

THURSDAY 29 JULY 2021

WORLD BUSINESS NEWSPAPER

USA \$2.50 Canada C\$3.00

African trip

Gabon to cash in on psychedelic forest plant — NOTEBOOK, PAGE 16

Climate of fear

Floods and heatwaves stir unease among scientists — PILITA CLARK, PAGE 17

Return flight

Scuppered superjumbo can rise again in low-emission world — PAGE 6

Bitter harvest Chinese farm pioneer jailed



Sun Dawu, founder of one of China's most successful private agricultural groups, has been jailed for 18 years in the latest sign from Beijing that it expects entrepreneurs to toe the party line.

Sun was detained in November after employees clashed with workers on a state-run farm over a land dispute. He was found guilty on multiple charges including fraud, gathering a crowd to attack state organs, illegal occupation of agricultural land and picking quarrels, according to his lawyers.

Sun's success in turning a small village farm into a model town with its own schools and hospitals made him a local success story and a sought-after speaker on China's rural development.

[Full story page 4](#)

Flawed \$2 threat to s... tability, market

- Call for urgent Treasuries reform
- Bouts of stress expose fragility
- More liquidity needed

COLEY SMITH — NEW YORK

The \$2tn market for US government debt risks being rattled by frequent bouts of dysfunction that threaten global financial stability unless urgent reform is made to enhance liquidity, according to a group of heavyweight former policymakers.

A consortium including former US Treasury secretaries Timothy Geithner and Larry Summers as well as retired UK central banker Mervyn King yesterday proposed sweeping changes to how Treasuries are traded, regulated and backstopped by the Federal Reserve.

Their report, which was endorsed by Bill Dudley, the former president of the New York Fed, and Axel Weber, the Bundesbank president turned UBS

chair, said the reforms were needed to ensure the biggest, deepest and most essential bond market was able to function smoothly – especially during periods of acute stress.

"This is a market that has outgrown its infrastructure and its regulatory framework. Oversight is fragmented and diffused. The capacity of existing market makers has not grown with the size of the Treasury market itself," Geithner said yesterday.

The market's fragility was exposed in March 2020 when pandemic fears sparked a dash for cash that sent prices haywire. Trading conditions in what is meant to be the safest place in the financial system turned turbulent, with broker screens at times going blank, as liquidity evaporated, prompting the Fed

to intervene. Regulators have tried to piece together what went wrong but little has been done to reform the market.

The report published yesterday by the Group of 30, an independent body of private and public sector experts, included 20 recommendations to "increase, diversify and stabilise market-making capacity".

First among the proposals was a call for the Fed to set up a facility that would let market participants swap Treasuries for cash at times of stress without stigma, which the US central bank announced yesterday it was establishing. That would limit demand for market liquidity when it was most scarce, as investors would have an alternative to selling holdings, the G30 said.

The group said the "standing repo"



Timothy Geithner, former US Treasury secretary, was on the report's panel, along with Larry Summers and Mervyn King

facility was the "single most important near-term measure" policymakers should adopt.

The panel also called on regulators to set up central clearing for all Treasury trading to increase market transparency and reduce counterparty risk.

Geithner said the reforms should be enacted without delay.

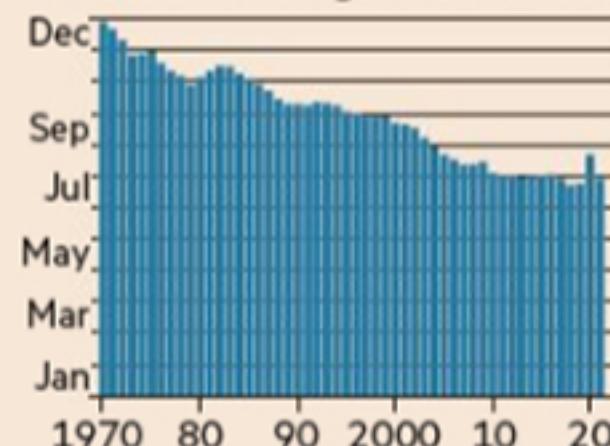
"Financial crises play a valuable role in exposing problems in the structure of financial systems ... yet it's often the case ... that the impetus to reform fades quickly," he said.

"In the Treasury market, the pressure for reform can be undermined by the belief that the Fed can always step in and fix things. This is not a particularly wise approach; it's better to act when the memory of the last crisis is still fresh."

Datawatch

Worn-out world

Date at which human consumption exceeds Earth's regeneration ability



Source: Earth Overshoot Day; Global Footprint Network

The global population has today already used up the stock of ecological resources the Earth is able to regenerate this year. The level of resources required to support human activities in 2021 would require 1.7 Earths

Briefing

► Fed hints at moving closer to taper The US central bank has signalled it is moving closer to the time when it will start to withdraw its support for the recovery, saying after a two-day meeting that it had made progress towards its goals.

► Deutsche Bank scraps cost-cuts target Germany's biggest lender has ditched the policy that was pivotal to chief Christian Sewing's revival efforts, deeming the plan "advanced" as it reported its strongest profits in a decade. — PAGE 4; LEX, PAGE 18

► US and Russian officials hold arms talks Russian deputy defence minister Sergei Ryabkov and US deputy secretary of state Wendy Sherman have held talks in Geneva aimed at preventing a new arms race after years of torn-up deals. — PAGE 2

► Abramovich lawyer denies Putin push Roman Abramovich's lawyer has rejected as defamatory a claim that Russia's president directed the businessman to buy Chelsea FC, on the first day of a London libel suit. — PAGE 4



► Macron concedes Polynesia nuclear debt The French president has acknowledged a debt to the island territories over their use as bomb testing sites but stopped short of an apology. Accusations of a cover-up over radiation effects persist. — PAGE 2

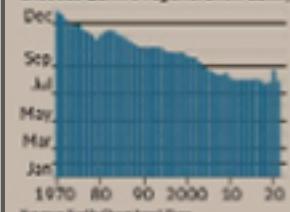
► Deals and talent war drive lawyers' pay Salary deals for junior and mid-career US lawyers have been pushed to new highs. One firm was said to be offering retention bonuses of \$250,000 to mid-level lawyers with offers elsewhere. — PAGE 2

► Singapore joins race for UK supermarket Sovereign wealth fund GIC has joined the private equity-led consortium bidding for Wm Morrison. The Fortress-led group said the fund would provide £100m towards its £9.5bn offer. — PAGE 6

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