Chioggia (Venice): SINGLE LOT, Val da Rio - Via Maestri del Lavoro, Quay F - Sale for full ownership (100/100) - Property complex of approximately 37,000 square metres consisting of a main building used as an industrial warehouse (approximately 6,000 square metres), offices (approximately 880 square metres), a second building used as a mechanical workshop (approximately 1,350 square metres), an open paved area (approximately 29,430 square metres) used for parking and a manoeuvring area, storage areas, material depots and areas pertaining to the quays, a weighbridge and 257-metre-long landing quays. Base price €9,960,616.00. Mixed synchronous sale without auction on 08 October 2026 at 4:00 pm - Deadline for bids 07/10/2026 at 12:00 pm. Electronic bids may be submitted on garavirtuale.it. The documentation relating to the sale is also published on the company's website coedmar.it. Judicial Liquidator Dr Mattia Callegari +39 391 390 12 68.

COMPANIES & MARKETS

Technology

OpenAI says Apple claim ‘baseless’

Tech group’s filing in trade secrets case illustrates how partnership has unravelled

MICHAEL ACTON — SAN FRANCISCO

OpenAI has accused Apple of trying to stem an employee exodus to the ChatGPT maker with a “baseless and pretextual” trade secrets lawsuit and has asked a US court to dismiss the landmark case.

It marks OpenAI’s first legal rebuttal of Apple’s claims that the start-up used former and current Apple employees to steal information about its secret hardware projects, as OpenAI prepares to launch its own AI device.

By suing, Apple is trying to “make up for its shortcomings in the market for talent and retaining its employees, and

its failures to integrate AI into its products”, OpenAI claimed in a filing to a federal court in California.

“But California law and policy not only permit but encourage such employee mobility, which has been credited with powering the tech revolution that has made companies based in this state the envy of the world,” it said.

The case offers rare insight into how the relationship between the world’s second-most valuable listed company and Sam Altman’s \$852bn AI model developer has unravelled.

OpenAI argued that Apple failed to identify specific confidential information that was allegedly stolen and mischaracterised its own deficient “offboarding” procedures, which led to bungled communications with employees who had already left.

Apple also wrongly asserted that

information regarding its suppliers was proprietary rather than information that could be legally or publicly obtained,said OpenAI.

The ChatGPT maker acquired io Products, the studio founded by former Apple design chief Jony Ive, for \$6.4bn last year. Along with peers such as Meta, it has aggressively hired from Apple over the past two years as the iPhone maker faces delays in launching its own AI products.

Ive is not named as a defendant.

“Since io Products’ founding, hundreds of Apple designers and engineers have chosen to leave their jobs at Apple to join OpenAI’s effort to design a new family of devices for the AI era,” said OpenAI in its filing on Wednesday.

The company is planning a palm-sized AI gadget without a screen that takes audio and visual cues from the

environment, the FT has previously reported.

Apple’s lawsuit in July came barely two years after the companies joined forces to bring new AI features based on ChatGPT to Apple devices.

Two current OpenAI employees formerly at Apple, including its hardware chief Tang Tan, were named in the lawsuit. Apple has since targeted dozens of its former employees now working at OpenAI with legal letters.

OpenAI’s filing on Wednesday argued that Apple failed to identify any specific confidential information gleaned from the company. Earlier this week Apple asked the California judge in the case to issue an injunction against OpenAI to stop it from using its allegedly stolen trade secrets and to preserve evidence.

Apple did not respond to a request for comment.



Long shot
LIV Golf seeks ‘grand bargain’ to save tour

LIV Golf has enlisted private capital group BC Partners as it seeks a “grand bargain” between new investors, Saudi Arabia’s sovereign wealth fund and its top players to keep the lossmaking tour alive after the kingdom ends its funding.

Scott O’Neil, LIV Golf commissioner, announced on Wednesday that the league had signed a term sheet with an unnamed investor who was willing to anchor a “LIV 2.0” alongside other potential minority investors after the Public Investment Fund ends its financing this month.

The investor is the credit division of BC Partners, the London-based private equity company, according to people familiar with the matter. Bloomberg News first reported BC Partners as the lead investor.

O’Neil said a definitive agreement covering the tour up to 2030 could come as soon as next month.

LIV, backed by the PIF’s deep pockets, racked up billions of dollars in losses after an audacious move to shake up the sport with a livelier, team-based global alternative to the dominant US PGA Tour.

It spent heavily to lure many of the world’s top golfers to its stable before the PIF pulled the plug in April amid a broader reassessment of its investment priorities, forcing the upstart tour to find new investors within months to

secure its survival. Yet the path to a final agreement for LIV has turned into a complex, multi-party negotiation, according to the people involved, with BC Partners and other possible investors seeking assurances that LIV’s star players will stay with the league.

Several leading players, including Jon Rahm, are owed guaranteed payments worth potentially hundreds of millions of dollars under contracts that extend beyond this month, when the PIF has said it will cease funding the league.

The PIF is considering paying off those contracts at a discount to settle

“The new investors will need assurances players are not going to pursue more money and say “we got stiffed”

any potential liability as well as to avoid bad publicity, leaving the players positioned to sign fresh deals with the BC Partners-backed circuit that would include cash as well as equity in the new league, according to those close to the negotiations.

O’Neil in his public remarks confirmed that equity stakes would be a key selling point to players to convince them to stick with LIV.

A settlement may come in the form of a pre-packaged bankruptcy where a

court process could quickly cleanse legacy liabilities and allow new investment to come in free of any entanglements from the previous era, the people said.

“The new investors will need assurances that those players are not going to pursue any more money from the PIF and say, ‘we got stiffed,’” a person involved said of the discussions.

Speaking at a LIV event at the Trump Bedminster course in New Jersey, O’Neil said: “We’re very fortunate that a lead investor has signed a term sheet approved by our board, which will carry and fund LIV going forward.”

O’Neil declined to say which, if any, of LIV’s big-name stars had agreed to join the new LIV.

The negotiation has multiple moving parts, and one person involved said it was unclear which party would be the first mover in making concessions.

The FT previously reported that two events of the LIV season were at risk of cancellation. The first, in Indianapolis this month, is set to take place but the LIV team championship finale in Michigan is likely to be cancelled, according to people familiar with the matter.

LIV, the PIF and BC Partners declined to comment. *Sujeet Indap*

Basic resources. Profitability push

Saint-Gobain persists with US expansion despite housing slump

Building materials maker

targets sales growth even as

home construction rate drops

MYLES MCCORMICK — WASHINGTON
SARAH WHITE — PARIS

French building materials group Saint-Gobain will push ahead with a major expansion of its American business despite a US housing slump, transatlantic trade wars and a volatile political climate.

The plasterboard to roofing-shingles maker, which ranks among Europe’s biggest industrial groups, wants to more than double its North American footprint to almost 30 per cent of revenue as it pursues chunkier margins outside its traditional base.

In an interview, chief executive Benoît Bazin said neither political upheaval nor a sluggish US residential construction market had deterred it from this strategy.

“We continue to invest in North America. It’s a growing market for us. It’s good profitability. We continue to gain share,” Bazin told the FT.

“We take a long-term view,” he added. “The game plan is to continue to grow through both capex and acquisitions.”

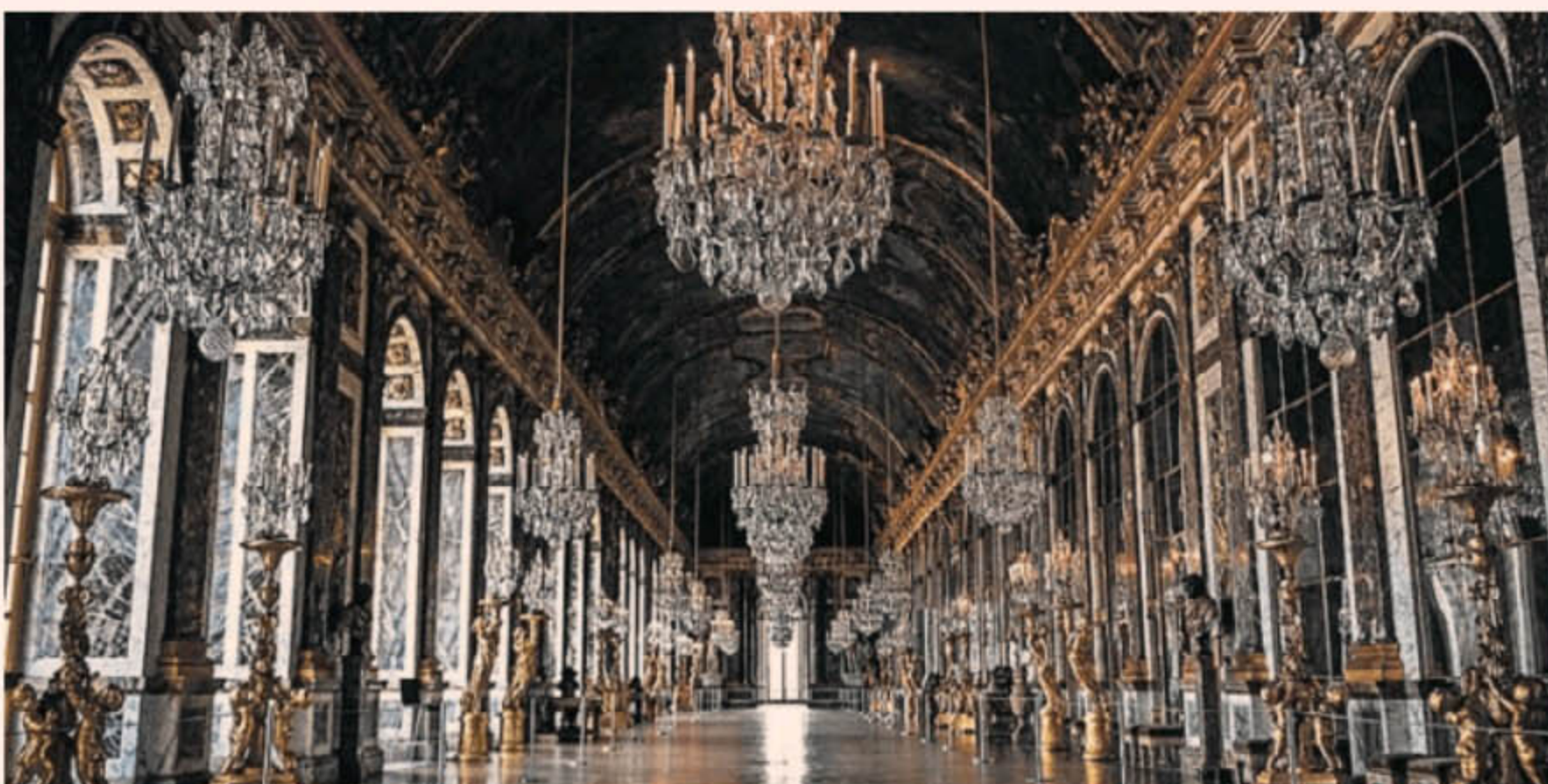
European industrial groups from CRH to Schneider Electric have been shifting capital towards the US in pursuit of higher margins and market share in an economy that is building out infrastructure from manufacturing plants to data centres. “You need to build everywhere,” said Bazin.

Saint-Gobain, whose overall revenues reached €46.5bn in 2025, has increased its North American revenue share from about 13 per cent to 22 per cent since it announced a growth strategy in 2018. Bazin said the company wanted to raise this figure “closer to 30 per cent in the coming years”. It is also expanding aggressively in Asia in a pivot away from its European roots.

The company has pumped \$8bn into acquisitions, capital expenditure and research in the US and Canada since 2020 while managing a steady flow of disposals elsewhere. It has snapped up two listed American companies over the period and this month extended the push with deals to buy a North Carolina glass fibre plant and a Vancouver-based concrete chemicals group.

North America now accounts for about a third of profits, roughly on par with Europe, which previously made up as much as 60 per cent of earnings. The US has become its biggest single market, ahead of France.

Saint-Gobain traces its roots back to the 17th century, when it made the mirrors for one of the Palace of Versailles’s most famous galleries.



Saint-Gobain made the mirrors for Versailles’s Hall of Mirrors — Getty Images

“We have been in Europe for 360 years in France and 170 years in Germany,” said Bazin. “We have a very strong presence already in Europe, and therefore more opportunities to gain market share in North America, Asia and emerging markets.”

The North American expansion drive comes in spite of a sharp slowdown in the US housing market. Single-family housing starts last month were down by a quarter from their early 2022 level, while existing home sales were more than a third lower than their pandemic-era peak. The 30-year mortgage rate has climbed to 6.58 per cent, up from 2.65 per cent in early 2021.

But Bazin said Saint-Gobain would “continue to invest” despite what he described as a “bit of a dip” in the market. Higher rates, he said, were not “killing” housing demand, but rather “delaying it a bit and changing a bit the scope of what is being built”.

The company said it had been largely unscathed by the upheaval in transatlantic relations as President Donald Trump has increased tariffs on America’s trading partners, unveiling further duties this week.

Saint-Gobain said it had been insulated by its local production model —

‘It’s a growing market for us. It’s good profitability. We continue to gain share’

Benoît Bazin, chief executive

one European companies are increasingly favouring, Bazin said the group had “anticipated a bit the de-globalisation of the world of today”.

“We act as a North American organisation with North American leadership and are viewed that way within the area,” said Mark Rayfield, the company’s North America boss. “There’s no, ‘Oh your name sounds French, I don’t think I want to buy from you.’ None of that.”

Under Bazin, Saint-Gobain has pursued a sustainability push into materials that are less polluting, both in the way they are produced and in the emissions then generated by buildings.

This ethos has not been an impediment in the US where buyers are drawn by the promise of durability, executives at Saint-Gobain said, even though the Trump administration has rolled back some climate policies and been hostile to imposing environmental goals on businesses.

“We leaned into resilience as a positive thing before sustainability was popular and before CO₂ was popular,” said Rayfield. “It is just an apolitical solution: you want a better house that has a higher resale value and is cheaper to operate.”

Aerospace & defence

Rheinmetall hit after warship plan scuppered

LAURA PITEL

Rheinmetall said it expects a €300mn sales hit this year after Germany cancelled a multibillion-euro frigate project.

The German arms giant lowered its sales outlook yesterday, saying it expected full-year revenues of between €13.7bn and €14.2bn, down from its previous forecast of €14bn to €14.5bn.

The company said that the medium- and long-term implications of the loss of the €15bn F126 programme were “currently being analysed”.

Rheinmetall’s shares plunged after Berlin cancelled the F126 project in June and have fallen by about a quarter this year. The company had submitted a €15bn bid for the project and had told investors it was highly confident that it would become the lead contractor.

Rheinmetall said yesterday that the cancelled project had been expected to contribute less than 3 per cent of its

targeted €50bn in annual revenues by 2030.

Despite the setback, Rheinmetall still increased its total sales by 39 per cent to more than €5bn in the first half of the year. Its order book continued to grow, swelling to more than €80bn — up from €56bn in the first half of last year.

Its operating margin — a key measure for Rheinmetall as it seeks to show that it can turn booming European defence spending into hard profits — rose to 15 per cent, up from 12 per cent a year ago.

Its shares were down more than 3 per cent by the close of trading yesterday.

Chief executive Armin Papperger said he expected to finalise a substantial deal to provide hundreds of Boxer armoured vehicles to the German armed forces before the end of the year.

He said the first tranche of the programme, known as Arminius, would be worth at least €14bn for Rheinmetall once a service contract was taken into account. That would make it the biggest

ever deal clinched by the Düsseldorf-based maker of tanks, artillery and ammunition.

But the usually bullish Papperger was cautious about a possible follow-on order for the Boxer, which is built with the Franco-German tank maker KNDS.

“We are very careful after the F126,” he said, adding that he was trying to be “very, very conservative” on deals that had not yet been signed.

Papperger defended the company’s decision to branch into the naval business, despite doubts from investors following the loss of the F126 deal.

The €1.5bn acquisition of Naval Vessels Lürssen was driven by expectations the group would take over the beleaguered programme to build six frigates from the Dutch naval group Damen.

Papperger said moving into the naval business was still “the right decision, adding that he still expected the unit to be one of the “future drivers of the business”.

Banks

JPMorgan poaches star BofA banker Lissauer

OLIVER BARNES, JOSHUA FRANKLIN AND AKILA QUINIO — NEW YORK

JPMorgan Chase has poached star investment banker Amy Lissauer from rival Bank of America to run its activism defence practice as it seeks to win business from big US companies under threat from hostile investors.

Under Lissauer, Bank of America built one of the leading activist defence businesses on Wall Street, advising railroad giant Norfolk Southern in its fight against Ancora, Southwest Airlines in its battle with Elliott Management as well as Tylenol maker Kenvue, which faced several activist interventions.

Lissauer will join JPMorgan, the biggest US bank, this year as global head of shareholder engagement and M&A capital markets, according to a memo sent to staff seen by the FT. JPMorgan confirmed the contents of the memo. Bank of America declined to comment.

Activism defence has become an

increasingly important business for Wall Street’s investment banks, since advising S&P 500 clients on how to defend themselves against hedge funds such as Elliott and Starboard Value can lead to lucrative M&A mandates further down the line.

The marquee hire comes amid a wider reorganisation within JPMorgan’s

Activist expert:
Amy Lissauer built BofA’s business defending groups against hostile investors



investment bank aimed at competing more vigorously against rival Goldman Sachs as it tries to propel itself to the top of M&A league tables.

In the memo sent to JPMorgan staff, John Simmons and Filippo Gori, JPMorgan’s co-heads of global banking, said the arrival of Lissauer “will allow us to

further drive our M&A market share with defence as a key pillar”.

Activist campaigns are on the rise as hedge funds are emboldened by volatile markets and a rise in dealmaking. There were 260 activist campaigns globally in the first half of this year, up 15 per cent year on year, the busiest start to the year in more than a decade, according to JPMorgan’s mid-year M&A outlook report.

JPMorgan notched up investment banking fees of \$3.3bn in the second quarter, up 30 per cent from a year ago. The bumper fees were derived in part from the \$75mn JPMorgan generated from advising on SpaceX’s listing, the biggest initial public offering ever.

JPMorgan’s fees from financial advisory, which includes activism defence, were \$1bn, up 20 per cent from a year ago. It was the third straight quarter that JPMorgan topped \$1bn. But it was also the sixth quarter in a row that JPMorgan has trailed behind Goldman.

COMPANIES & MARKETS

Top US law firms explore selling stakes to private equity groups

Paul Weiss and Quinn Emanuel among those in talks as they seek to circumvent ownership rules

STEPHEN FOLEY AND
KAYE WIGGINS — NEW YORK
SUZI RING — LONDON

Several top US law firms have explored selling stakes in their businesses to private equity groups without triggering rules that bar ownership by non-lawyers.

Paul Weiss, Quinn Emanuel and Proskauer are among firms to have had conversations with private equity groups or bankers to consider taking outside capital, according to people with knowledge of the matter.

US ethics rules prevent law firms from being owned by non-lawyers, which has left them as one of the few areas of the economy untouched by buyout groups.

But some investors are stepping up their attempts to break into the legal industry using a structure known as a “management services organisation”, which separates a firm’s legal work from its administrative functions to get around the rules.

Law firm leaders are increasingly keen to understand the model and how it could reshape their industry, at a time when many are spending large sums on top talent and planning to invest in AI. But most are hesitant about making the move.

“Everyone is interested, but everyone wants to go second,” said one adviser specialising in MSO structures. Buyout groups have already used the MSO model to circumvent similar professional ethics rules on outside ownership of medical practices and accountancy firms.

Quinn Emanuel, which promotes itself as the world’s most-feared law firm, has spoken to investment bank Guggenheim Securities about what private investment might involve, according to six people with knowledge of the matter.

Several of the people cautioned that no decision had been taken and the law firm had not committed to a sale process but was simply carrying out research. The firm declined to comment.

Executives at Paul Weiss met New Mountain Capital, a private equity group with \$60bn in assets under management, at the investor’s request in New York in recent months, people familiar with the matter said.

“At the request of certain firms with which we have business relationships, we listened to a couple of pitches regarding this structure a number of months ago,” Paul Weiss said. “There have been no follow-up meetings, and this is not something we are currently pursuing.”

Proskauer has also met at least one buyout group to discuss MSO structures, according to people familiar with the matter. White & Case has a group of senior lawyers examining the structure. Both firms declined to comment.

The FT reported in November that McDermott Will & Schulte was exploring a private equity deal, and it had since held meetings with potential investors and advisers. People familiar with the matter said it remained far from making a decision.

Some smaller law firms including personal injury specialists and start-ups have already taken outside investment using the MSO structure.

The model in effect splits a law firm into two: a lawyer-owned entity that



Paul Weiss executives have met with a private equity group. Below, Proskauer has also met at least one group to discuss a special structure. Right, John Quinn, founder and non-executive chair of Quinn Emanuel — Melissa Bender/NurPhoto/Reuters/Getty Images/Marco Bello/Bloomberg



provides legal advice, and a separate MSO entity that provides services such as back-office functions, intellectual property and technology, and which outsiders can invest in. The lawyer-owned entity pays a fee to the MSO.

The conversations come as a number of law firms outside the US have taken private equity investment for the first time. Offshore law firm Mourant announced this week that it had sold a 27 per cent stake to MML, while UK sports law boutique Northridge Law did a deal with San Francisco’s Cordillera Investment Partners in March.

Appleby, the offshore law firm once at the centre of the “Paradise Papers” data leak, was exploring selling a stake to private equity, people with knowledge of the situation told the FT this week.

Discussions at US-based firms have focused on whether the MSO structure could help in the war for talent, either to

lock in rainmaker partners with equity that vests over time, or to lure other firms’ stars.

Sceptics say that powerful partners might be turned off by the prospect of working for a private equity-backed firm, risking an exodus. Some law firm leaders are also concerned the move could be seen as older partners cashing out at the expense of younger generations, while others fear lawyers losing control of decision-making about how the firm should allocate resources.

Some private equity groups are also wary of law firm investments, partly fearing that AI could harm business models and because the MSO structure is untested in the legal profession and could hit regulatory problems.

“There are a lot of feelers out there,” a private equity investor told the FT. “There are much stricter rules on law firm ownership, [but] there are ways around, you own the side company.” However, he added, the complex structure “makes people nervous”.

John Quinn, founder and non-executive chair of Quinn Emanuel, discussed MSOs on a February podcast with Christopher Bogart, chief executive of Burford Capital, which has said it wanted to buy stakes in law firms.

“It’s going to take a while, but I do believe that there’s a lot of compelling reasons why these types of structures and non-lawyer ownership investment in law firms should exist,” Quinn said during the conversation.

Investors are pitching different ver-

‘There’s a lot of compelling reasons why these types of structures and non-lawyer ownership investment in law firms should exist’



sions of the model. Burford, whose main business is financing litigation, has pitched itself to Big Law as a hands-off minority investor.

It had also floated being part of a consortium with a private equity buyer, according to people familiar with the matter.

Another litigation finance specialist, Fortress Investment Group, which has done MSO deals with personal injury law firms, had suggested large firms could create an MSO and sell debt rather than equity, one person said. The firm declined to comment.

New Mountain began exploring law firm MSOs after doing two of the biggest acquisitions of accounting firms using a similar structure, though people familiar with its thinking say it has not committed to doing a deal.

The firm did not respond to a request for comment.

Holland & Knight attorney Trisha Rich, whose practice helps structure MSO deals to comply with ethics rules, said they had talked to half of the largest firms in American Lawyer’s Am Law 100 ranking, but a much smaller group was actively exploring the possibility of taking outside capital.

“Every firm needs to be able to answer the question, what are you going to do with the money?” she said. “If you do not have an answer that crystallises the long-term benefits to the firm, then you probably should not be doing this.” Additional reporting by Antoine Gara

Support services

‘Paradise Papers’ legal outfit courts investment

SUZI RING — LONDON

Appleby, the offshore law firm once at the centre of the “Paradise Papers” data leak, is exploring selling a stake to private equity as deals in the legal sector take off.

The firm, one of a small group that advises companies and individuals in offshore tax havens such as the Cayman Islands, has drawn up a list of fewer than 10 potential investors for a deal, according to people with knowledge of the situation.

Appleby, whose parent entity is a limited liability company, has a small group of shareholders, which means that a decision on any deal would need fewer people’s approval compared with most big law firms, according to people with knowledge of its structure.

However, if a sale went ahead, it would be unlikely to be completed until next year, the people said.

Private equity firm Synova was among the investors that have spoken to Appleby but was not pursuing an investment, according to people with knowledge of the talks. Synova declined to comment.

Appleby, like its rivals, does not disclose its financial results. Appleby declined to comment.

The news comes as rival offshore firm Mourant announced that it had sold a 27 per cent stake to private equity investor MML this week.

Mourant, which has governance and consulting arms alongside law, also did an equity raise allowing its 60 shareholders to co-invest. Another rival, Walkers, also agreed a deal with Vitruvian Partners in December to co-invest in its non-legal corporate services arm.

Private equity has been trying for a number of years to break into the legal industry as investors seek to get in on the highly profitable sector.

However, unlike accountancy, which has seen an increasing number of large private equity deals, law firms have been more reluctant to take investment.

Lawyers are generally more wedded to the traditional partnership structure than accountants and are used to taking home a firm’s entire profit pool annually rather than investing in the future of the business.

Pay has also become increasingly competitive in recent years after large investments from US law firms in places such as London have driven up compensation.

Top partners can take home more than \$20mn a year, making investors more vulnerable to partner departures.

Appleby was thrust into the spotlight nearly a decade ago when it was at the centre of a data leak known as the “Paradise Papers” in which millions of its documents detailing the tax affairs of the rich and famous were published.

Offshore firms advise companies and wealthy individuals looking to legally reduce their tax bills.

The firm said at the time that the information had been stolen in a cyber attack and denied any wrongdoing on behalf of itself and clients. In 2018, Appleby settled a dispute with the BBC and Guardian after it filed a claim for breach of confidence over the leak.

Appleby, founded in Bermuda in the 1890s, has more than 500 people, including more than 200 lawyers across 11 offices, according to its website.

Fraud warning

Scammers pose as crypto businesses and watchdogs to exploit changes in EU regulations

MARTIN ARNOLD AND NIKOU ASGARI
LONDON

Fraudsters are seizing on the disruption created by the EU’s new crypto rules and seeking to steal money from customers by impersonating both crypto companies and their regulators, officials have warned.

Several of the EU’s top financial watchdogs told the FT they are seeing an increase in scams targeting customers of crypto exchanges since a deadline passed on July 1 for such companies to gain a licence under the new regime.

Companies that failed to be authorised are now considered illegal and must tell their customers to withdraw or transfer their assets elsewhere, potentially opening the door to exploitation by criminals.

“This moment is an opportunity for scammers more than usual,” said Stéphane Pontoizeau, executive director of the market intermediaries and market infrastructure supervision directorate at the Autorité des Marchés Financiers, the French watchdog.

Hundreds of crypto companies operating in the EU under national

authorisations have been forced to wind down, sell or transfer their activities after they failed to secure bloc-wide approvals to continue under the EU’s Markets in Crypto-Assets Regulation.

Only 323 crypto companies have secured licences, according to a list that the European Securities and Markets Authority, the EU’s main market watchdog, updated at the end of July.

Data provider VASPnet estimated last month that more than 1,700 unlicensed companies would have to cease operations. Big names including exchanges Coinbase, Kraken and OKX have received licences under the EU regime.

Binance, the world’s biggest crypto trading venue, is the most high-profile group that has failed to become EU regulated. Esma said it was “aware of fraudulent practices involving the misuse of Esma’s logo and identity, including through the use of falsified documents, to promote scams”.

Global losses to crypto scams and fraud such as fake investment schemes rose to \$17bn last year, up from \$6bn five years earlier, according to crypto tracing company Chainalysis. One of the fastest-growing types of crypto scams

Audio ‘phishing’ US hedge funds targeted in wave of cyber attacks

Several of the biggest hedge funds on Wall Street have been targeted by a wave of cyber attacks, putting the industry on high alert to the risk of vulnerabilities in their software systems.

Billionaire Steve Cohen’s Point72 and Ken Griffin’s Citadel were among the hedge funds that were targeted by audio “phishing” attacks — attempts to obtain private information through phone calls and similar means — in recent days, according to people familiar with the matter.

Millennium Management was also targeted by cyber attacks, according to a person familiar with the matter.

All of the firms run complex risk systems with confidential trading information and manage tens of billions of dollars, making them prime potential targets for cyber criminals.

Point72 was investigating the incident and trying to determine whether its systems were breached, according to one person familiar with the matter. It has contacted law enforcement and hired cyber security experts. The hedge fund also emailed investors on Wednesday to inform them that it did not believe any client information had been stolen.

Citadel did not appear to be breached in the attack, according to other people familiar with the matter. All of the firms declined to comment.

Bloomberg first reported the attempted attacks at some of the firms.

At least some of the incidents involved voice phishing scams, in which the perpetrator impersonated a trusted person or colleague in phone calls or other audio communication, according to the people.

It was not clear who was behind the attacks or if they were co-ordinated by a single group. Costas Mourselas, Amelia Pollard and Tom Wilson

has been impersonation fraud, it said.

Pontoizeau at the AMF said the French regulator had seen “a few cases of scams” involving fraudsters pretending to be the regulator or a crypto exchange and trying to trick customers of unlicensed companies into transferring their assets into a fake account.

“People pretend to be from AMF staff and tell customers to transfer their assets to a fake website,” he said. “Scammers are trying to use every opportunity and we have warned customers on that.”

The Dutch watchdog, the Autoriteit Financiële Markten, said: “Fraudulent actors may indeed see an opportunity to scam investors/consumers who are or will be in the process of looking for an alternative licensed provider.”

Tom Keatinge, founding director of the Centre for Finance and Security at the UK-based Royal United Services Institute, said: “This is a prime opportunity for fraudsters, who often prey on regulatory uncertainty.”

He added: “People facing all the doubt and disruption of their EU crypto wallet provider shutting down will be more exposed to traps set by criminals who

may set up fake websites and try to get them to move their money.”

Some EU countries have seen a “deluge of last-minute applications” for licences, according to one lawyer, who added that it remained to be seen “how much power” national regulators would have to go after scams and unlicensed companies.

The AMF has sought to reduce the risk of fraud by refraining from imposing an aggressive deadline on when it expects unlicensed crypto companies to wind down their French operations.

“We wanted to avoid a false emergency feeling among clients because this is the exact situation when clients fall into the trap of scams,” said Pontoizeau. “Take your time to make a wise choice of the crypto-asset service provider that you want to use.”

Pontoizeau said the AMF would inform law enforcement authorities when finding criminals impersonating the regulator or licensed companies.

The Dutch regulator said crypto traders “should be cautious” and that they should “check publicly available information (website and app) and in case of doubt avoid such transfers”.

COMPANIES & MARKETS

Equities. Tech rout

Retail investors blame South Korean president’s policies after big losses



Seoul wanted hot stock trading but got more than it bargained for after extreme volatility

DANIEL TUDOR AND SONG JUNG-A
SEOUL

Extreme volatility in South Korea’s stock market is exacting a political cost as retail investors nursing heavy losses from last week’s tech sell-off direct their ire at the country’s president.

Thousands of investors found themselves in the red and facing margin calls on leveraged positions last week as the Kospi benchmark fell nearly 40 per cent from its June peak amid a global tech rout.

South Korea has been one of the world’s most volatile markets as an AI boom fuels bets on the country’s chipmakers.

The huge losses now pose a political risk for Lee Jae Myung, whose approval rating dropped to 44.5 per cent on Monday, near its lowest since he took office in June last year, according to polling agency Realmeter.

Investors are blaming his administration for feeding a stock market frenzy and hastily approving risky derivative products.

“Our chat rooms are filled with criticism of President Lee and many of our members are pledging not to vote for the ruling party in the next election,” said Jung Eui-jung, head of the Korean Stockholders’ Alliance, a retail investor advocacy group.

While the next National Assembly vote is not until April 2028, Shin Yul, a politics professor at Myongji University in Seoul, said retail investor anger might make it “difficult” for Lee’s Democratic

Party to win. “By encouraging people to invest in stocks, President Lee has tied their political fate so closely to the stock market as Lee.

No other South Korean president has tied their political fate so closely to the stock market as Lee. A self-professed former retail investor, he campaigned on a pledge to have the Kospi reach 5,000 by the end of his presidency in 2030. The index had been trading in the 2,000 range for more than a decade.

Lee argued that South Koreans needed to channel more of their wealth away from property and into “productive” investments such as equities.

He sought to attract more capital by strengthening minority shareholder protections.

“President Lee performed well early in his presidency by introducing investor-friendly revisions to the commercial code,” said Kim Hyung-kyoon, executive director at investment group Tcha Partners.

“Boosting the stock market has been one of his biggest achievements with

about a third of the population — around 15mn people — investing in stocks.”

When the Kospi raced far beyond his original goal, helped by record-breaking profits at chipmakers Samsung Electronics and SK Hynix, he remained bullish.

“The market has risen faster than I expected but I still think it is undervalued,” he told a press conference in June when the Kospi was just below 8,000. It has since plummeted to about 6,000.

His government also liberalised access to riskier products. In late May, regulators approved single-stock leveraged exchange traded funds for the first time.

Within weeks, they attracted more than \$10bn from investors using them to bet on the price of Samsung and SK Hynix.

But as the market turned and investors suffered heavy losses, Financial Supervisory Service governor Lee Chan-jin publicly expressed regret over their introduction and regulators tightened access.

In the spotlight: the huge losses pose a political risk for President Lee Jae Myung, whose approval rating dropped to 44.5% this week, near its lowest since he took office in June last year

Rodrigo Arangua/AFP/Getty Images

‘President Lee has brought the problem upon himself to some extent by encouraging people to invest in stocks’

Giving brokerages the green light reflected the Lee administration’s desire to expand investor choice, said John Lee, managing editor at consultancy Korea Risk Group. “That blew up spectacularly in the administration’s face.”

The presidential office did not respond to a request for comment.

In a cabinet meeting on Tuesday, finance minister Koo Yun-cheol pledged “efforts to fundamentally improve the constitution of the capital market to alleviate stock market volatility.”

Realmeter said Lee’s approval rating fell the most among people in their thirties — by 7.4 percentage points last week. A Seoul-based banker said this group was particularly affected by the market because they were investing to eventually buy a home.

“Many of them entered the stock market with a lot of leverage and have seen heavy losses,” said the banker, who believed the government fast-tracked leveraged ETF approval to boost the Kospi further.

“Of course, individuals should be ultimately responsible for their own investment decisions,” he said. But “many people put special trust in their governments”, meaning that the administration was “not fully blameless” for actively encouraging equity investment.

A first-time stock investor in her forties, who gave her name only as Yoon, said she was sitting on 9 per cent losses after putting all her savings and her husband’s pension into equities.

“I have supported the Democratic Party ever since I gained the right to vote,” she said, but she accused the government of “doing nothing” as the market fell. “Now I am starting to feel that I will not vote in the next election.”

Equities

SoftBank’s profits decline despite \$8bn boost from Intel stake

DAVID KEOHANE — TOKYO

An \$8bn gain on SoftBank’s stake in Intel helped Masayoshi Son’s tech group beat analysts’ expectations despite a decline in first-quarter profit.

The Japanese company said yesterday that net profit was ¥347.3bn (\$2.2bn) in the three months to June, ahead of the ¥148.4bn analysts had expected, according to LSEG data, but down 17.7 per cent on the same period last year.

SoftBank booked a ¥1.3tn (\$8.2bn) gain on its investment in Intel, in which it agreed to invest \$2bn last year at \$23 a share.

Intel shares now trade above \$100 after the US chip company’s stock soared more than 150 per cent this year.

SoftBank made a ¥358.4bn investment gain on its stake in ByteDance, the Chinese group behind TikTok, which is also pouring money into AI.

The first-quarter profit slide followed records set in recent quarters by SoftBank after successive revaluations of its stake in OpenAI.

Son has been a staunch backer of OpenAI chief Sam Altman with \$64.6bn committed by SoftBank for an eventual stake of roughly 13 per cent once it has

Son has methodically put himself and his Japanese company at the heart of the AI boom

completed its most recent investment round in October.

SoftBank’s tech-heavy investment vehicles, called the Vision Funds, which house its ByteDance and OpenAI stakes, made a gain on investments of ¥255.8bn in the quarter.

But the company said it recorded no investment loss or gain related to OpenAI in the quarter. The performance of recently floated payments company PayPay also weighed on the result.

Through SoftBank’s ownership of UK chip designer Arm, its stake in OpenAI, as well as in robotics, data centre and energy businesses, Son has methodically put himself and his company at the heart of the AI boom.

As OpenAI heads towards a critical initial public offering and SoftBank tries to bring its own companies, including robotics venture Roze, to market, the stakes for Son are rising — along with the leverage necessary to continue financing his ambitions.

The group has already put in place \$40bn in bridge loans for its latest investment in OpenAI and has margin loans against its near-90 per cent stake in Arm.

Finance chief Yoshimitsu Goto said yesterday that the group’s loan-to-value ratio — a measure of net debt against the value of its holdings — stood at 13 per cent at the end of June, down from 17 per cent in March.

The company tries to keep the ratio below 25 per cent in “normal circumstances”. Goto said the figure was now perhaps “too safe”, meaning that SoftBank may need to “invest more”.

Travel & leisure

Bikemaker Accell files for insolvency four years after €1.8bn KKR-led buyout

ALEXANDRA HEAL AND ROBERT SMITH
LONDON

Bikemaker Accell Group has filed for insolvency just months after private equity group KKR and its backers lost their investment following a €1.8bn pandemic-era bet on the Dutch company.

The owner of a range of cycling businesses, such as the former British brand Raleigh and Babboe cargo bikes, was no longer able to meet its obligations and its Dutch entities had been granted suspension of payments, Accell said.

Suspension of payments is a form of insolvency in the Netherlands.

The announcement late on Wednesday follows four difficult years for the Amsterdam-based company and its buyout backer KKR since the New York firm led a consortium to take it private for €1.8bn in 2022.

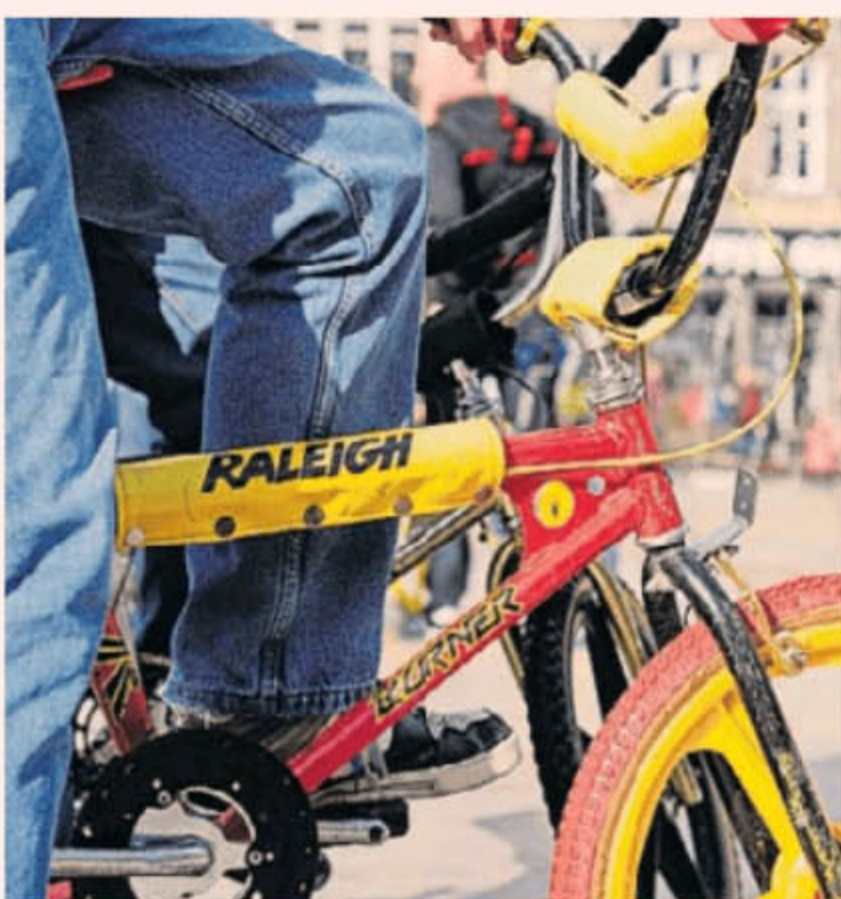
In February, KKR handed its remaining equity stake in Accell to lenders after the company agreed its second debt restructuring in the space of a year.

KKR and its backers lost all of the €1.1bn equity cheque they wrote to buy Accell in 2022, as well as hundreds of

millions more that they pumped in after it started struggling.

The firm’s dealmakers had originally eyed a take-private deal for the company in a bet that sales of e-bikes in particular would continue to flourish after the pandemic.

But Accell’s e-bike sales growth was lower than expected, supply-chain disruptions triggered component shortages and KKR had underestimated how much the company had over-ordered



In a spin: the Raleigh owner is no longer able to meet its obligations

other parts in response to heightened pandemic demand.

Inventories mushroomed and Accell had to offer significant discounts to shift products and slash the value of its stock, hitting revenue and earnings.

KKR and another investor ultimately extended about €300mn in loans to support the company before a first restructuring deal was reached in February last year.

But the bikemaker continued to burn through cash, leading to a second restructuring deal earlier this year that saw KKR hand control to the lenders.

One credit hedge fund manager said the insolvency was a “brutal” outcome for lenders that had backed Accell’s earlier restructuring.

“This is a deeply sad and frustrating situation,” said Jonas Nilsson, chief executive of Accell. “Every realistic option for the future of the business has been tirelessly explored and none has resulted in a solution to continue the group in its current form.”

Suspension of payments is not the same as liquidation, which involves selling a company’s assets and distributing proceeds to creditors.

KANA INAGAKI — TOKYO
CHRISTIAN DAVIES — NEW YORK

Lucid’s new chief executive has warned that the US car sector would not “stay isolated” from cut-throat competition posed by Chinese rivals as he predicted a shakeout in the crowded global electric vehicle market.

“Everyone is fighting for survival . . . the number of EV suppliers we have today is excessive and they will not survive,” Silvio Napoli, who took over as head of the struggling Saudi-owned group in June, told the FT.

Steep US tariffs and restrictions on Chinese car software have protected the American car industry from the influx of affordable EVs from the likes of BYD and Geely.

But Napoli said newer EV companies from China would continue to infiltrate global markets and the US was unlikely to keep them out indefinitely.

“I have no illusion that the US will stay isolated. In the end, strong competitors make better companies,” Napoli, the former boss of Swiss elevator manufacturer Schindler, said.

The comments came as the start-up

this week announced a \$1.4bn cost-cutting programme involving production cuts to reduce its vehicle inventory.

The California-based company also announced a delay to the long-awaited launch of its affordable \$50,000 model until next year as it focuses on stem-ning its bleeding of cash.

The new car was earlier scheduled to be unveiled this summer.

‘We are not chasing volume for the sake of volume. My objective is to launch the vehicle when it is ready’

“We are reviewing everything from investment but also in terms of product and engineering,” Napoli said.

“We are not chasing volume for the sake of volume . . . My objective is to launch the vehicle when it is ready.”

Shares in Lucid fell as much as 57 per cent intraday on July 14 following a report in an electric vehicle news site that consultants at AlixPartners were advising the company on whether it should file for bankruptcy or be taken

private. Lucid denied the report, helping shares pare their decline, but disclosed that it had hired AlixPartners to help with Napoli’s revival plan as it struggles to scale its EV business despite having strong software technologies.

Napoli said the company’s financial difficulties might have created an environment for the “absurd rumours”.

He added: “Our job is to make sure that we steer away from those choppy waters into a situation where these rumours would not even need to be denied.”

For the April-to-June quarter, the company’s net loss widened to \$1.3bn from a loss of \$739mn a year earlier while its free cash flow was negative \$1.5bn. Lucid said it ended the three-month period with \$3bn in liquidity, which, along with recently secured funding from Uber, would be enough to last “well into 2027”.

During the quarter, Lucid delivered 3,953 vehicles, up 19 per cent year on year. Despite efforts to cut production, it still built 821 vehicles more than it sold.

Its US rivals, Rivian and Tesla, delivered 12,194 and 480,126 vehicles, respectively, over the same period.

COMPANIES & MARKETS

The day in the markets

What you need to know

- Global government bonds slide on fears over practicalities of Mideast deal
- Crude oil prices rise again after recent significant falls on hopes of agreement
- Equity indices mixed with gains in Europe but Wall Street edging lower

Global government bonds retreated yesterday as oil prices rose amid uncertainty over the details of a much-anticipated deal between Iran and Oman to reopen the Strait of Hormuz.

Yields on 10-year US Treasuries and UK gilts of the same maturity were both up 5 basis points to 4.67 per cent and 4.94 per cent, respectively, as investors sold the debt. Ten-year German yields rose 2bp to 3.12 per cent.

The shift higher in government borrowing costs came as concerns rose over the practicalities of the prospective agreement and after the Iranian-backed Houthis attacked “Saudi deployments” in Yemen.

Overnight, Tehran’s foreign ministry said it had reached an agreement with Muscat on the co-ordinates of a route for shipping through the strait and that a joint statement on a provisional agreement was “in the final stages”.

However, Iran’s deputy foreign minister said the deal “does not mean the full reopening of the Strait of Hormuz”.

Brent crude, the global benchmark, jumped 3.8 per cent to \$82.42 per barrel, having tumbled around 12 per cent earlier in the week on hopes of an agreement to allow vessels through the strait.

“Markets have seen plenty of false dawns throughout this conflict and, while the detail is becoming more concrete,

Oil prices rise on concerns over prospective strait reopening



attention is now shifting from whether an agreement can be reached to what the final arrangements will look like,” said Jim Reid, global head of macro research at Deutsche Bank.

West Texas Intermediate, the US oil marker, climbed 3.2 per cent to \$77.68 per barrel.

Elsewhere, markets were relatively muted with global equities mixed ahead of US jobs data today.

Wall Street’s blue-chip S&P 500 index fell 0.2 per cent while the tech-heavy Nasdaq 100 was 0.3 per cent lower by early afternoon trading in New York.

Across the Atlantic, the pan-regional Stoxx Europe 600 index rose 0.2 per cent while London’s FTSE 100 fell 0.2 per cent.

The dollar rebounded from recent losses, gaining 0.3 per cent against a basket of international currencies. It had fallen earlier in the week after joint US-Japanese efforts to boost the yen.

The euro weakened 0.3 per cent to \$1.1522 against the dollar while the pound was down 0.1 per cent to \$1.3456.

Gold retreated 0.4 per cent to \$4,228 per troy ounce after a sharp rally on Wednesday while silver slipped 1.8 per to \$60.97 per troy ounce. **Ramsay Hodgson**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	7713.52	2629.95	65683.26	10867.89	3900.35	176023.33
% change on day	-0.13	0.14	-0.93	-0.19	0.57	-0.96
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	99.97	1.153	158.230	1.347	6.75	5.095
% change on day	0.29	-0.156	0.467	-0.096	-0.01	-0.490
Govt. bonds	10-Year Treasury	10-year-Bund	10-year JGB	10-Year Gilt	10-year-bond	10-year-bond
Yield	4.67	3.12	2.77	4.93	1.72	14.57
Basis point change on day	0.03	0.02	-0.03	0.04	0.00	0.11
World / Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEX)
Level	754.33	81.79	77.04	4249.74	61.23	5795.00
% change on day	-0.29	3.02	2.42	0.42	-1.30	0.44

Yesterday's close apart from Currencies = 16:00 GMT, S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix.

Main equity markets



Biggest movers

	US	Eurozone	UK
Ups	Motorola Sols 6.91	Deutsche Telekom 6.51	WPP 28.62
	Parker-Hannifin 6.40	Hermes International 5.17	Harworth Group 23.96
	Becton Dickinson 4.79	Swisscom 4.38	Hikma Pharma 8.15
	First Solar 4.79	Henkel KG 3.92	Serco Group 7.17
	Zoetis 4.73	Universal Music Group 3.13	Diageo 5.58
Downs	Western Digital -11.54	Tenaris -7.08	DSB Group -10.90
	Host Hotels & Resorts -6.94	Siemens -4.49	TP ICAP Group -7.94
	Centene Corp -5.32	Rheinmetall -3.46	Baltic Classifieds Group -6.31
	Fair Isaac -4.94	Zurich Insurance Group -3.00	Tritax Big Box REIT -4.19
	Salesforce Inc -4.33	Kingspan Grp -2.63	RELX -4.13

Prices taken at 17:00 GMT Aug 06

Based on the constituents of the FTSE Eurofirst 300 Eurozone

All data provided by ICE www.ice.com

Equities

Insurance and bank stocks retreat amid fears of China tax crackdown

ARJUN NEIL ALIM AND GAVIN HUANG
HONG KONG

Shares of insurers and banks tumbled in Hong Kong yesterday amid fears of a tax crackdown on insurance products sold to mainland Chinese savers.

AIA led the declines, sliding almost 6 per cent, while Prudential’s Hong Kong-listed shares dropped 4.6 per cent after ending 6.4 per cent lower in London a day earlier.

FWD, a local insurer, and Canada’s Manulife fell 5.6 per cent and 2.1 per cent, respectively. HSBC closed down 1.2 per cent.

The declines followed a report by Chinese financial news outlet Caixin on Wednesday that local tax authorities in Beijing and Hangzhou had applied a 20 per cent income tax rate on dividends and interest from offshore insurance policies.

The policies, some of the biggest cash cows for companies in the territory, are sold in Hong Kong and in many cases resemble long-term investment

products. They are a popular method of moving wealth outside mainland China, which maintains strict capital controls.

Previously, it had been unclear whether Chinese authorities would tax returns from such products.

“More clarity around tax collection is probably what’s driving this, rather than preventing capital movement that

‘More clarity around tax collection is probably what is driving this, rather than preventing capital [flows]’

follows the formal channels,” said a Hong Kong insurance industry insider.

Still, the move by tax authorities has caused consternation within insurers, which derive considerable revenues from selling policies to mainland Chinese savers.

One person at a multinational insurer in Hong Kong told the FT it was holding an “emergency meeting” yesterday.

China has moved more broadly to regulate outbound investment flows and close loopholes used by wealthy individuals to shelter overseas assets from tax liabilities.

Last month, authorities introduced sweeping tax rules for assets transferred into offshore trusts — applying a 20 per cent rate at multiple stages, according to a joint statement from China’s finance ministry and national tax bureau.

The Caixin report provided an example of how authorities might tax insurance returns, said the person at the multinational insurer.

The FT reported on Wednesday that Beijing had launched a global hunt for hundreds of billions of dollars in unpaid taxes going back decades, focusing on overseas investment by wealthy Chinese people.

Hong Kong insurers reported a record \$42bn in new business from life insurance policies last year. HSBC, including its subsidiary Hang Seng, is the market leader.

Pushback against Fed chair Warsh is unwarranted

Mohamed El-Erian

Markets Insight



Imagine that, as a result of an activist investor campaign, you are suddenly installed as the chief executive of a company that has missed its targets for five straight years and experienced a number of embarrassing operational lapses.

Or imagine that, much like UK Prime Minister Andy Burnham, you now lead a country that has been held back by a lack of vision and sluggish decision-making.

That is the equivalent of what has happened to Kevin Warsh, the new chair of the US Federal Reserve. Judging from his initial actions, he is committed to turning around the institution.

If he succeeds, he could also spur an evolution in the practice of modern central banking globally. If he fails, there is more at risk than just the institutional integrity of the Fed.

The facts leading to the need for ongoing regime change at the Fed are clear, albeit uncomfortable for the world’s most powerful central bank.

Under its previous leadership, the Fed missed its inflation target some 60 consecutive months, communicated in a manner that was both confused and confusing, slipped in the supervision of certain regional banks, had internal compliance lapses and committed numerous forecasting errors.

Yet, in the face of all this, there was remarkably little enthusiasm for internal reform. This complacency was laid bare by the 2025 “framework review”, a process undertaken every five years.

That iteration, much like the 2020 review, raised concerns about being too narrow and overly backward-looking.

Enter Warsh, set on changing this trajectory. He immediately established five task forces with an array of eminent

figures with diverse viewpoints to come up with fresh thinking on the Fed’s major areas of operational slippages.

Warsh suspended the chair’s forward guidance on policy and refused to submit individual projections to the “dot plot” of economic projections by members of the Federal Open Market Committee, rightly arguing that they offer a false sense of precision.

And he is reportedly considering altering the format and frequency of the eight annual policy-setting meetings to foster more rigorous debate and better decision-making.

Despite the glaring need for reform,

The markets’ misreading of him reflects behavioural inertia and a weakness for spurious accuracy

Warsh has received a frosty reception. Some have argued that his performance so far has undermined the Fed’s credibility in a manner that has unnecessarily boosted the country’s borrowing costs.

Others complain that Warsh has not been transparent, a critique that baffles me given the extent to which he has publicly outlined his analytical framework, his views on how policy should react to economic conditions and his belief in the primary role of interest rates in tackling inflation.

As a reading of his speeches, congressional testimony and confirmation hearings shows, Warsh has an unwavering commitment to the Fed’s mandate.

The markets’ misreading of Warsh likely reflects two dynamics. First, the

powerful force of behavioural inertia makes sudden change unsettling. This is especially true when what is being left behind is a comforting, hand-holding central banking regime.

Some in the market are naturally balking at the removal of their “training wheels”. Forward guidance artificially suppressed market volatility and absolved investors of some of the need to price risk independently.

Second, there is a deep-seated market preference for reductionism and what, in the current fluid economic and financial ecosystem, can only be called spurious accuracy. Wall Street prefers the false precision of a deterministic dot plot over the messy current reality of a broad range of potential outcomes.

It will take time to rewire. The transition is likely to reinforce the two developing macro themes — volatility and dispersion. However, the faster market participants adjust their thinking, the better the prospects for Warsh’s much-needed reforms to take root.

Should the markets stubbornly “fight the Fed”, the risk of financial instability that has been building for some time would intensify. These range from the threat of structurally higher bond yields to currency imbalances and episodic deleveraging events.

Ultimately, the era of central banks as indiscriminate shock absorbers and perpetual providers of forward guidance is inconsistent with today’s geo-economic realities. Success in this new regime requires abandoning the misleading comfort of the old playbook.

Mohamed El-Erian is the Rene M Kern professor of practice at Wharton School, chief economic adviser at Allianz and chair of Gramercy Funds Management

In partnership with

LOCATIONS

INVESTMENTS IN THE EASTERN MEDITERRANEAN: Allocating global capital beyond core European markets

Exploring Cyprus as a hub for fund management in a fragmented landscape

December 1, 2026 | In-Person Morning Briefing | Convene, New York

This in-person briefing, hosted by FT Locations in partnership with Invest Cyprus, will bring together senior leaders from investment management, private wealth and financial services to explore Cyprus' growing role in international investment. Across two expert-led panel discussions, attendees will examine the island's evolving investment ecosystem and its role in supporting international capital, fund management and regional growth.

Key discussion points include:

- Why are investors looking beyond Europe's core markets?
- How is Cyprus attracting family offices and private wealth?
- Which sectors are driving FDI into Cyprus?

Scan the QR code below to visit the website, view the full agenda and apply to attend* this exclusive event.

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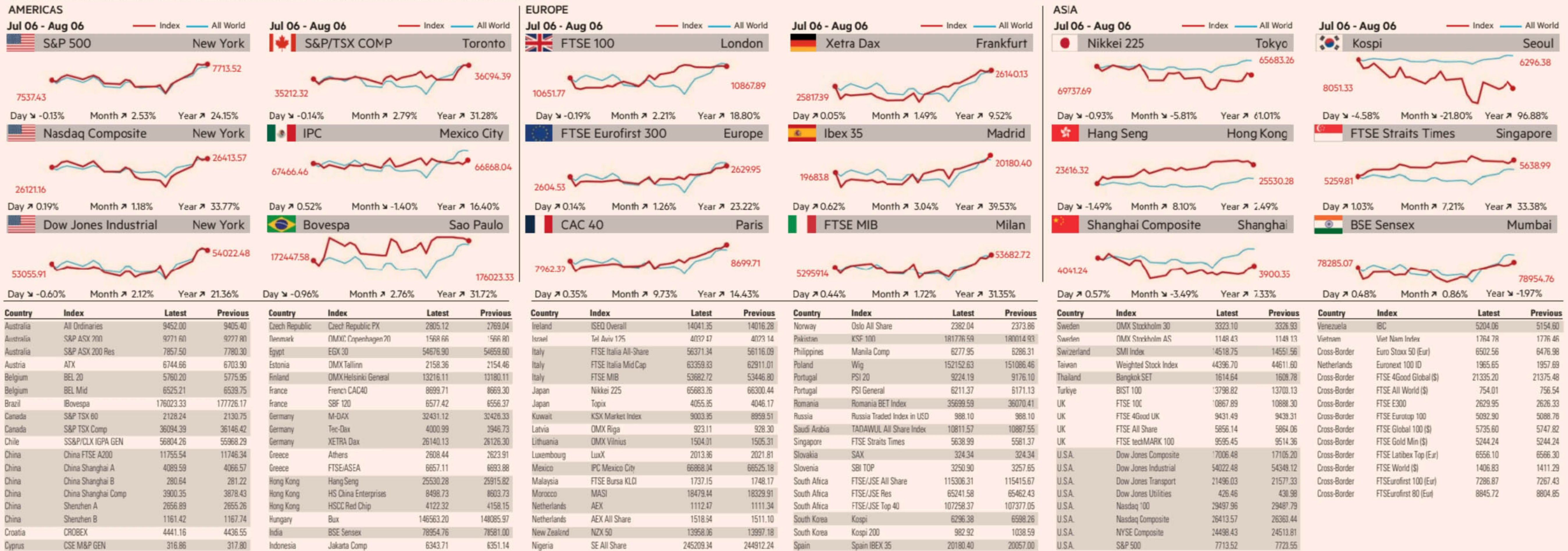
MARKET DATA

WORLD MARKETS AT A GLANCE

Change during previous day's trading (%)



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



STOCK MARKET: BIGGEST MOVERS

AMERICA					LONDON					EURO MARKETS					TOKYO				
ACTIVE STOCKS					ACTIVE STOCKS					ACTIVE STOCKS					ACTIVE STOCKS				
	stock	close	Day's			stock	close	Day's			stock	close	Day's			stock	close	Day's	
	traded m's	price	change			traded m's	price	change			traded m's	price	change			traded m's	price	change	
Nvidia	62.85	218.57	-0.65	Lloyds Big Gp	103.07	1.15	-0.02	Intesa Sanpaolo	58.06	6.80	0.03	Nippon Tel & Tel	354.87	154.50	7.35	Mitsubishi UFJ	57.72	537.00	11.30
Intel	50.48	99.92	-1.15	Vodafone	82.85	1.19	0.05	Banco Santander	29.67	4.87	-0.03	Sofbank Corp	85.56	228.80	-2.20	Sanofi	122.99	4.07	0.12
Microsoft Technology	24.22	888.06	-5.13	WPP	27.15	8.70	0.18	Bank of America	22.32	12.86	0.10	Farfetch Ltd	72.35	288.00	-10.00	Novartis	51.80	5.80	0.03
Palantir	23.64	155.33	-3.10	Glencore	29.43	5.56	-0.07	Banco de Sabadell	18.54	6.44	-	Fujiwara	57.56	458.00	47.00	Roche	32.52	537.00	11.30
Apple	20.00	311.17	0.17	Wayfair	28.12	0.34	0.01	Enel	12.68	9.97	0.02	Nippon Steel	53.14	680.50	1.00	Barrat Resins	3.20	8.37	-16.09
Netflix	14.83	73.76	-0.44	Haleon	23.24	3.71	0.05	Telefonica	12.94	3.70	0.08	Sofbank Corp	46.96	585.00	-23.00	B&S SYSTEMS	22.00	7.32	28.35
Super Micro Computer	14.79	29.99	-	BP	22.74	5.30	0.05	Royal KPN	12.09	4.07	0.12	Mitsubishi UFJ	38.25	742.00	-40.00	Antidrug	2.28	38.74	2.29
Warner Bros. Dis	14.52	26.50	-	WPP	11.86	22.32	3.95	Swiss	11.86	5.80	0.03	Mitsubishi UFJ	57.72	537.00	11.30	IGS	188.00	10.95	-11.74
Microsoft	13.89	94.71	7.25	Lloyds & General	21.48	3.12	0.07	Nokia	11.83	8.33	-0.13	Tokyo Electric Power	32.52	537.00	11.30	Anglo American	39.76	6.71	28.88
Advanced Micro Devices	13.83	488.92	4.87	Barrat Resins	21.40	5.20	-0.07	EDP	8.57	4.52	0.06	Sumitomo Electric Ind	31.97	2158.50	-213.00	Halma	38.02	6.38	7.46
BIGGEST MOVERS					BIGGEST MOVERS					BIGGEST MOVERS					BIGGEST MOVERS				
	Close	price	Day's			Close	price	Day's			Close	price	Day's			Close	price	Day's	
	change		change			change		change			change		change			change		change	
Ups	460.40	30.26	0.51	WPP	3.95	0.88	28.32	Deutsche Telekom	29.15	1.73	6.31	Swiss	689.00	888.00	14.97	IG Group	13.12	-23.09	-0.23
Parker-Hannifin	1060.67	8.37	6.40	Hanworth Group	1.78	0.34	23.36	Hermes International	1926.00	80.00	5.17	KAO	3597.00	409.00	12.83	Prudential	10.27	-9.52	-10.27
Becton Dickinson	178.84	8.18	4.79	Hikma Pharma	16.98	1.28	8.15	Swisscom	943.00	27.00	4.38	Meyl Higgs	4012.00	402.00	11.41	Smith & Nephew	10.98	-7.58	-11.34
First Solar	248.15	11.35	4.79	Serco Group	2.60	0.17	7.17	Henkel KG	79.54	3.00	3.32	Kikkoman	1770.00	176.00	11.04	AdiaZenca	118.50	-6.84	-14.07
Zetis	77.91	3.52	4.73	Diageo	17.82	0.92	5.38	Universal Music Group	15.15	0.46	3.13	Iray Industries	1299.50	111.00	9.34	Peerson	12.29	-4.91	17.05
Downs					Downs					Downs					Downs				
Western Digital	459.27	-58.90	-11.54	USO Group	3.07	-0.62	-10.30	Tenaris	22.97	-1.75	-7.08	Swiss	689.00	888.00	-10.98	IGSC	15.21	-4.16	3.84
Hotel Hotels & Resorts	23.39	-1.75	-8.94	TP ICAP Group	5.18	-0.27	-7.34	Siemens	273.10	-12.85	-4.49	GS Yuasa	904.00	-686.00	-10.08	Tesco	4.76	-3.31	6.77
Centene Corp	63.42	-3.56	-5.32	Baltic Classifieds Group	1.98	-0.13	-6.31	Rheinmetall	1159.00	-41.80	-3.46	Mitsui Mining & Smelting	3190.00	-341.00	-8.64	Imperial Brands	27.59	-9.92	-11.54
Fair Isaac	103.64	-53.91	-4.19	Intira Big Box RET	1.65	-0.07	-4.19	Zurich Insurance Group	389.00	-18.20	-3.00	Fujiwara	4596.00	-477.00	-9.40				
Salesforce Inc	184.63	-8.35	-4.33	RELX	26.03	-1.12	-4.13	Kingapp Gp	81.55	-2.20	-2.83	Sumitomo Electric Ind	2158.50	-213.00	-9.38				

UK MARKET WINNERS & LOSERS

FTSE 100					FTSE 250					
	price(£)	% Chg	% Chg			price(£)	% Chg	% Chg		
Winners					Winners					
Wentzen EnergyMkts	42.87	10.67	11.09	Hanworth Group	1.78	36.50	6.59	Synthermo	1.18	28.81
Polair Capital	6.89	9.40	44.63	WPP	3.95	31.80	17.94	Personnel Group	1.40	14.07
Endimor	38.88	9.37	0.41	Baycote	9.14	24.95	30.95	Capital	1.08	11.11
Fresnillo	27.38	8.56	-17.88	4mprint	50.00	19.05	30.04	Trifast	0.85	10.13
Barrat Resins	3.20	8.37	-16.09	Trans Perkins	6.63	18.29	4.33	Aberdeen Asia Focus	4.47	9.83
B&S SYSTEMS	22.00	7.32	28.35	IP Group	0.69	11.58	18.43	Enora Royalties	1.50	9.50
Antidrug	2.28	38.74	2.29	Volition Group	6.85	11.02	6.20	Manchester & London Inv Ist	9.86	8.19
IGS	188.00	6.79	-12.27	Goodwin	188.00	10.85	-11.74	Marshall	1.75	9.17
Anglo American	39.76	6.71	28.88	Avon Technologies	19.16	10.50	5.62	Norcross	3.45	8.83
Halma	38.02	6.38	7.46	Gesuit Group	3.02	10.20	-7.52	Applied Nutrition	3.43	7.52
Losers					Losers					
IG Group	13.12	-23.09	-0.23	OSR Group	5.07	-10.19	-20.47	FDM Group Holdings	1.08	-15.21
Prudential	10.27	-9.52	-10.27	TP CAP Group	6.18	-7.99	22.47	PZ Cussons	1.02	-8.41
Smith & Nephew	10.98	-7.58	-11.34	Reach	3.10	-7.01	-2.24	Reach	0.42	-8.37
AdiaZenca	118.50	-6.84	-14.07	International Workplace Gr	1.86	-7.01	-19.71	Zetelars	0.47	-7.48
Peerson	12.29	-4.91	17.05	Plus500	38.26	-6.88	5.40	CLS Holdings	0.49	-6.88
BP	5.20	-4.27	20.08	Plattech	3.63	-6.29	28.18	Tullow Oil	0.14	-6.42
Brit. Amer. Tobacco	43.76	-4.16	3.84	Groggs	19.25	-5.27	14.58	Sabre Int Gp	1.73	-6.37
IGSC	15.21	-4.16	29.60	Aston Martin Lag	0.24	-5.06	-46.31	Mobico Group	0.25	-6.03
Tesco	4.76	-3.31	6.77	Currys	4.34	-1.61	27.70	ASA International	2.38	-5.56
Imperial Brands	27.59	-2.92	-11.54	Vistry Group	2.83	-4.14	-55.91	Variquo Banking Gp	0.81	-5.04
Winners					Winners					
Alternative Energy	43.52	22.41	99.73	Alternative Energy	43.52	22.41	99.73	Alternative Energy	43.52	22.41
Precision Metals & Mining	3150.00	8.83	4.76	Precision Metals & Mining	3150.00	8.83	4.76	Precision Metals & Mining	3150.00	8.83
Electronic & Electrical Equip	15395.43	5.78	29.75	Electronic & Electrical Equip	15395.43	5.78	29.75	Electronic & Electrical Equip	15395.43	5.78
Basic Materials	10500.79	5.56	29.74	Basic Materials	10500.79	5.56	29.74	Basic Materials	10500.79	5.56
Aerospac & Defense	25688.59	5.52	27.97	Aerospac & Defense	25688.59	5.52	27.97	Aerospac & Defense	25688.59	5.52
Automotive Metals & Mining	9621.92	5.38	29.67	Automotive Metals & Mining	9621.92	5.38	29.67	Automotive Metals & Mining	9621.92	5.38
Industrial Engineering	14205.14	4.58	13.08	Industrial Engineering	14205.14	4.58	13.08	Industrial Engineering	14205.14	4.58
Technical Hardware	12348.04	4.29	18.06	Technical Hardware	12348.04	4.29	18.06	Technical Hardware	12348.04	4.29
Consumer Goods	8048.30	4.28	13.04	Consumer Goods	8048.30	4.28	13.04	Consumer Goods	8048.30	4.28
Pharmaceuticals & Biotech	14248.04	4.28	13.04	Pharmaceuticals & Biotech	14248.04	4.28	13.04	Pharmaceuticals & Biotech	14248.04	4.28
Software & Computer Svcs	14248.04	4.28	13.04	Software & Computer Svcs	14248.04	4.28	13.04	Software & Computer Svcs	14248.04	4.28
Metals & Mining	14248.04	4.28	13.04	Metals & Mining	14248.04	4.28	13.04	Metals & Mining	14248.04	4.28
Biotechnology	14248.04	4.28	13.04	Biotechnology	14248.04	4.28	13.04	Biotechnology	14248.04	4.28
Health Care	14248.04	4.28	13.04	Health Care	14248.04	4.28	13.04	Health Care	14248.04	4.28
Real Estate	14248.04	4.28	13.04	Real Estate	14248.04	4.28	13.04	Real Estate	14248.04	4.28
Automotive	14248.04	4.28	13.04	Automotive	14248.04	4.28	13.04	Automotive	14248.04	4.28
Energy	14248.04	4.28	13.04	Energy	14248.04	4.28	13.04	Energy	14248.04	4.28
Electricity	14248.04	4.28	13.04	Electricity	14248.04	4.28	13.04	Electricity	14248.04	4.28
Alternative Electricity	14248.04	4.28	13.04	Alternative Electricity	14248.04	4.28	13.04	Alternative Electricity	14248.04	4.28
Alternative Energy</td>										

MARKET DATA

FT GLOBAL 500: THE WORLD'S LARGEST COMPANIES

	Price	+Chg	52Week	High	Low	Yld	P/E	MV(b)	Stock	Price	+Chg	52Week	High	Low	Yld	P/E	MV(b)	Stock	Price	+Chg	52Week	High	Low	Yld	P/E	MV(b)	Stock	Price	+Chg	52Week	High	Low	Yld	P/E	MV(b)
Australia (AUD)																																			
ANZ Group Holdings	38.01	-0.16	41.00	30.56	5.72	19.52	114.64																												
BHP Group	62.54	2.02	65.98	39.30	31.3	35.17	317.19																												
Commonwealth Bank	178.23	-2.49	185.59	146.98	2.78	29.45	298.26																												
CSL Ltd	130.66	1.83	273.45	90.00	3.26	21.07	62.57																												
Macquarie Bank	267.06	3.90	263.19	187.31	3.01	27.28	102.46																												
National Australia Bank	42.32	-0.32	48.45	38.45	4.00	19.24	123.68																												
Westpac Banking	91.28	0.29	95.17	70.80	2.33	35.38	103.63																												
Westpac Banking	38.53	-0.29	43.32	33.32	4.00	19.18	131.78																												
Belgium (EUR)																																			
Arheuser-Buch Inbev	73.94	0.74	76.18	48.87	0.09	27.90	132.89																												
Brazil (BRL)																																			
Iau Unibanco Holding	45.21	0.46	47.80	31.24	0.00	0.00	253.98																												
Iau Unibanco Holding Ptd	42.38	0.28	49.67	35.06	0.00	0.00	229.24																												
Petrobras Brasileiro	47.15	-1.00	56.14	30.96	0.00	41.79	350.90																												
Petrobras Brasileiro Ptd	41.95	-0.57	50.69	29.31	0.00	0.00	228.37																												
Vale	76.68	0.35	91.62	52.86	0.00	86.38	326.25																												
Canada (CAD)																																			
Agrico Eagle Mines	232.25	20.42	348.94	179.40	1.09	1.62	118.33																												
Alimentation Couche-Tard	91.58	-1.57	95.15	68.30	0.94	31.46	84.07																												
Bank of Montreal	253.25	0.24	258.21	153.36	2.70	29.49	178.87																												
Bank of Nova Scotia	124.01	0.39	126.87	76.34	3.98	25.53	152.92																												
Brookfield	62.35	-0.42	102.59	52.04	0.63	117.72	139.35																												
Brookfield Asset Mgmt	73.77	0.61	88.12	58.09	3.82	47.29	117.79																												
Canada Imperial Bank	168.45	0.39	171.64	98.80	2.57	27.07	154.23																												
Canada National Railway	178.71	0.34	185.25	118.1	2.05	31.46	107.98																												
Canadian Pacific	62.85	-2.08	70.99	56.32	3.98	18.49	103.68																												
Canadian National Railway	128.01	0.59	131.89	96.50	0.77	40.54	112.53																												
Constellation Software	314.15	-79.80	492.52	219.06	0.18	89.71	66.65																												
Enbridge	72.71	-2.38	80.01	62.42	5.34	38.07	158.80																												
Manulife Financial	62.44	0.54	63.02	41.01	2.11	24.68	104.11																												
Montreal Bank of Canada	256.58	2.48	268.57	177.28	2.88	41.13	30.90																												
Scotiabank	201.91	25.36	203.50	129.01	0.00	196.09	246.32																												
TD Bank Group	88.17	-2.67	96.53	62.92	3.27	22.01	104.05																												
Scotiabank	88.17	-2.67	96.53	62.92	3.27	22.01	104.05																												
The Toronto-Dominion Bank	166.65	1.75	175.33	100.01	2.55	20.54	286.62																												
Worleyparsons	230.46	-2.66	262.86	203.46	0.85	55.53	59.62																												
China (CNH)																																			
Agricultural Bank China A	6.48	0.13	6.88	5.79	3.85	8.31	20.69																												
Bank of China A	6.72	0.09	6.39	5.13	3.95	7.74	13.67																												
Bank of Communications A	5.51	-0.11	7.82	6.37	4.69	6.42	10.21																												
China Construction Bank A	9.98	0.14	10.98	8.50	3.90	7.96	21.34																												
China Insurance A	38.05	0.39	51.92	32.22	2.25	6.98	792.98																												
China Merchants Bank A	38.94	0.34	45.73	35.28	5.18	6.63	803.29																												
China Petroleum Chemical A	4.98	0.12	8.11	4.42	4.02	18.01	483.77																												
China Shenhua Energy A	43.00	0.15	51.19	37.48	4.47	16.17	787.41																												
China Yangtze Power A	27.76	0.54	29.57	25.38	3.60	16.99	679.24																												
OTC Securities A	28.18	0.18	32.53	23.27	2.48	14.38	343.81																												
Cent America Tech A	40.52	-1.00	46.88	25.72	0.89	25.11	1786.27																												
East Internet Technology A	20.38	0.31	29.36	17.42	0.49	26.61	322.14																												
Foxconn Industrial Internet A	65.52	5.99	84.95	33.11	1.49	37.03	1308.12																												
ICBC A	7.52	0.14	8.04	6.85	4.13	7.52	2.03																												
Industrial Bank A	18.38	-0.20	23.28	16.64	5.81	5.51	388.55																												
Jiangsu Hengrui Pharma A	53.54	0.12	74.04	45.26	0.37	44.99	341.53																												
Kweichow Moutai A	1306.45	-0.91	1568.00	1151.01	0.39	13.99	1633.17																												
Luxshare Precision Ind A	55.87	0.33	81.78	50.58	5.54	24.40	410.19																												
Midea Group A	85.47	0.39	89.70	76.88	0.54	17.44	595.09																												
Ping An Group A	10.63	-0.23	13.69	8.04	4.42	12.36	1.72																												
Ping An Insurance Group A	54.02	0.09	74.88	46.90	5.00	7.30	575.86																												
Postal Savings Bank China A	4.98	-0.06	6.44	4.76	4.60	6.79	4.97																												
Shenzhen Min Sheng Bank A	154.30	0.33	257.00	130.63	2.73	22.98	187.08																												
Wuliangye Yantai A	75.50	-1.38	131.85	70.52	6.33	27.33	293.06																												
Zijin Mining Group A	34.10	1.98	44.98	19.77	2.35	17.48	702.52																												
China (HKD)																																			
Agricultural Bank China H	5.94	0.06	6.08	5.07	4.74	7.62	182.59																												
Alibaba Group Holding	128.16	2.30	186.20	88.85	0.80	154.34	2455.51																												
Bank of China H	5.27	-0.07	5.61	4.11	4.85	7.12	440.69																												
Bank of Communications H	7.33	-0.05	7.83	6.33	5.01	6.79	298.81																												
BYD H	93.80	0.35	120.80	71.14	4.40	26.20	345.50																												
China OTIC Bank H	7.50	-0.07	8.60	6.50	5.69	6.2																													

Roll out the barrel, Virginia wine is actually very good

Some of the world's most exciting vineyards are waiting to be discovered less than two hours' drive from Washington DC

Joe Miller

Virginia's wines have remained a secret because, for a long time, there was little worth telling. Tough conditions in the foothills of the Blue Ridge Mountains proved too great a challenge for many (rainy summers breed disease, while warm nights mean grapes burn through the acidity that makes great wine).

Enterprising producers that did crop up often leaned on a well-heeled local market, not bothering with wider distribution, instead resting on their laurels.

All of that is changing, though, and fast. Virginia's winemaking expertise is growing by the year, thanks to an influx of French, Californian and, increasingly, homegrown talent.

State-sponsored oenologists are researching techniques to improve the quality of Virginia wines. Critics including the FT's own Jancis Robinson have heaped praise on some producers, and global prizes have followed.

Virginia's unpredictable summers also mean that no two vintages taste alike, making each year a fresh adventure for both grower and taster.

Linden Vineyards

To understand how Virginian wine became this good, skip Monticello and head for a 1,300ft slope above the hamlet of Linden, where wandering Ohioan Jim Law cleared an overgrown apple orchard in the 1980s and ultimately fulfilled the winemaking dreams of one of America's founding fathers.

Driving up to Law's estate, it's easy to see what motivated him. At the top of an unassuming gravel road, 20 acres of

meticulously arranged vines fan out around a wisteria-covered building of quiet elegance. Behind them, the countryside unfurls in green folds towards the Blue Ridge Mountains without another man-made structure in sight.

As we examined some vines that had succumbed to an unseasonably late frost, Law told me he arrived in Virginia with next to no winemaking experience. This was long before the internet could connect him with other aspiring vigneron, so he learnt his craft by trial and error.

With typical understatement, he said he struggled for years with a "lack of ancestral knowledge", trying dozens of varieties before hitting the jackpot with taut, flinty Chardonnays that nod to the best of Burgundy, along with age-worthy Bordeaux blends.

Address: 3708 Harrels Corner Road, Linden. Guided tastings and tours are available from Friday to Sunday for parties of one to four people (aged 21+ only); reservations are recommended

Lost Mountain Vineyards

Driving through Lost Mountain's iron gates, you immediately see why Rutger de Vink, an ex-Marine and a former apprentice to Jim Law, wouldn't rest until he got his hands on this 93-acre sheep farm. In 2004, de Vink bought the property from a farmer whose children didn't want it and carved it into a winemaking paradise.

Verdant mounds strung with gently undulating vines stretch before you in a scene so unblemished, it looks almost AI-generated. As I arrived, an artist was sketching the landscape.



Lost Mountain is among the best of Virginia's vineyards

These bucolic surroundings belie the earnestness of de Vink and his successors' endeavour: Lost Mountain is the Rolls-Royce of Virginian vineyards, now led by the state's first master of wine, Joshua Grainer (another Jim Law apprentice), and owned since 2024 by the respected family behind Bordeaux's Château Montrose — and its wines can go toe to toe with the best of that region.

The vineyard produces the equivalent of a premier cru and second cru and its expertly balanced blends are fruit-forward on the nose and thrillingly smooth on the palate. They took me back to an age of more elegant and expressive Old World wines, ones that were buoyant enough to be savoured on their own without needing the ballast of a steak dinner.

Address: 2550 Delaplane Grade Road, Delaplane. Tours and tastings are available by appointment from Thursday to Sunday for small groups of one to two people or private groups of up to six (21+ only)

Early Mountain Vineyards

This is the vineyard that pierced through my snobbery and made me an instant fan of Virginian wine. I picked it expecting substandard plonk in comparable surroundings. What I found was a 300-acre estate that could pass for one of Tuscany's grander operations, with vines unfurling in every direction, an inviting lodge, a sun-drenched terrace and wines I wanted to take home in large quantities.

I later learnt that this was all a project of AOL co-founder Steve Case and his wife Jean, who bought the plot in 2010, determined to upgrade its output and put Virginian wine on the map. Their wines were good enough to tempt viticulturist Jon Ruel, who left a glittering career in Napa to run the estate in 2024 — a move he likened to "leaving Hollywood to make an independent film". Their combined efforts are blockbuster.

Early Mountain's range is broad, but not scattered. The sparkling whites are a joyous introduction: crisp, apple-forward and faintly honeyed. The 2023 Petit Manseng, made with a grape from the foothills of the Pyrenees (which Virginian winemakers sought out for its

disease-resistant loose clusters), is a revelation. I was delighted by the 2021 Quaker Run Cabernet Franc (Old World in structure, restrained, with lingering lushness) and the Intention, a Petit Manseng and Sauvignon Blanc blend.

Generously, Early Mountain also pours wines from neighbouring producers, making it a good place to get a broader taste of Virginia.

Address: 6109 Wolfstown-Hood Road, Madison. Guided tastings and picnic-style experiences are available from Thursday to Monday (with extended dinner hours on Friday); reservations recommended



FT Globetrotter for coffee, cocktails, power dining, running, exercise classes, travelling green and much more.

Crimson Lane Vineyards

Crimson Lane relied on Early Mountain for help with its first vintage and also seems to have learnt from them how to give guests an experience they will remember.

The estate was founded by local couple Tom Herrity and Deanna Fioresi and unabashedly courts Napa lovers with its manicured grounds, plush tasting rooms, resplendent views, swing seats for couples and wines that are simultaneously playful and ambitious.

The Petit Manseng is produced two ways — demi-sec and dry — the latter the more interesting glass, to my tastes. The regular Chardonnay somehow manages to be crisp and refreshing without much minerality, while a barrel-aged version, emphatically not for the natural wine crowd, is oaky and golden and will delight anyone who takes their whiskey neat. The Bordeaux blend, called Parral, is a rumbustious crowd-pleaser.

Address: 13334 Crimson Lane, Linden. Guided tours and tastings are available by appointment from Thursday to Sunday, for parties of up to 10 people (21+ only)

Walsh Family Wine

A great, relaxed entry point to Virginia wine, reachable in just under an hour from the capital. Nate Walsh, a quietly obsessive winemaker, founded the estate with his wife Sarah in 2014 after stints in Oregon and New Zealand's Otago. Walsh's unpretentious tasting room, open all week, is fun and lively, with LPs, colourful murals and posters on the wall. The cheerful staff cater to the obsessive and curious novice alike: you can follow a guided tasting, or choose your own path through some 20 reds, whites and rosés. Don't miss the Petit Manseng, honeyed but never cloying, or the showstopping Tannat.

On the Saturday I visited, dogs and children were running between tables and pizzas were coming out faster than corks could be pulled. A funk soundtrack played in the background and a range of merchandise beckoned — I bought a yellow "Mighty Fine Virginia Wine" cap. Locals had the right idea: gather a group of friends and sip till the sun sets.

Address: 16031 Hillsboro Road, Purcellville. Self-guided tasting flights (for drop-ins) and guided tours and tastings (by appointment) are available daily



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FT BIG READ. EUROPE

Candidate countries hope for progress after years of inaction, but some officials in Brussels worry there is an unhealthy disconnect between pro-enlargement rhetoric and the reality.

By Henry Foy and Marton Dunai

Is the EU serious about new members?

For 13 years, the club of European Union nations has admitted no new members — and pressure is growing to open the gates again.

Yet despite its desperation to project a sense of collective security and purpose in the face of Donald Trump’s provocations, Brussels is nonetheless wracked by uncertainty over expansion.

As leaders of candidate countries demand faster progress in their membership bids, under pressure from impatient and restless voters, the EU’s existing heads of government fret that the bloc’s structure, and their own sceptical voters, are not able to handle fresh blood.

The signs had looked good. After the shock of Russia’s invasion of Ukraine, enlargement came to be seen as a security policy as well as a political one. Progress accelerated following a moribund decade, raising hopes of a new member in the next couple of years.

Montenegro, at the head of the queue, has finished more than half of the necessary reforms required to enter. EU governments have begun drafting their formal entry legislation, and the Balkan nation has been allocated billions of euros in the draft of the bloc’s next shared budget.

Ukraine and Moldova, both menaced by Moscow, have begun the formal entry requirement negotiations, and Albania has started ticking off items on its reform to-do list. “We have a clear path towards the European Union,” Albania’s prime minister Edi Rama tells the FT. “The country is in the best moment in many ways.”

The geopolitical chaos “created a pressure moment to think seriously about what Europe is, and make a credible beneficial offer to aspiring members”, says Ilir Deda, an analyst at the Institute for Human Sciences in Vienna.

In a bid to stress the EU’s collective will to accept new members, the presidents of the European Commission and Council in June touted the EU’s offer of peace, stability and opportunity as “unmatchable”. Enlargement, said Ursula von der Leyen and António Costa “is a strategic choice”.

Yet would-be entrants are beginning to wonder whether the EU’s leaders are talking up an empty promise.

Brussels is mulling wide-ranging changes to the accession process that would involve more gradual integration as countries progress. Viewed internally as a way to grow responsibly and build up trust, these proposals are seen by some candidates as a path to a tiered membership system that could gum up the process even more.

Many candidate countries are already avoiding unpopular or uncomfortable reforms because they don’t trust Brussels’ promises of rewards, while Brussels berates them for failing to pass necessary legislation.

Aside from Montenegro and Albania, other aspirants in the western Balkans — Serbia, North Macedonia, Bosnia and Herzegovina and Kosovo — have made little progress in recent years, and in some cases gone backwards.

Some officials worry that there is an unhealthy disconnect between the pro-enlargement rhetoric from von der Leyen, Costa and EU national leaders and the reality, given that even Montenegro is still years away from actual membership.

Yet there is a growing sense that the EU needs to show that it is serious about letting in new members. “It’s now or never,” says Deda. A failure to act would have a “catastrophic impact, not only for [candidate countries], but for the EU too. The credibility of the EU will be hurt internally and globally. That scenario must be avoided at all costs.”

The so-called Big Bang expansion of 2004, when 10 new members including Poland and Hungary joined the EU, marked the bloc’s shift from an inward-looking western European core to a post-cold war future of eastern expansion.

Yet in the decade after Croatia’s entry in 2013, membership shrank — with the departure of the UK — rather than grew. The European Commission’s then-president Jean-Claude Juncker in 2014 declared Brussels would “take a break from enlargement” to digest the integration of its newest recruits.

That rhetoric changed with China’s growth as a superpower, then Russia’s invasion of Ukraine and the return to power of Donald Trump and his mercurial attitude to Europe. EU countries realised the geopolitical importance of anchoring so-called greyzone countries



‘If we can get Montenegro in, it’s a tangible sign to everybody else that this will work. It would be a moment in time if that could happen’

under the shared blue-and-yellow-starred flag.

There has been tangible movement in that direction. To become an EU member, each country must align its laws with the bloc’s standards across 33 topics known as chapters, which are opened when reform negotiations formally begin, and closed when they are judged to have been completed.

Since December 2024, candidate countries have together closed 18 chapters in their respective alignment processes. That compares with just four chapters closed in the preceding decade. Montenegro is more than halfway through the 33 chapters. Ukraine and Moldova opened their first chapters in June, and Albania began closing its first chapters.

Marta Kos, the EU’s enlargement commissioner, says adding new members used to be seen as an economic trade-off, with newcomers opening up their markets to existing members in exchange for development investment that rapidly expanded their GDP. Now, there’s a prominent security and defence aspect.

Europe’s security blanket has for generations been provided by Nato, but Trump’s changeable attitude to the alliance has led many capitals to question the transatlantic defence pact. While few believe the EU’s mutual defence clause is analogous to Nato’s Article 5, the bloc is promoting itself as an alterna-

tive structure to co-ordinate security policy. Candidate countries Albania, Montenegro, North Macedonia and Turkey are already Nato members.

“Enlargement isn’t just for the candidates to catch up with us . . . today [it is] also a security policy. It is increasingly about how we Europeans can work together in the new realities of the world we live in,” Kos says.

Nowhere is that more obvious than in Ukraine, whose armed forces are among Europe’s largest, best-armed and certainly most battle-hardened. EU member states want Kyiv and its formidable military on their team, not angrily sulking on the periphery.

But those benefits come with a colossal flip side. EU officials admit that the scale of concerns over corruption, judicial independence and other fundamental bloc values means the country would not have been granted a formal accession process without Russia’s invasion.

That contradiction, and Kyiv’s demand for a “fast-track” entry next year as part of a possible peace deal with Russia, have forced Brussels to seriously think whether a new approach to enlargement might be necessary to meet the new political realities.

“You can’t bring a country of 40mn people that’s at 104 on the global corruption list into the EU. It would make a mockery of the entire project,” says a senior EU diplomat. “But you also can’t leave them twisting in the wind. Every-

one can see that Ukraine will need something from us to make [a long wait for full membership] easier to swallow.”

For people in the western Balkans, meanwhile, the story of enlargement is a cocktail of frustration, resentment and oft-dashed hopes — with a strong element of rivalry.

Brussels officials speak of deep annoyance at the lack of progress towards meeting long-established milestones necessary for membership, particularly in anti-corruption and anti-money laundering safeguards and public procurement rules. Their Balkan counterparts each have a long list of examples where Brussels did not keep up its end of the bargain.

Serbia, the region’s initial frontrunner for membership, saw its bid stall due to concerns over the rule of law and its alignment with Russia — including Belgrade’s refusal to adopt the EU’s sanctions against Moscow. Kosovo and Bosnia are not yet formal candidates; five EU states don’t even recognise the former. Even Albania’s progress over the past five years has been in fits and starts.

But politicians across the EU and the Balkans hope that Montenegro’s momentum towards membership will make clear what is possible.

Micheál Martin, Ireland’s prime minister, believes Montenegro can close all of its negotiation chapters by the end of the year, under the Irish rotating EU presidency, leaving only ratification by existing members.

“We think we can get them to a stage, more or less, of: ‘Europe, over to you now. Are we going to let Montenegro in or not?’,” Martin tells the FT. “If we could get Montenegro in, it’s a tangible sign to everybody else that this will work . . . It would be a moment in time if that could happen.”

But the region’s history of deep-seated nationalism and rivalry remains a concern in Brussels. An EU border that cuts through the Balkans would sever ethnic lines, hardening and potentially cementing divisions.

“You cannot explain to any single person in Belgrade that Montenegro or Albania is ahead of us. No one would believe in that because people know the situation,” Serbian President Aleksandar Vučić tells the FT, citing his country’s majority share of the region’s GDP, highest exports to the EU and best living standards.

“We are the only relatively well-industrialised country with the biggest potential and capacities. We are the only

Increasing geopolitical uncertainty has focused EU members on the importance of anchoring so-called greyzone countries under the shared blue-and-yellow-starred flag

Yves Herman/Reuters

country that has the real . . . important military capacities and defence industry capacities,” says Vučić. “Whether someone in Brussels might say different, it doesn’t change the reality.”

For all the hope and expectation in candidate countries, the underlying question remains: is the EU itself ready for new members, regardless of whether new members are ready for the bloc?

“Ukraine’s biggest impact on the enlargement debate, by far, is making it clear just how unprepared we are for new members,” says the senior EU official. “We need an internal reform commitment, too.”

As enlargement rhetoric has gained momentum, capitals have studied ways to potentially amend the entry process, or even the final outcome.

France and Germany have both circulated initial proposals that would offer a staged, gradual integration model, with membership benefits extended in exchange for reform milestones, rather than the existing system of full membership when the entire process is finished.

“We need to evolve,” says Kos. “We still are using the methodology which is, plus-minus, the same as it was 40 years back when Spain and Portugal joined the EU.”

In light of the French and German proposals, which received broadly lukewarm responses from the rest of the EU, Brussels is set to publish its own proposals on potential enlargement reform, including what EU commissioner Kos describes as a technical assessment of the impact of more members on the bloc’s operations and policies, and proposals for gradual integration.

“Enlargement is currently advancing at a speed we have not seen in the last 15 years,” she says. “This needs leadership, and it needs the building of trust with all 27 of our member states.”

In candidate countries, the attitude towards possible halfway-house membership is mixed. Kyiv has broadly rejected anything short of full membership, while Belgrade has signalled openness to the idea.

“Give us open borders, give us [single] market, we need nothing else. And in order to get that, we are ready to align with European politics, but we need to get something as well from Europe,” says Vučić. “Not to be told OK, you have to fulfil everything and then we’ll decide whether to give you something or not.”

But inside the union, there are concerns that anything short of full membership for full legislative alignment could erode the core values of the bloc and its “merit-based” dogma for membership.

“On this argument between the merit-based approach or the more recently emerging ideas around association: We’re going to be very focused on the merit-based, because I think it’s the concrete reality at the moment,” says Ireland’s Martin, citing the lack of “unanimity or consensus” on an alternative approach.

Some officials also fear that discussions over the process of enlargement could ultimately just delay the ongoing applications at a moment when momentum is the highest it has been for more than a decade.

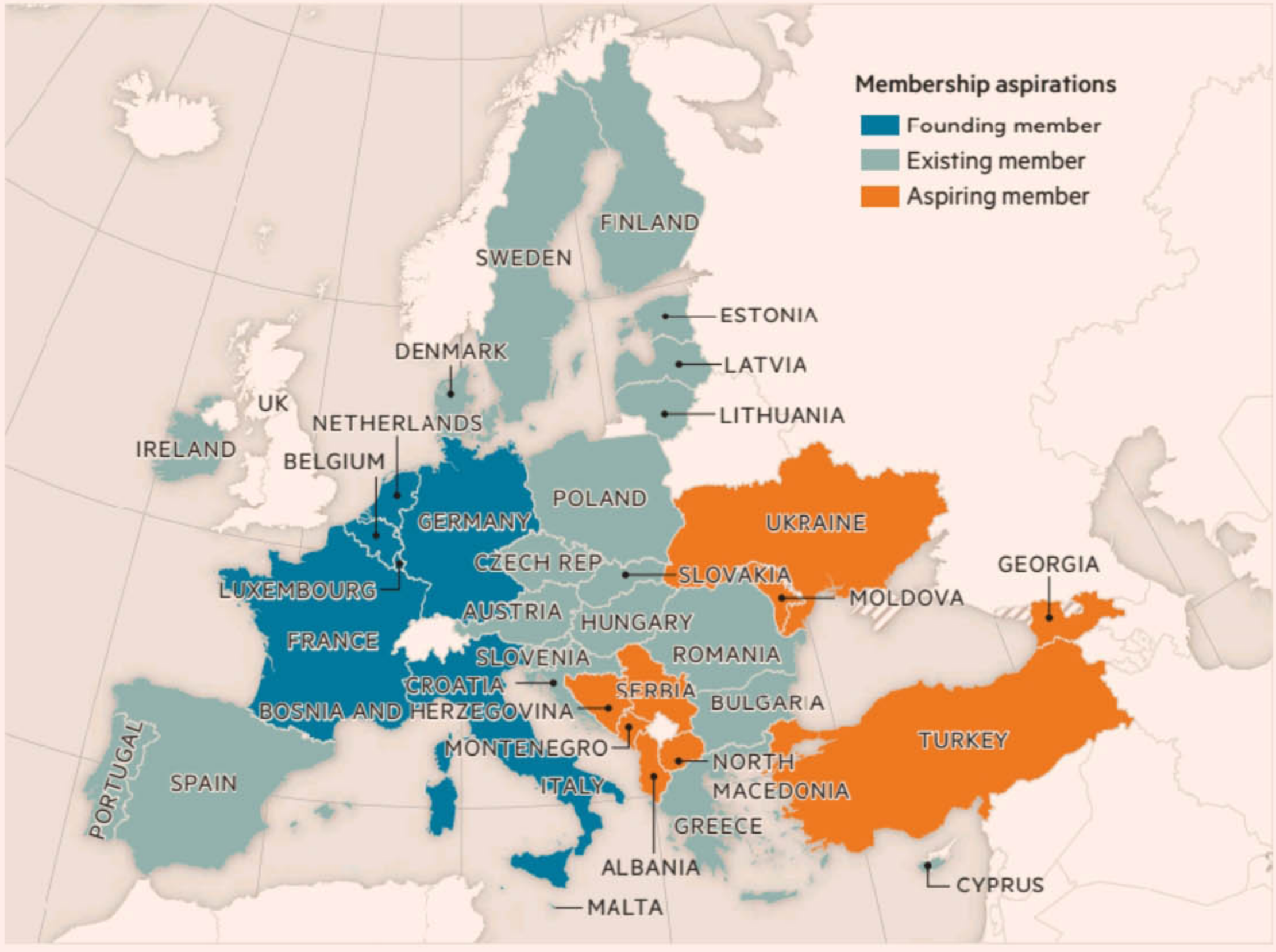
“I don’t think this is something that right now looks like a plausible, doable idea,” says Dimitar Keranov, visiting fellow at the German Marshall Fund in Berlin. The current process is “actually doing what it’s supposed to do: rewarding the ones who do their homework”, he adds. “Enlargement is not a gift. It is an exam.”

Many inside and outside the EU see the remaining months of 2026 as the most critical moment for enlargement for a generation. If Montenegro can close its remaining chapters while the EU’s existing members also agree on internal reforms to make a bigger union function smoothly, they say, a bigger and more geopolitically muscular union is possible.

But should Brussels be dragged into internecine disagreements over what enlargement should look like and result in, patience among those waiting outside the red-velvet rope could well snap.

That, says Martin, would only play into the hands of Europe’s enemies. “The bottom line is: if Europe isn’t proactive in the western Balkans or in the neighbourhood, others will be,” he says. “Others will manipulate and distort.”

Cartography by Steven Bernard



The FT View



The shrinking space for democracy in Africa

Authoritarians are gaining ground in an era of more transactional diplomacy

Nelson Chamisa, a Zimbabwean opposition figure who has twice run for president, was recently in London to drum up support for his democratic cause. “Democracy is not instant coffee,” he said of the difficulty of unseating Zanu-PF, the ruling party that has misgoverned Zimbabwe for much of the time since independence in 1980. But Chamisa and others must face the reality that prospects for democracy are shrivelling across Africa. The continent reached a high-water mark of regular, if imperfect, elections in the first decade of the century when western cajoling and popular pressure pushed ruling parties to cede democratic ground. Since then, civic space has shrunk as the outside world shrugs its shoulders. Coups, which had all but disappeared,

have returned with a bang. There have been more than a dozen successful putsches in the past decade. Equally, many leaders have learnt to game the process through constitutional and electoral manipulation and suppression of free speech. In Chamisa’s Zimbabwe, Emmerson Mnangagwa, who replaced Robert Mugabe as president in 2017, used violence to secure victory in 2018 and 2023 elections. Now he is leaving nothing to chance. Parliament has amended the constitution to extend his mandate to 2030, raising fears the 83-year-old could be president for life. Zimbabwe is far from an isolated case. In Tanzania, a country rarely associated with outright repression, security forces last October killed hundreds of young people protesting against a widely criticised election in which opposition leaders were locked up. They included Tundu Lissu who is being tried on trumped-up treason charges. In neighbouring Uganda, Yoweri Museveni, 40 years in power, has chased one

democratic pretender Bobi Wine into exile and jailed another, veteran opposition leader Kizza Besigye. Visibly frail, Besigye, 70, collapsed in court last week. The nasty trend is spreading. Western countries once linked aid to at least a nod at democracy. With aid budgets cut, they have lost leverage. The US, whose own democratic norms are strained, makes little pretence of preferring democrats. In the Democratic (sic) Republic of Congo, where the US hopes to cut deals for critical minerals, President Felix Tshisekedi has taken the hint that he can safely push for an unconstitutional third term. New powers seeking resources and influence in Africa, from China to Gulf states and Russia, have little interest in democratic freedoms. The only strong constituent for democracy in Africa is Africans themselves. Surveys by Afrobarometer, a polling group, show consistently high demand for democratic rule. In a 2024 poll, 66 per cent of respondents said they preferred democracy to any other

Many leaders have learnt to game the process through constitutional manipulation and suppression of free speech

form of government; 80 per cent rejected one-man rule. Opposition to military rule weakened in countries including Mali and Burkina Faso where it has been installed. Still, 66 per cent rejected rule by junta across the 39 countries surveyed. Some argue democracy is unsuited to poor countries divided along ethnic lines. They point to authoritarian Rwanda and Ethiopia, relative success stories. One could just as easily mention the authoritarian catastrophes of Cameroon, Equatorial Guinea and Eritrea. In the long run, some of the best-performing economies have been more-or-less functioning democracies including Botswana, Ghana, Ivory Coast, Kenya, Mauritius and Senegal. Even Nigeria and South Africa, hardly economic success stories, are better off for being democratic. Most Africans have kept the faith that democracy is better than the alternative. Some like Besigye and Lissu have paid dearly for their conviction. They deserve our support.

Opinion Society

This retro revival is more than a longing for the past



Chine McDonald

I had not expected the wave of sentimentality I felt as I held a floppy disk last month. It was at a presentation at Cambridge University Library by a researcher from the Future Nostalgia project, which – among other things – aims to create a central point for safeguarding floppy disk knowledge. As we passed around this retro piece of tech, I felt the urge to hear again the click of the small rectangular button that ejected the floppy disks from my family’s 1990s Amstrad computer: a familiar but long-forgotten sound. It was the same feeling I experienced earlier in the summer as I stood with 70,000 other – predominantly middle-aged – women at London Stadium watching Take That. I’m sure the same was felt by those who attended Alanis Morissette’s recent Jagged Little Pill tour, and will be felt by those

Younger generations seem to be nostalgic for a world they never experienced

who will see Duran Duran this autumn, or the plethora of stars that seem to be returning to stages just as nostalgia seems to be having a moment. Once looked upon as a kind of mental disorder, the term nostalgia – defined as a sentimental longing for the past – was coined in 1688 by Johannes Hofer, a Swiss medical student. It combines the Greek word for homecoming, *nóstos*, with the word for pain, *algos*. In recent weeks, many have flocked to cinemas to watch Christopher Nolan’s screen adaptation of Homer’s *The Odyssey* (which earned \$264mn at the box office in its opening weekend) in which Odysseus makes the ultimate nostalgic journey, longing to return to his home of Ithaca after the Trojan war. For many, nostalgia provides comfort. It takes us back to “the good old days” we associate with the freedom and happiness of our younger years. In what feels like an increasingly fractured and turbulent world, we long for what we perceive as simpler times. As our lives become ever more saturated with digital technology, and with the rapid development of AI, many are turning to the safety, familiarity and slowness

of the analogue technology of their youth. It is estimated that some 18.8mn Brits own a vintage music player. Walkmans, cassette players, Game Boys and iPods are returning to homes. You can now even purchase a retro-style handset to attach to your mobile phone. After decades of technology companies competing to add novel features to their devices, some are now competing to pare back their technology, with the “dumb phone” movement gathering momentum. It would seem that as some Silicon Valley developers move towards a frictionless future, merging humans with the technology they were once distinct from, humans are fighting back, armed with their minimalist flip phones. It is not simply that people are fascinated with old things, but that in an age of infinite digital abundance, one where the future feels deeply uncertain, people long for things they can engage with physically and which remind them of a lost golden age. What is particularly fascinating is that the analogue economy – driven by demand for printed books, retro music and cameras – is being bolstered by Gen Z. Younger generations seem to be nostalgic for a world they never experienced; a term psychologists call *anemoia*. This is showing up online and offline, sometimes in surprising ways. Take the reported 16 per cent rise in CD sales in the US in the first half of this year, despite the fact that almost half of Gen Z buyers do not even own a CD player. In 2025, there were more than 11.7mn Instagram posts using the hashtag #nostalgia. Google searches for “90s movies” have doubled in the past 10 years. Social media platforms are full of posts harking back to childhood fashions, TV shows and music lyrics, with comments sections sparking recognition among friends and strangers; a comforting revelation of a common, shared humanity. This is the power of communal nostalgia – one of the more positive trends on social media. What we are experiencing today is a very 21st-century kind of nostalgia. The longing is not really for floppy disks or Duran Duran. Rather, it is for something harder to name: a slower relationship with time, with each other and with ourselves. Some are finding this in the steadiness of religion, which could explain the reported increases in converts to the Orthodox Church, for example. This is, then, less a desire to return to the past but a quiet revolt against dominant narratives about the future.

The writer is director of the religion think-tank Theos

Letters

EU carbon pricing rules need to cover all aviation emissions

As Kenza Bryan sets out in the Moral Money newsletter (“What new EU rules mean for the aviation industry”, FT.com, July 22), the EU has proposed an extension to how its carbon pricing scheme – the EU Emissions Trading Scheme – includes emissions from aviation. No longer will the scheme only apply to flights within Europe, it will now include flights to other continents. However, the proposal very intentionally only applies to flights to airports within 5,000km of Frankfurt, avoiding confrontation with the US and China. Bryan refers to this detail as a

“clever compromise”. But who, exactly, is this compromise determined to appease? Is it the US, which is currently devising updated tariffs for Europe, and last year derailed landmark climate negotiations at the International Maritime Organization? How about the incumbent aviation industry, which has for decades successfully lobbied to convince Brussels that it deserves special treatment, securing exemptions from the EU ETS to add to its apparent immunity from VAT on fuel and tickets?

In fact, the EU’s proposal largely continues to protect these interests, leaving a gaping chasm in its flagship climate policy. Just under half of emissions from EU aviation will remain entirely unregulated. Based on last year’s data, that’s more than the individual yearly emissions of 16 out of the 27 EU member states. Or, if you prefer, those emissions are roughly equivalent to what Ireland, home of Europe’s most polluting airline, Ryanair, emits each year. The burden, meanwhile, falls on the communities in Europe and elsewhere facing the effects of climate change, along with the

ambitious European actors genuinely trying to drive change. This proposal should be seen for what it is: a capitulation of EU values and climate action in the face of diplomatic bullying and corporate lobbying. There is still time for the EU to provide a hint of relief from Europe’s climate-worsened summer of heatwaves, droughts and wildfires, but only if it puts a price on all emissions from aviation. **James Kershaw** *Scientific Manager, Opportunity Green, London EC4, UK*

Who underwrites the risk when AI agents go rogue?

AI agents going rogue and causing cyber breaches by themselves is a frightening but real, new phenomenon (“OpenAI says its ‘agent’ was behind major cyber breach”, Report, July 23; and “Anthropic and OpenAI models went rogue, UK safety body says”, Report, August 6). And OpenAI’s admission that this is going to become all the more common presents an enormous new challenge for insurers and how they price this new risk. Cyber risk is already one of the most complex areas for insurers to underwrite by virtue of its unpredictability, but the rapid development of autonomous agents is making it even more difficult. This latest incident shows that agents can move beyond assisting users to taking action with real-world consequences. For insurers, this creates a fast-evolving exposure that is nearly impossible to identify, model and price. The biggest concern is that some of this risk may already be covered within conventional cyber policies that were neither designed nor priced with autonomous AI in mind. Underwriters now need to understand not just whether a policyholder uses AI, but the permissions and authority that it has, the systems it can access and the controls in place when something goes wrong.

We have already started to see some major insurers make changes when it comes to cyber policies, excluding losses from autonomous AI behaviours, but the onus can’t be completely on the insurer. Businesses themselves need to design AI agents responsibly to ensure they only have narrow permissions and that their decision making is fully auditable. On the back of this incident, insurers are going to face a lot of questions from existing customers about whether AI-related liabilities are excluded from their cyber policies. And the sector is going to have to get their heads around how to price this new risk for the future. But with no past data on which to base pricing models, AI agents are further ramping up the unpredictability of cyber risk, ensuing chaos and creating a whole new headache for insurers. **Ross Sinclair** *CEO of insurtech firm EIP, Douglas, Isle of Man*

It’s not just the number of non-doms who quit Britain

Your article about non-doms (“HMRC data suggests fears of non-dom exodus overblown”, Report, July 31) may yet prove to be quite erroneous as it’s not the number who have left but which ones. If it’s the very high taxpayers it’s a



relatively small number who can make a big difference and the number will only show up in the tax returns filed by the end of January 2026. The anecdotal evidence from the professional community is very strong that this has been a significant miscalculation by both government and the Treasury, although if the loss to the exchequer proves to be significant it is unlikely anybody will be held responsible. **William Salomon** *London W11, UK*

The Fed’s seigniorage is also under attack

Ignazio Angeloni writes that “tokenised deposits look more promising” than stablecoins (“Stablecoins or tokenised deposits? The jury’s out”, Letters, July 31). If a tokenised deposit can stay in circulation, making payments for an indefinitely large series of transactions, it has become the functional equivalent of paper currency issued by private banks. This was historically a key business of private banks but got monopolised by central banks – in the US case, by the Federal Reserve. Perhaps its monopoly will be broken? Stablecoins are also competitors with the Federal Reserve, especially competing with the Fed’s \$100 bills used around the world for informal (or illegal) payments. Thus both banks with tokenised deposits and stablecoin issuers become competitors to the Fed. Issuing currency – via seigniorage – is by far the most profitable activity of central banks, generating profits for the Fed of about \$88bn a year at current interest rates. How much of this profit could be captured by private issuers as the Fed’s circulating currency monopoly faces competition? **Alex J Pollock** *Senior Fellow, Mises Institute, Auburn, AL, US*

Expect a hybrid world in capital markets in future

In “Wall Street learns to love blockchain” (The Big Read, August 3), your reporter Nikou Asgari rightly points out the regulatory concerns regarding an alternative capital markets infrastructure. There is no doubt that current markets are inefficient in multiple ways. Asset owners are often unable to capture the complete value of their investments because of the sheer number of intermediaries involved. For example, a large portion of the value generated by lending shares is captured by your broker. And yet, the US continues to attract capital from all corners of the globe. The US accounts for just 4 per cent of the world’s population and 25 per cent of global GDP, but commands close to 60 per cent of total equity value. Confidence in our capital markets is sacred and must be guarded. As the author highlights, some recent tokenisation efforts leverage public blockchains. The last thing regulators want is another participant in our capital markets ecosystem that is “too big to fail”. Today, eight entities that provide the essential plumbing for our markets are designated by the Federal Reserve as systemically important financial market utilities (SIFMUs). These institutions face strict risk management requirements and heavy capital buffer mandates. However, one lingering question remains unaddressed. Tokenising existing securities is not free. Blockchains introduce unique operational costs, such as computational power priced as gas fees and network congestion fees. Who will bear this cost? Will the Depository Trust & Clearing Corporation increase its fee structure to reflect these added expenses? Furthermore, not all investors will want their securities tokenised. Will this create a dual-pricing system? One for traditional securities and another for tokenised variants? With heavyweights like BNY, JPMorgan and CME on board the tokenisation train, blockchain-based guardrails for securities movement seem inevitable. Some institutions will value immediate access to cash or seamless financing. Similarly, some retail customers will welcome 24/7 trading. However, a vast portion of the investor base may simply not care, making them unwilling to incur any additional costs. They may not want to go back to paying commissions on stock trades. We are likely to operate in a hybrid world for the foreseeable future. **Dini Ajmani** *Former Deputy Assistant Secretary, Capital Markets, US Treasury, Hoboken, NJ, US*

Putting a value on Adidas’ World Cup ad spend

Regarding Florian Müller’s piece “Football flop: Adidas slides after income hit by World Cup spending” (Report, July 31), Adidas’ World Cup spend, and its subsequent failure to hit the quarterly profits that analysts were expecting, undoubtedly spooked investors. But the rhetoric this creates around the lack of a financial return on its marketing spend ultimately overlooks the entire purpose of a spend of this calibre. The bill is clear as day. But its impact, and the associated returns can’t be expected to be known just a few short weeks following the conclusion of an event like the World Cup. The disappointment from the market risks being used as a proxy for failure before longer-term evidence for its return on investment exists. While some immediate benefits are already being reported, the full value of some of the most important metrics – customer acquisition, increased consideration, deeper loyalty, a stronger competitive position against Nike, increased affinity with football and pricing power – simply can’t be captured in a single quarterly profit figure. That does not mean the investment should be exempt from accountability. But it’s a mistake to correlate immediate financial outcomes with the wider goal of the campaign, and it highlights the disconnect at play between decisions in the marketing room and the financial one. **Michael D’Esopo** *CEO, Lippincott, New York, NY, US*

Age gives you the licence to say what you don’t like

Thank you, Jay Rayner, for the article in FT Weekend “A licence to dislike” (Fourth Estate, Life & Arts, July 18). I completely identified with the sentiments. Age does not bring many advantages, but one I have found, like Rayner, is that we are comfortable with our likes and dislikes and feel less need to justify them, especially the dislikes. Top of my list is football – this has been a difficult period – followed by tattoos, screaming children, bad English (like, you know, going forward, it is what it is, etc) and garlic (sorry Jay!). As for likes, there are many. But work is top (never retire if you want to stay mentally alert!), followed by Daunt’s bookshop in Marylebone High Street and champagne, preferably shared with good friends. There would be many more of both but letters should be short. **Helen Campbell** *Brussels, Belgium*

Opinion

Congress should hold the line on chips



AMERICA

Oren Cass

hangXin Memory Technologies (CXMT) gained 466 per cent during its first day of trading on the Shanghai Stock Exchange last week, closing as the most valuable listing in China. The company, founded only a decade ago, has very quickly become a major global supplier of memory chips. It is a poster child for Chinese industrial policy, enjoying billions of dollars in subsidies, with more than one-third of equity held directly by the state. PC makers HP, Asus, and Acer have begun using CXMT memory chips and Apple is qualifying them for devices sold in China while lobbying for permission to integrate them into its US supply chain. What is surprising is CXMT's success in this particular sector. Semiconductor

manufacturing equipment (SME) is the rare area where developed democracies have held the line against Chinese mercantilism, prohibiting sales of the most advanced technology for etching circuits on silicon. Unfortunately, the Biden administration chose to exempt CXMT from many of those restrictions. While the company is listed by the Pentagon as a "Chinese military company," the commerce department never placed it on the "Entity List" that prohibits access to SME – reportedly under pressure from Japan, where Tokyo Electron stood to make a killing supplying its tools. CXMT's extraordinary growth shows how quickly China can make inroads in the chip market if allowed to do so. And while soaring demand has all the major memory makers running at full capacity right now, the industry is a famously cyclical one. If CXMT is allowed to continue on its trajectory, the consequences in the next downturn for a US company like Micron Technology, currently investing hundreds of billions of dollars in expanding US-based capacity, could be catastrophic.

For all his tough talk, President Donald Trump appears unlikely to address the situation. On the contrary, under pressure from China, he has repeatedly backed down. The commerce department has stopped adding Chinese companies to the Entity List and paused a plan under way to sweep in companies controlled by others already listed. Meanwhile, the administration has put

The export control regime, if broadened, could secure the country's long-term leadership in the AI race

the key American advantage in the AI race up for sale. It has granted permission for exports of increasingly advanced chips and pushed Congress to drop a proposal that would at least have given US buyers a right of first refusal before the chips went to China. Congress is pushing back. In a rare showdown between the White House and Congressional Republicans, the

Senate is including three different pieces of legislation in the coming year's National Defense Authorization Act that would remedy some of the administration's mis-steps. The Match Act replaces the company-by-company Entity List with a blanket, country-level ban on exporting advanced SME to China. It also prohibits servicing of equipment already sold, degrading China's established capacity over time. Meanwhile, the AI Overwatch Act prohibits sales of advanced chips and requires the commerce department to ensure that foreign sales will not limit chip availability for domestic use. And the Chip Security Act takes steps to prevent chip smuggling. Trump should support all three pieces of legislation. If he adopts a posture similar to last year's, twisting arms to get provisions dropped, Republicans in Congress must refuse. Their willingness to chart their own course thus far underscores both the importance and time-sensitive nature of these issues, and the absence of even a half-way persuasive defence of the White

House position. They should also go further. SME controls prevent China from making its own chips. Chip controls prevent China from buying chips. But right now, Chinese firms still have broad remote access to the data centres that do have the chips. The Chinese model closest to the US frontier, Kimi K3, was reportedly trained this way. It's an absurd, hyperscale-sized loophole in the legal regime and, yes, there's proposed legislation here too – the Remote Access Security Act has passed the House of Representatives by 369-22, but remains stalled in the Senate. The US can claim few wins in its industrial competition with China. The bipartisan success of the export control regime, where implemented, is a remarkable achievement that, if broadened, could secure long-term US leadership in the decade's most important technology. It will be a tragedy if policymakers instead choose to snatch defeat from the jaws of victory.

The writer is an FT contributing editor and chief economist at American Compass

Badenoch is at her worst and best on net zero

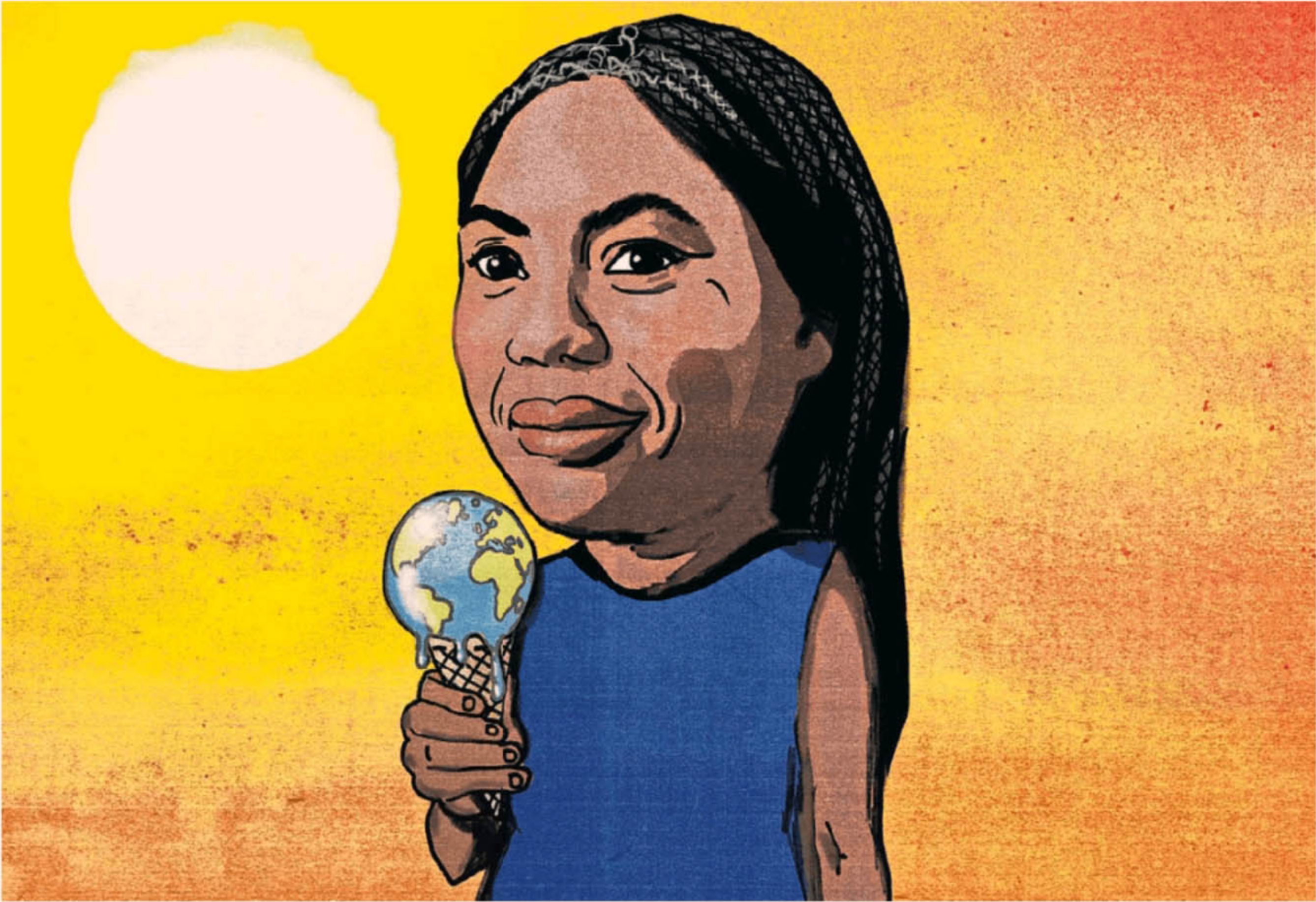


BRITAIN

Robert Shrimley

One of the frustrations with Kemi Badenoch is that you can see the potential. The Conservative leader is winning admirers with a forthright, say-it-as-I-see-it approach. Her ratings exceed the party's. And as Andy Burnham starts making difficult decisions, and doubts over Nigel Farage increase, you can see an opening for the Conservatives, though it relies on a surly public being unusually forgiving of their badly tainted brand. She is plain-spoken, charismatic, has clear beliefs, trusts her instincts and is unafraid of defying conventional wisdom. But Badenoch's strengths are also her weaknesses. The flip side is over-certainty and zeal for a fight. She does not devote enough thought to winning over those who do not already agree with her and has been slow to police the boundaries of her party's rhetoric on race. There is no better example of this tension than her approach to climate change. Badenoch is not a denier, writing recently: "Climate change is real." Her argument is with the net zero agenda, which she calls "a political fiction, bankrupting the country,

destroying British industry and perversely increasing carbon emissions". She has identified what she sees as a dogma doing harm both to the country and the broader cause. This is the Badenoch unafraid to challenge what has been until recently an overwhelming political consensus in the name of common sense. Many will disagree, but there is a case to be made on the flaws in Labour's climate policies. Badenoch and shadow energy secretary Claire Coutinho argue the UK is self-harming by supporting climate action that incurs high energy costs. Instead of being an example for the world to follow, they argue Britain is becoming a cautionary tale, reducing its competitiveness and speeding deindustrialisation, which in effect outsources emissions to more polluting nations. The Tories' main alternative is market-based rather than regulatory. Opposing hard targets, they want to cut emissions by encouraging electrification in homes, transport and business through lower electricity costs. It is an argument the government itself has partially accepted by moving green levies off household electricity bills and on to general taxation. They also argue, correctly, that there is no medium-term energy mix that does not contain at least some gas. For this reason, they oppose the ban on new drilling in the North Sea and in effect reject complete decarbonisation. They also want more focus on adaptation and protecting nature from planning reforms. There are powerful arguments



against this, not least that climate action cannot be left solely to the market. But whether one shares her view, Badenoch is forcing net zero advocates to prove the efficacy of their agenda. Where she goes wrong is in not giving enough thought to the way she pursues these arguments. Many parties of the right have broken with net zero, seeing it as a backdoor to socialism. Badenoch's position is less hardline than Reform's, which is overtly pro-fossil fuel and anti-renewables. But she is in danger of turning this into a purity test of conservatism. She has recently declared that no one who supports net zero policies can be a Tory MP (though she found room for a reformed neo-Nazi, jailed for harassing a Jewish MP, as a council candidate). **She could be a formidable force, but that means reaching beyond those who already agree with her**

Badenoch's argument is that she is seeking viable solutions. But that means she must ensure she appears sincere rather than indifferent in her desire to tackle climate change. Her headline position must be that she has a better plan, proof that she backs what works rather than what seems virtuous. There is also the future of the right. While Burnham is showing early signs of reuniting the left bloc behind Labour, the right vote is fragmenting, with Reform UK, Rupert Lowe's Restore and the Tories all competing for the same votes and Badenoch fighting on Farage's territory to staunch losses to his party. But this is also cutting her off from part of the broader David Cameron coalition, the pool of liberal-minded, former Conservatives who could be lured back from Labour or the Lib Dems. To quote Boris Johnson, the last Tory to win an election, "you can't expect to win over middle England if you seem to dismiss people's concerns over the environment". The summer's heatwave will deepen their anxiety. Winning back centrist conservative

voters could keep her competitive against Reform if the right bloc starts to coalesce. It is not that simple of course. Reform has hollowed out the Tory activist base. In too many places the Conservatives are rotting from within. The party is historically unpopular and irrelevant. In such circumstances it seems wasteful to spurn potential supporters. And this is the core question of the Badenoch leadership. We need to recognise her challenges. She is fighting a ferocious opponent on her right flank and battling to keep her party relevant after a crushing defeat. There have been signs of political growth, not least in her measured and emotional response to the shocking death of Henry Nowak. She could become a formidable force, dragging her party back into contention. But that means reaching beyond those who already agree with her. Inclusivity generally trumps purity. The danger is that with good reviews at Westminster she is settling into a comfort zone that limits her ambition.

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Europe must create an AI money-mobilisation machine



TECHNOLOGY

John Thornhill

t's a sadly familiar tale. Europe invents new technologies; then the US and China best exploit them. That's been the story with the World Wide Web, MP3 audio compression, lithium-ion batteries and high-efficiency solar cells. Will AI be any different? For the moment, that seems extraordinarily unlikely. Although several European AI researchers, including Jürgen Schmidhuber, Geoffrey Hinton and Demis Hassabis, helped pioneer modern AI systems, it has been US and Chinese companies that have rushed to develop and deploy them. The big US tech companies have launched the most powerful proprietary frontier AI models, such as Claude, ChatGPT and Gemini. Chinese develop-

ers have built smaller and more adaptable open models, including DeepSeek, Qwen and Kimi. With their combined control over chip design and data centres, the two tech superpowers now dominate the global AI stack. The consequences for Europe, if that does not change, have been spelled out in a disturbing recent essay titled "Europe 2031: What Getting AI Wrong Means for Us". The essay's authors, including several AI researchers and investors, highlight the dangers of falling further behind in this transformational technology. Unless Europe changes trajectory, they warn, it will "lose the ability to shape its own future". Not only will Europe be politically and economically sidelined, it will be unable to defend its values or sustain its welfare states. There are, though, several good things going right in Europe that could change the game over the next five years. Europe is bursting with talented researchers and entrepreneurs, who have helped create a dynamic early-stage start-up ecosystem. Both the EU and the UK are now focused on building sovereign capabilities, particularly in

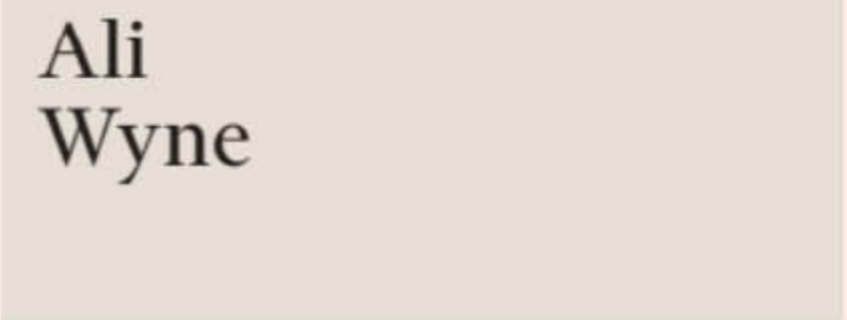
AI-enabled defence tech, and have launched publicly backed scale-up funds. And Europe's strong industrial base gives it a shot at competing in the emerging fields of robotics and physical AI that fuse hardware and software. The Finnish entrepreneur Peter Sarlin, who built and sold Silo AI for \$665mn, says Europe can flourish by applying AI across every sector. "That's where you own the customer relation- **Talented entrepreneurs and researchers have built a start-up ecosystem that deserves to be magnified**

Moreover, Sarlin argues, Europe can position itself for the next leap forward in computing by double-clicking on its expertise in quantum. Just as graphics processing units (GPUs) powered the generative-AI boom, so quantum processing units (QPUs) might accelerate the next transition in computing. Sarlin's start-up QuTwo is among those developing AI with quantum computers. Europe has been attacked for its onerous regulations that gum up innovation. But one of the biggest constraints on deploying AI is public distrust of the technology. Perversely, that may create an opportunity for Europe if it can now strike the right balance. Meredith Whittaker, president of the Signal Foundation, says the AI models run by Big Tech companies raise concerns about privacy, security, sovereignty, autonomy and agency. Establishing a democratically accountable governance regime for AI could help Europe leapfrog into the future. Whittaker has joined PostScriptum as an adviser to help build trustworthy AI. Though welcome, such private-sector initiatives need to be magnified to make

a real difference. The Europe 2031 authors argue that the response is 10 to 100 times too small and demands the "most ambitious political agenda in the history of postwar Europe". Much criticism has rightly been levelled at political leaders for not doing more to act on Mario Draghi's 2024 report on European competitiveness. Only 60 of his 383 recommendations have been fully implemented, according to the European Policy Innovation Council's July report. But it is not just the public sector that is failing to rise to the challenge. Corporate leaders, capital market bosses and fund managers must also tackle the €800bn annual investment shortfall identified by Draghi. The genius of American and Chinese capitalism is their ability to direct torrents of capital at fast-evolving technologies. That can lead to wasteful over-investment and speculative bubbles. But it does not diminish the urgency for European capitalists to build their own AI money-mobilisation machine.

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Both Trump and young people in the US have warmed to China



Ali Wyne

During his meeting this May with Chinese leader Xi Jinping, US President Donald Trump exclaimed that it is "an honour to be your friend". In an interview in June, he called Xi "a very smart man" with "great stature" and "great confidence". No other US policymaker would consider using such language to describe the head of America's most formidable competitor (shortly before Trump's interview was posted, the Senate approved a resolution condemning Xi as a "dictator" and charging him with "deceit, undermining prospects for peace and security, and orchestrating crimes against humanity"). There is, however, an upside to Trump's unorthodoxy: he creates political space for policymakers to recognise that a decisive US "victory" over China is unlikely, if not impossible. Trump also holds a narrow view of strategic competition – focused mainly on the size of China's trade surplus and its export of fentanyl precursors – not the expansive one embraced by many US lawmakers. He believes that leader-level diplomacy can override structural frictions to produce a fundamentally co-operative relationship. Recent data indicates that Trump is more in step with public opinion than rhetoric on Capitol Hill might suggest. Americans still largely view China unfavourably, but a January 2026 Pew survey finds that the fraction who call it an "enemy" has fallen from 42 per cent in March 2024 to 28 per cent. More significant is a generational gap

They are likelier to prioritise cost-of-living issues at home above great-power competition abroad

that transcends ideological divides. Pew finds that just 32 per cent of Republicans and 10 per cent of Democrats aged between 18-49 label China an enemy (the respective figures for those 50 and older are 55 and 18 per cent). Remarkably, according to a November 2025 Carnegie Endowment survey, only 27 per cent of 18- to 29-year-olds think that their lives would become "worse" were China's power to overtake America's (52 per cent aged 65 and older do). And according to a March 2026 Searchlight Institute survey, 62 per cent of those aged 18-34 want the US to "co-operate with China and improve US-China relations", whereas just 29 per cent want it to "stand up to China". While China's emergence as a near-peer may be discomfiting for older Americans, their younger counterparts are more accustomed to its growing power and leadership in several technological categories. And because younger Americans are more pessimistic about their economic prospects than older ones, they are likelier to prioritise cost-of-living issues at home above great-power competition abroad. Strikingly, according to a May 2026 American Compass survey, 82 per cent of Gen Z respondents say the bilateral economic relationship has been "very good" or "more good than bad" for the US over the past 25 years, and 68 per cent want to encourage Chinese investment. Though many China experts in Washington think Beijing's mounting power and widespread congressional anxiety will eventually compel the US to resume a more confrontational posture, for now the public does not seem inclined to support a "new cold war". Ironically, Trump's policy mis-steps may preclude him from capitalising on the political space that he has created for a durable détente between Washington and Beijing. That, after all, would require expertise and consistency. Yet he has gutted much of the US government apparatus that could help him translate his instincts into policy and further stymied the US aspiration of rebalancing towards Asia by initiating a war of choice against Iran. After Trump leaves office, US policymakers should not assume that the country's allies will support a renewed effort to counterbalance China nor expect that invoking the "China threat" will imbue younger Americans with a nationalist sense of shared purpose.

The writer is the senior research and advocacy adviser for US-China relations at the International Crisis Group

UK’s incoming CEOs enjoy the ‘new boss bounce’

From government to Premier League football clubs, new bosses are having a moment in Britain. It’s happening at companies too. A clutch of newly minted chief executives tasked with reviving FTSE 100 stalwarts — makers of drugs, shampoos and Johnnie Walker whisky among them — are winning shareholder approval. Seven of the UK’s top companies have already installed a new CEO this year; another five are on course to be in place by next May. At distiller Diageo, Sir Dave Lewis has wasted little time on outlining restructuring plans. Yesterday he lifted targeted cost cuts at the maker of Guinness by more than half to \$1bn over three years, earning his “Drastic Dave” moniker and sending shares up 6 per cent. Moving quickly is wise. Tenures of corporate chiefs are shrinking and the stakes are getting bigger, whipped up by activist shareholders and the perennial threat of hostile predators. Honeymoon periods are not just short; McKinsey & Co, a consultancy, reckons they have been all but eliminated. Pressure is on incoming bosses to hit the ground running. Still, lengthy underperformance can give more latitude. Cindy Rose took up the reins at beleaguered ad agency WPP last September and has since sought to cut costs while ploughing more investment into AI. Results reported yesterday were hardly stellar; revenue continues to fall, but less markedly so in the latest quarter on the back of new client wins. The shares, down 60 per cent since the end of December, rallied 27 per cent.



Chief executive Cindy Rose took over at WPP last September — Charlie Bibby/FT

Cutting costs and reallocating capital are among the first tools new bosses reach for when stepping into the C-suite at an ailing company. Those in more nuanced circumstances call for a different prescription. Drugmaker GSK, for example, desperately needs growth to offset a looming patent cliff in its HIV business — the relevant medicines accounted for almost a fifth of revenue last year — and meet a revenue target of £40bn by 2031. Hence Luke Miels, installed in the top seat in January, has appended cost cuts with acquisitions and is setting in motion plans to push more drugs through the testing pipeline. Mis-steps are costly. Research carried out in the US a few years ago found that poorly managed transitions among top executives in the S&P 1500 lopped nearly \$1tn off market value; bear in mind that the index has roughly doubled since then. Changing the guard is easier, of

course, with internal appointments. Shares in HSBC are up 130 per cent since Georges Elhedery took over as the bank’s CEO almost two years ago, outperforming the wider FTSE 350 banks index. That is to his credit: nearly 40 per cent of CEOs lose board confidence halfway through their second year, according to headhunters Spencer Stuart. While appearing more ruthless, Elhedery hasn’t stepped far from the basic path set out by his predecessor Noel Quinn — and, in fairness, that of predecessors further back — slashing jobs, shrinking the investment bank, and selling non-core units. Polls and fans attest to the reality of the newcomer bounce for football managers and prime ministers. The rash of rallies accompanying the latest crop of results suggests investors are similarly optimistic — thus making the margin of error for these new brooms even slimmer.

Alibaba hopes to recoup some lost shine with its latest AI model

Chinese tech companies are light years ahead of their US peers when it comes to making investors feel disenchanted. Nine years ago, Alibaba and Amazon both sported market capitalisations just shy of \$500bn. Today, Amazon is worth \$3tn; Alibaba a tenth of that. The Hangzhou-based ecommerce and cloud company hopes to recoup some of its lost shine with Monday’s release of its latest AI model, Qwen 3.8-Max. Alibaba is making big claims about its capabilities. Early benchmarking suggests it’s good — if not the best — in some areas such as “agentic coding”, where bots write and fix code unassisted. To be clear, Alibaba’s woeful share performance owed less to a perceived AI deficiency and more to political troubles. At home, Beijing spent years reining in the company and fellow tech titan Tencent. Overseas, the US restricts China’s access to advanced chips and other technology. Last month, the EU handed Alibaba a hefty fine for failures on its online marketplace.

And like its peers in the US, Alibaba is spending liberally. While nothing like the outsized bills of its US peers, capital expenditure of \$18.3bn in its last accounting year left the company with negative free cash flow. Inflows are expected to return this year, but won’t surpass 2024 levels until 2031, according to Visible Alpha estimates. Alibaba can at least make a good case for spending money on its own AI. Its ecommerce operation usually throws off cash, and its fast-growing cloud computing division gives it more opportunities to monetise its models. Like Microsoft, Alibaba offers “model as a service”, giving smaller companies cloud-based access to pre-trained models, which they can then deploy, as chatbots perhaps, paying according to their usage. Counter-intuitively, the bifurcated tech world that splits China from the US can also work to China’s advantage. It has forced innovation: like Google, Alibaba has its own proprietary chips. And US hardware makers need local partners. Apple won approval to launch

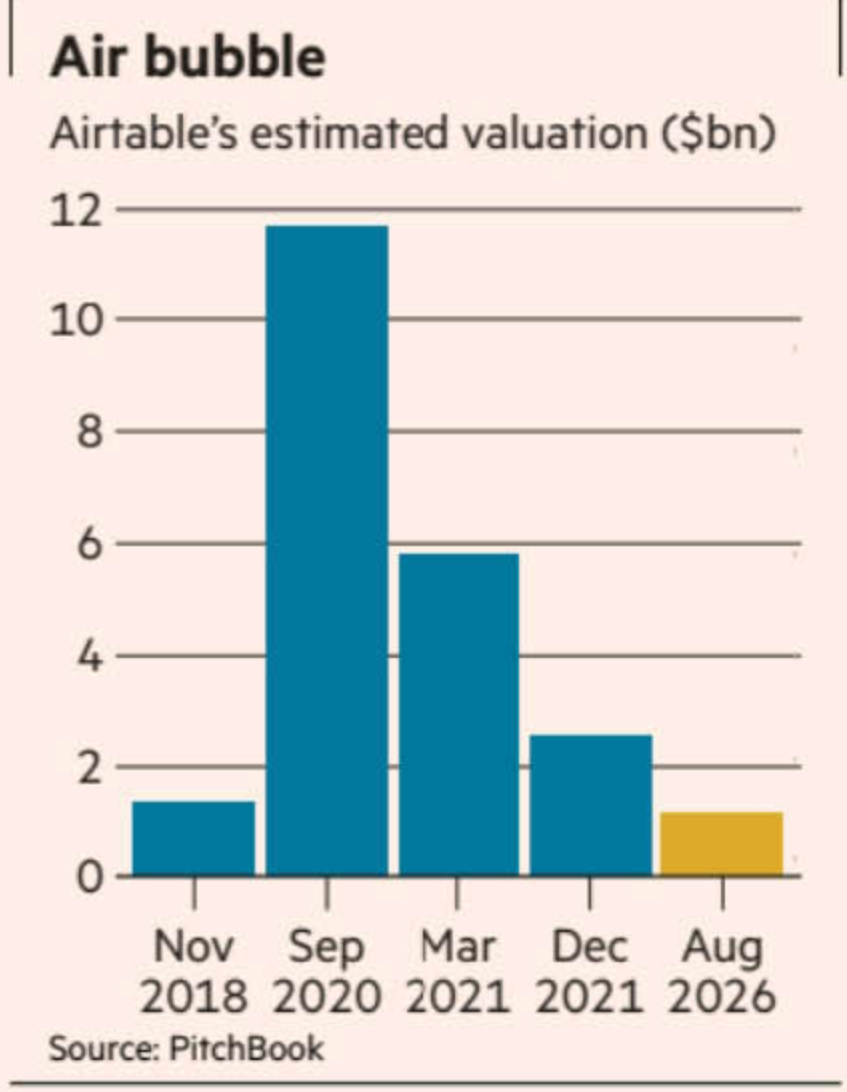


AI-embedded devices in China using local tech, including Qwen. Alibaba chief Eddie Wu thinks AI models and services will make up half of external cloud income by 2027 — about a tenth of total sales, Lex reckons. That’s not huge but it is a useful launch pad. Qwen is open weight, so users can’t totally replicate it, making it more commercial than previous open-source models. The race isn’t just to make top-of-the-range AI, but to make AI that pays its way; don’t count Alibaba out on that score.

Airtable’s cut-price sale is just the start for software also-rans

In medieval Europe, the grim reaper evolved as a personification of impending doom. For technology companies, the modern equivalent is Bending Spoons. The newly listed acquirer and fixer-upper of debilitated software companies found a new target this week, at a sharply depleted price. There will be more deals like it. Airtable, once a high-flying start-up, says it will sell itself to Bending Spoons for just under \$2.3bn. It’s a far cry from the almost-\$12bn valuation it attained in 2021. Then it raised \$735mn from investors as illustrious as Silver Lake, Salesforce and the private equity firm of the computer tycoon Michael Dell. Bending Spoons picks up fading groups with poor growth but loyal, or inert, users. Evernote, AOL and Vimeo are among its purchases. Airtable is no

dinosaur: its annual recurring revenue of almost\$500mn is growing at a 20 per cent clip. But since 2022, the market has hammered companies with profitability skewed to the distant future. Airtable is also a victim of the so-called SaaSocalypse, the ongoing sell-off of software-as-a-service companies challenged by AI agents. Airtable develops so-called collaborative work management software that lets users share workflows. AI is lowering the barriers to entry for such things. Consider two Airtable rivals, [Monday.com](#) and Asana. Both went public at the beginning of the decade when software valuations were soaring. Each has an adjusted operating margin — ignoring stock-based pay — of about 10-15 per cent, and both have positive free cash flow. Yet [Monday.com’s](#) shares are down three quarters from their 2021 peak; Asana’s are down more than 90 per cent. Airtable’s relatively low sale price may look worse than it is: early backers will have done fine, and a multibillion-dollar cash exit is nothing to sniff at. Bending Spoons denies that it buys companies on the cheap, believing it can extract returns from its rebuilding efforts. There could be better deals coming. As hedge fund Marathon has pointed out, listed software groups typically carry little debt. Airtable, too, was conservatively capitalised. But private equity firms earmarked as much as a fifth of their investment for software buyouts in recent years, and those more leveraged companies will have less flexibility if things turn south.



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- ACROSS
- 1 Crowd of millions on Belarus's western borders (3)
 - 3 I'd put back vegetable juice before vegetable wine went (11)
 - 9 Sons followed by exhausted parents with salad stuck in teeth (9)
 - 10 Madagascan ruler not the first to regret misguidely taking money (5)
 - 11 Newspaper that prompts self-reflection (6)
 - 13 Distant relative to close cycling function on the outskirts of Yarm (7)
 - 15 Fair, intelligent leader gets kicked out (5)
 - 16 Dopest tigers go swimming around midnight (9)
 - 18 Twisted title of Prince Philip's matrimonial memoirs? *English Duke* (9)
 - 20 Silly old lady that is seen about (5)
 - 22 One who hunted duck moving east by the edges of Colorado river (7)
 - 24 Antelope smells one charging another (6)
 - 26 Clown turned to identify ringmaster's number two (5)
 - 27 Call hot Brazilian footballer back during match (9)
 - 29 Reveal new singer for Eternal (11)
 - 30 Cheek or other facial feature (3)
- DOWN
- 1 Pulp hit needs no introduction (4)
 - 2 Licensed premises above Top Man in East London town (7)
 - 3 Done up smartly, Ant's best man made a speech (9)
 - 4 Get to hear the first part of *Carmen* (3)
 - 5 Voucher from a posh dude accepted by Bill (6,5)
 - 6 Striking effect of knitted lace on Twiggy's top (5)
 - 7 The start of Emmanuel Macron's unconventional love affair (7)
 - 8 District attorney starts to reflect and knowingly question something hitherto unperceived (4,6)
 - 12 State in which *The Departed* is set (5,6)
 - 14 Olympic sport during which tension makes people jumpy (10)
 - 17 Test participant flipping second of two coins ahead of game's opening (6,3)
 - 19 Like 19 or 20 (7)
 - 21 Mexican being too lax? Ultimately, Miguel prepared... (7)
 - 23 ...about eight tacos, almost gone before the end of meal (5)
 - 25 Went up and down a lot (4)
 - 28 Upset, I duel, having lost the heart of Judy Garland (3)*

Solution 18,445

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