

INTERNATIONAL

Artificial intelligence

# US and UK secure breakthrough deal to co-operate on AI testing

Countries become first to agree joint approach on assessing tech's risks

MADHUMITA MURGIA — LONDON

The US and UK have signed a landmark agreement on artificial intelligence, as the allies become the first countries to formally co-operate on how to test and assess risks from emerging AI models.

The agreement, signed yesterday in Washington by Michelle Donelan, UK science minister, and Gina Raimondo, US commerce secretary, lays out how the two governments will pool technical knowledge, information and talent on AI safety.

The deal represents the first bilateral arrangement on AI safety in the world and comes as governments push for

greater regulation of the existential risks from new technology, such as its use in damaging cyber attacks or designing bioweapons.

"The next year is when we have really got to act quickly because the next generation of [AI] models are coming out, which could be complete game-changers, and we do not know the full capabilities that they will offer yet," Donelan told the Financial Times.

The agreement will specifically enable the UK's new AI Safety Institute (AIISI), set up in November, and its US equivalent, which is yet to begin its work, to exchange expertise through secondments of researchers from both countries. The institutes will also work together on how to independently evaluate private AI models built by the likes of OpenAI and Google.

The partnership is modelled on one

between the UK's Government Communications Headquarters (GCHQ) and the US National Security Agency, which work together closely on matters related to intelligence and security.

"The fact that the United States, a great AI powerhouse, is signing this agreement with us, the United Kingdom, speaks volumes for how we are leading the way on AI safety," Donelan said. She added that since many of the most advanced AI companies were based in the US, the US government's expertise was key to both understanding the risks of AI and to holding companies to their commitments.

But Donelan insisted that despite conducting research on AI safety and ensuring guardrails were in place, the UK did not plan to regulate the technology more broadly in the near term as it was evolving too rapidly. The position

stands in contrast to other nations and regions. The EU has passed its AI Act, considered the toughest regime on the use of AI in the world. US President Joe Biden has issued an executive order targeting AI models that may threaten national security. China has issued guidelines seeking to ensure the technology does not challenge its longstanding censorship regime.

The AIISI has hired researchers such as Google DeepMind's Geoffrey Irving and Chris Summerfield from Oxford university to start testing existing and unreleased AI models.

OpenAI, Google DeepMind, Microsoft and Meta are among groups that volunteered to open up their latest generative AI models for review by the AIISI, which was established following the UK's AI Safety Summit in November.

See Markets

Darjeeling growers. Trade tension

# Chinese buyers stop Himalayan tea spat from boiling over

Increased demand from north is helping to reduce flow of

Nepal's cheap leaves into India

AIDEN REITER — LONDON

Chinese tea buyers are disrupting a heated trade spat between Nepal and India that has brought counterfeit Darjeeling into the teapots of unsuspecting consumers.

Indian tea estates have come under severe pressure due to an influx of cheaper Nepalese tea that traders have been happy to repack as Darjeeling, the "champagne" of premium teas grown just in India, just over the border with Nepal.

India has historically accounted for nearly all of Nepal's tea exports, meaning Darjeeling producers have found it hard to compete with the cheaper leaves flooding the market. Now, with China emerging as a big buyer of Kathmandu's wares, industry insiders expect the pressure on India growers to ease.

Nepal's tea trade with China has soared since Beijing reopened the Tibet border, closed during the Covid pandemic, in 2022. According to the Nepalese ministry of commerce, the amount of tea sold in the fiscal year ending last year more than doubled to 15.7 tonnes compared with 7.3 tonnes in 2019-2020, the year before China's zero-Covid policy halted Nepal-China commerce.

Traders say sales are on track to go up again this year.

"Nepal has a chance at a new lucrative market in China," said Nishchal Banskota, founder and owner of the Nepal Tea Collective. "The trade clashes with India are an economic issue and this should provide some relief."

Nepal being able to trade more tea with China "is good for Nepal and means that Darjeeling may not be as threatened," said Jeni Dodd, head of tea importing company Jeni Dodd Tea.

The tea industries of Nepal and India have been intertwined for six decades. India is the world's largest producer of black tea with an annual output of 1.3m tonnes. It also receives most of Nepal's output, with 90 per cent exported to India last year, according to the UN Food and Agriculture Organization and the OECD.

"Nepalese tea leaves have traditionally been plucked in Nepal, and then processed in India, where there were already factories and machinery," said Joydeep Phukan, secretary of the Tea Research Association, an Indian



Growth market: women pick tea in Nepal. Some 90 per cent of the country's tea is exported to India

organisation that supports global tea production.

But the economic landscape has shifted, as Chinese buyers have boosted Nepal's burgeoning industry and costs for Darjeeling producers have rocketed.

China's black tea producers primarily serve its large domestic tea market, with only 7 per cent of its product exported, according to the UN FAO. But amid rising demand, traders have been looking for new sources of both green and black



tea cultivated to Chinese standards, with many turning to Nepal.

"China is playing a crucial role in providing tea machinery to the tea industry in Nepal. Along with the tea machinery, the tea manufacturers in Nepal are trained to make [Chinese-style] teas," said Phukan.

While costs have gone down for Nepalese farmers, they have risen for Indian estates. India's stronger labour laws require estates to pay workers higher wages, and climate change has started to decrease overall tea yields at a faster clip than in more mountainous Nepal.

In 2023, Darjeeling's tea estates produced 6,180 tonnes of tea, down 11 per cent from the previous year.

Sparsh Agarwal of Selim Hill Tea Garden, a Darjeeling tea estate, estimates that the cost of production in Nepal is a third of the cost in India due to different labour requirements. "The Darjeeling tea producers are not able to compete with Nepal producers," he said.

Competition came to a head during the pandemic, when a worker strike in Darjeeling left a gap in the market and China's closure of its border pushed Nepalese and Indian tea farmers into more fierce competition. Under pressure from large buyers to keep prices low and maintain supply, Indian tea sellers began blending cheaper Nepalese

tea with Darjeeling, putting even more stress on Darjeeling's moribund estates.

"Conservatively, I would say 25 per cent of Darjeeling sold today is really mixed Nepal and Darjeeling leaves," said Vivek Lochan, a seller of both Indian and Nepalese teas.

Tea sellers say the increased appetite from China is set to reduce tensions between Darjeeling and Nepalese growers. Last April, the Chinese foreign ministry stated that "Tea... [will be] an important bond connecting China [and Nepal]," after Kathmandu and Beijing expanded their free-trade agreements.

"More and more Chinese buyers are coming each week. And they are helping us set up banking [in renminbi], so we can trade more easily in the future," said Tara Adhikari, a Nepalese tea seller.

But China's support for Nepalese growers, helping them to cut costs, may cause more problems for Darjeeling producers in the long run.

"The main issue facing the entire tea industry is that tea costs too much to make, and customers do not want to pay more for it," said Brandon Friedman, chief executive of Rakkasan Tea, a direct to consumer tea company.

"If you have bigger factories that mass produce [Nepalese] tea, that could be an issue [for Darjeeling]," said Susannah Savage.

Demographic crisis

# S Korean workers wooed with \$75,000 baby bonus

CHRISTIAN DAVIES, SONG JUNG-A AND KANG BUSEONG — SEOUL

Korean construction group Booyoung is offering workers a \$75,000 bonus for each baby they produce, one of many eye-catching incentives available as politicians and companies grapple with the country's demographic crisis.

"If Korea's birth rate remains low, the country will face extinction," Booyoung chair Lee Joong-keun told employees.

South Korea's total fertility rate – the average number of children a woman is expected to have in her lifetime – fell from 0.78 in 2022 to 0.72 in 2023, according to government figures. It is projected to fall to 0.68 this year, far below the 2.1 the OECD says is necessary to ensure a broadly stable population.

Political leaders have increased promises of financial incentives for prospective parents ahead of elections next month, with parties from across the spectrum announcing proposals ranging from more generous housing allowances and tax breaks to compulsory paternity leave for fathers and extended subsidies for egg-freezing programmes.

"Time is running short. I hope every government agency approaches the issues of low birth rates with extraordinary determination," President Yoon Suk-yeol told ministers in December.

Opposition leader Lee Jae-myung, announcing his party's programme in January, said: "This is a matter of the country's survival. It is an imminent challenge right at our doorstep, not a concern in the distant future."

The effects of the crisis are already being felt. In 2022, the number of South Korean military personnel fell below 500,000 for the first time, universities and schools reported dwindling student numbers and kindergartens were being converted into nursing homes. Last year, more prams were sold in South Korea for pets than for babies.

Economists note that South Korea faces severe fiscal challenges as the government is forced to support its rapidly ageing population. According to the Korea Institute of Health and Social Affairs, the country's gross domestic product will be 28 per cent lower in 2050 than it was in 2022, as the working age population shrinks by almost 35 per cent over the next 25 years.

The proportion of those aged 65 or over is set to rise to 25.5 per cent in 2030 and 46.4 per cent in 2070. According to the OECD, 40.4 per cent of South Koreans over 65 already live in relative poverty, the highest rate in the developed world, while the country's national pension fund is forecast to run out of money in just over 50 years' time.

"Korea is facing an unprecedented crisis," said Oh Suk-tae, an economist at Société Générale in Seoul. "The country will soon start to experience negative growth as its population falls. There will

be serious social problems relating to health insurance, public pensions, education and military manpower."

In this context, some of Korea's companies are stepping up. "Companies are fully aware that they need to play a role to resolve the low births problem, and they are making efforts to improve corporate culture in order to make it easier for employees to work and raise kids through a work-life balance," said Yoo Il-ho, the team leader of employment and labour policy at the Korea Chamber of Commerce and Industry.

Some companies appear to have found success with their incentives. Retail giant Lotte has boosted a fertility rate among its employees of more than two since it introduced mandatory maternity and paternity leave programmes in 2012. Female Lotte employees are entitled to two years of maternity leave in addition to the three months' leave guaranteed by the state.

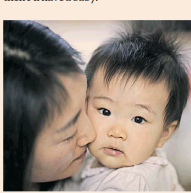
But experts warn that financial incentives have not always worked. Between 2006 and 2023, South Korea spent \$270bn on policies ranging from cash payments to subsidised babysitting and infertility treatments, according to the parliamentary budget office.

"Successful governments have treated this as an issue of cost, but relatively well-off Koreans are not having children either," said Lee Sang-il, head of the demographics monitoring centre at the Korea Institute of Health and Social Affairs. "The issue is the intense competition pressure that young Korean women and men are both under, whether that's in education, in the labour market, or in the housing market."

Experts also cited entrenched social attitudes that made it hard for women to build careers and raise a family.

"If I have a child, it will just mean more arguments, because my life will be reduced to nannying and housework," said Yoon So-yeon, 41, a middle school teacher from Seoul. "I had to choose between my career and having a child."

As striking as Booyoung's \$75,000 incentive is, it is not even half of what Yoon says she would need. "My mother wants me to have a child, so I told her jokingly that if she gives me \$200,000 then I'll have a baby."



Pressure: young South Koreans often struggle to balance work and family

Mining

# Indonesia to accelerate nickel production despite low prices

A. ANANTHA LAKSHMI — JAKARTA

Indonesia will press on with plans to expand nickel output despite a supply glut that is forcing rivals to shut down mines, as the world's top producer aims to keep prices low and protect long-term demand for the metal crucial to electric car batteries, a senior government official has said.

The country's production capacity for battery-grade nickel is expected to quadruple to 1m tonnes by 2030, said Septian Hariyanto, the deputy coordinating minister for investment and mining. Capacity for nickel pig iron, which is used to make stainless steel, is projected to expand by up to 15 per cent in three years from the current 1.9m tonnes, he added.

Nickel prices have slumped 30 per cent in the past year on elevated supply from Indonesia and softer demand. That is unprofitable at current prices of about \$16,500 per tonne.

"We don't see any reason why we should not expand production of nickel for battery materials," Seto told the Financial Times. "What we want to achieve is price equilibrium. The responsibility for us as the biggest nickel producer is to supply enough nickel so that the [EV electric vehicle] transition can progress smoothly."

The surge in low-cost nickel supply from Indonesia will wipe out rivals, the head of French miner Eramet warned last month. Australia's Wylo Metals is shutting down nickel mines in Western Australia. BHP has said it is considering the closure of some nickel operations.

But Seto said increased output amid cuts elsewhere would help stabilise

nickel prices that have been volatile in recent years. He projected long-term nickel prices – which briefly traded above \$100,000 a tonne in 2022 – would be between \$18,000 and \$19,000.

Indonesia has previously promoted a nickel version of the Open Group of oil-producing nations. But analysts said it was well-positioned to shape global supply and prices on its own. With the world's largest reserves, it commands a market share of more than 50 per cent.

Seto also raised the prospect of higher prices pushing carmakers away from nickel-based batteries towards cheaper, nickel-free options such as lithium iron phosphate batteries.

"In the short term, you enjoy a very good profitability with higher prices. But if this level is maintained, you sacrifice long-term demand," he said. "And for a country like us, where we care about our downstream programme, that is really important."

He referred to Indonesia's effort in recent years to build a domestic EV ecosystem on the back of its vast nickel reserves. Outgoing President Joko Widodo banned nickel ore exports in 2020, forcing smelters and battery makers to set up plants in the country.

His successor Prabowo Subianto, who will take over in October, has vowed to maintain that trajectory. Carmakers such as China's BYD plan to manufacture in the country.

A significant threat to nickel demand would damage Indonesia's economy. "From Indonesia's perspective, they want to protect the industry as it is a substantial revenue source and contributor to the economy," said Harry Fisher, a senior consultant at Benchmark Mineral Intelligence.

Contracts & Tenders

**ASTARIS**  
PATRIMONIO DESTINATO

Mr. Claudio Sforza, in his capacity of Agent of the segregated perimeter (Patrimonio Destinato) set up pursuant to articles 2447-bis et seq. of Italian Civil code by virtue of Astaris S.p.A. (Formerly Astalis S.p.A.) Board of Directors' resolution dated 2020, May 24<sup>th</sup> by deed of the notary in Rome, Salvatore Mariconda, registered in the Commercial Register on 2020, May 27<sup>th</sup>, having the necessary powers,

**INFORMS**

That he intends to proceed to the sale of entire interest of the segregated perimeter of Astaris S.p.A. in the company Otopol Yatirim ve Istecme A.Ş., concessionaire for the construction and management of the "Gebze-Orhangazi-Jazmiz" motorway in Turkey, project named GOI Motorway. Those wishing to acquire more information about the project and the access

to the procedure for the selection of a potential buyer are invited to make a request no later than the pre-emptory deadline of 6:00 p.m. (CEST) on May 31<sup>st</sup>, 2024, by sending an e-mail addressed to [goip@astaris.com](mailto:goip@astaris.com) in order to obtain the project files, along with the confidentiality agreement and the appropriate form to be used for any expression of interest; the letter shall be submitted duly signed to the aforementioned e-mail address, no later than the pre-emptory deadline of 6:00 p.m. (CEST) on June 3<sup>rd</sup>, 2024.

Additional information on the sale process is available in the full text of the notice of sale published on the website [www.astaris.com](http://www.astaris.com), in the section "Patrimonio Destinato" / "GOI Motorway".

Rome, April 2, 2024

Dott. Claudio Sforza

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