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Associated Press

A 1-0 win over Germany puts Spain in a World Cup final for the first time. More at [WSJ.com/Sport](http://WSJ.com/Sport)

# U.S. to track infrastructure cyber attacks

By SIOBHAN GORMAN

The U.S. government is launching an expansive program dubbed "Perfect Citizen" to detect cyber assaults on private U.S. companies and government agencies running critical infrastructure such as the electricity grid and nuclear power plants, according to people familiar with the program.

The surveillance by the National Security Agency, the government's chief eavesdropping agency, would rely on a set of sensors deployed in computer networks for critical infrastructure that would be triggered by unusual activity suggesting an impending cyber attack, though it wouldn't persistently monitor the whole system, these people said.

Defense contractor Raytheon Corp. recently won a classified contract for the initial phase of the surveillance effort valued at up to

\$100 million, said a person familiar with the project.

An NSA spokeswoman said the agency had no information to provide on the program. A Raytheon spokesman declined to comment.

Some industry and government officials familiar with the program see Perfect Citizen as an intrusion by the NSA into domestic affairs, while others say it is an important program to combat an emerging security threat that only the NSA is equipped to provide.

"The overall purpose of the [program] is our Government...feel[s] that they need to insure the Public Sector is doing all they can to secure Infrastructure critical to our National Security," said one internal Raytheon email, the text of which was seen by The Wall Street Journal. "Perfect Citizen is Big Brother."

However, a U.S. military official called the program "long overdue" and said any

intrusion into privacy is no greater than what the public already endures from traffic cameras. It's a logical extension of the work federal agencies have done in the past to protect physical attacks on critical infrastructure that could sabotage the government or key parts of the country, the official said.

U.S. intelligence officials have grown increasingly alarmed about what they believe to be Chinese and Russian surveillance of computer systems that control the electric grid and other U.S. infrastructure. Officials are unable to describe the full scope of the problem, however, because they have had limited ability to pull together all the private data.

Perfect Citizen will look at large, typically older computer control systems that were often designed without Internet connectivity or security in mind. Many of those

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## EU sets 'stress' criteria

By ULRIKE DAUER AND CAROLYN HENSON

The European Union will test 91 banks for resilience to further market and credit risks, its banks supervisor said Wednesday.

The banks represent 65% of the EU banking sector and at least 50% of national banking sector in terms of assets, it said.

As part of that, the Deutsche Bundesbank and German financial-services regulator BaFin on Monday sent stress-test questionnaires to the 16 German banks that must participate in the Europe-wide test, a person familiar with the matter said Wednesday.

Banks had to approve the publication of the stress-test results by sending a declara-

tion of consent to the authorities by Tuesday evening, this person said.

Banks now have several days to fill out the questionnaire and send it back to the authorities, the person said.

It wasn't immediately clear when they would have to return the questionnaires, but German daily Handelsblatt reported that the deadline is Monday.

The Committee of European Banking Supervisors late Wednesday laid out the key features included in the so-called stress tests.

The "adverse scenario" assumes a three-percentage-point decline in gross domestic product from European Commission forecasts for 2010 and 2011, and tests for resilience to sovereign risk at a level beyond the market

conditions experienced in early May 2010.

The EU expects its economy to expand 1.0% this year and 1.75% in 2011.

The banking supervisor didn't provide more detail.

The EU is testing the banks amid market concerns about exposure to the sovereign debt of several European countries, including Greece, Spain and Portugal.

It plans to publish the results July 23, French Finance Minister Christine Lagarde said Sunday.

Germany's largest banks include Deutsche Bank AG; Commerzbank AG; Landesbank Baden-Württemberg; and state-development bank KfW.

■ European Parliament adopted strict bonus rules ..... 4

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## PAGE TWO

# Stress tests must be seen to be tough

## [ Agenda ]

BY PATIENCE WHEATCROFT



The plan to stress test European banks was intended to reassure markets that the

institutions were strong enough to withstand any difficulties they are likely to face in the wake of the financial crisis. Instead, the tests, already causing a degree of stress among regulators, risk causing the markets a bout of fresh distress.

Unless the tests are both rigorous and transparent, they will be perceived as something of a coverup, fuelling fears that some of the banks are far from resilient. When the U.S. stress-tested its larger banks in May 2009, the finding was that 10 of them needed more capital, a combined total of \$74.6 billion. Far from unnerving the market, the fact that their failings had been highlighted, and that they had been given just a month to demonstrate how they would fill the gaps, calmed fears over the sector.

To have the same effect in Europe, it will have to be clear that the scenarios that the European Central Bank has devised are suitably gloomy and that they are being applied rigorously. There is an agreement that the results will be made public on July 23, but how much detail will be available was still being haggled over Wednesday.

Given the cross-holdings of government debt amongst European banks, assumptions on potential sovereign default are crucial to the entire issue. This is a hugely sensitive issue for any central bank to have to make assumptions about.

Equally important will be the view it takes on real-estate values. Although market prices have tumbled, most notably in the Spanish residential markets but also for commercial developments throughout Europe, banks have



Banking stress tests will be overseen from ECB headquarters in Frankfurt.

been reluctant to acknowledge the full extent of their losses.

In the U.K., for instance, RBS is now trying to sell a £3 billion portfolio of real-estate loans. This is little more than testing the water, since the extent of the property assets it holds and has labeled "non-core" is in its books at more than £50 billion.

But the haircut it is likely to have to accept to offload the loans

**Unless the tests are both rigorous and transparent, they will be perceived as something of a coverup.**

will amount to a scalping. How brutal will the ECB's stress tests be when they examine the European banks' real-estate portfolios?

And what of the commercial loans and private equity deals that look sourer every day? Some banks have chosen to avert their eyes from such problems in the hope that, in time, they will come right. They won't.

The markets suspect that such horror stories are common. It seems that some European regulators either choose to take a more benign view or don't wish to highlight problems. Perhaps some regulators are even slightly abashed that they allowed such

problems to stack up in the banks. Hence the tussling that has been going on in Brussels recently.

Yet an optimistic or opaque stress test will be worse than none at all. Vigorous testing that leads to recapitalization where required is what is needed. Without it, there is a risk of another wave of troubles that would ricochet across the Continent and over the English Channel.

## Regulating risk

Stress tests should measure the level of risk that banks can withstand. In the boom that preceded the financial crisis, regulators became too obsessed with monitoring process rather than the level of risk taking that was going on.

The EU Parliament has now approved tough rules on bonuses, intended to curb the incentives to encourage short-term risk taking that were inherent in many remuneration schemes. Bankers, though, are fond of saying that they are in the risk business and changed remuneration policies will not quell their appetites. Regulators must.

The reshaping of the U.K.'s financial regulatory structure is intended to put the focus back on where the real danger lies, watching the level and type of risk on the balance sheet.

The government's decision to return bank regulation to the

Bank of England, separating it from consumer protection, acknowledges the very different attitudes and attributes that are required for the two roles. Bank executives have regularly, in private, voiced their unease over the calibre and knowledge of the FSA staff with whom they dealt. The culture of box-ticking was pervasive.

The challenge for the bank will be to build a team of regulators intellectually equipped to match that assembled at the brain-packed institutions it will be regulating.

The change will not happen overnight. The legislation to transfer the necessary powers will not be effected until the first half of 2012. Once implemented, though, the difference will be radical. The bank that had been stripped of so much of its powers by the then chancellor, Gordon Brown, seems already to be itching to take on the new responsibilities.

## Want to buy an oil well?

Rumors of share sales were well off the mark. Quite reasonably, BP has taken the view that it does not want to issue shares when the stock price is so depressed. It does not have an imminent cash crisis and can afford not to pump out shares at these levels.

Yet the cleanup followed by unquantifiable compensation bills will mean the company needs to get its hands on more cash. So non-core assets are up for auction. They may not go for full value, BP being seen to be a forced seller, but selling them at anything better than a 50% discount makes more sense than selling equity.

There are buyers for the equity, though. Libya announced its enthusiasm for the stock and chief executive Tony Hayward has indicated his enthusiasm for supportive Gulf investors. He may view them as potential supporters in the event of the bid that could come, but only once the full extend of BP's liabilities is clear.

## What's News

■ **U.S. prosecutors said** senior al Qaeda leaders directed a failed plot to detonate homemade explosives in New York City's subway system last year and a similar planned attack in the U.K. 7

■ **Amazon started selling** groceries online in the U.K., where major players such as Tesco and Sainsbury have competed fiercely for online shoppers for years. 17

■ **Banks led a late, sharp** rally that helped major European stock indexes reverse early losses to finish in positive territory. 23

■ **Peugeot-Citroën reported** its best first-half sales performance on record, with global vehicle sales rising 17% from a year earlier, driven by sales outside Europe. 21

■ **The U.S. said it is on track** to double exports in the next five years. The CEOs of several U.S. companies were named to an advisory board on trade issues. 8

## Inside



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## ONLINE TODAY

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'Maybe he should wear a flak jacket to protect himself from the potential shareholder wrath.'

Simon Zekaria on Marks & Spencer chief Stuart Rose's last annual meeting



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### Question of the day

Vote and discuss: Will U.S., Israeli and Palestinian leaders hold direct peace talks before the end of September?

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### Previous results

Q: Will growing public opposition will lead to watered-down austerity measures across Europe?

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No

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NEWS

# Icebreaking oligarch runs cold

By WILLIAM MAULDIN

MOSCOW—An oligarch seen as close to Prime Minister Vladimir Putin saw his bank default on €200 billion in Eurobonds, triggering losses for foreign investors even as the state stepped in to buoy his strategic shipbuilding empire.

Sergei Pugachev, a member of Russia's upper house of parliament whose son owns the French tabloid *France-Soir*, oversees a pool of assets ranging from shipbuilding wharves and coal to the **International Industrial Bank**, which failed late Tuesday to repay the Euro-

bonds, telling investors to expect a "limited extension of the maturity."

The wharves of Mr. Pugachev's **United Industrial Corp.**, or OPK, had helped Mr. Putin achieve the goal of producing top-of-the-line icebreakers to secure Russia's claim to Arctic waters. Yet even as the two men last year took part in the launch of the 116-meter St. Petersburg icebreaker, Mr. Pugachev's bank had already sprung a leak.

In February 2009, IIB, also known as Mezhprombank, was sued by Russian oil company Bashneft over a trust agreement, and a Moscow court in January 2010 ordered

IIB to pay Bashneft \$66.5 million.

Russian media reported in June that the state's **United Shipbuilding Corp.** would buy Mr. Pugachev's shipbuilding assets for up to \$2.8 billion, allowing him to support his bank. But Deputy Prime Minister Igor Sechin, who is also the chairman of United Shipbuilding Corporation, told reporters June 11 that he "hoped" IIB would work out its problems without OPK's selling the Severnaya Verf and Baltiysky Zavod to the state.

Meanwhile, the Russian central bank declined immediately to roll over its loans to IIB, coming to an

uncertain agreement only at the end of June to extend the debt to January 2011. State-controlled bank **VTB Group** is in talks to lend OPK \$600 million in a loan backed by coal assets in Tuva, but no final agreement has been reached, a spokeswoman said. IIB will likely ask bondholders to accept a one-year extension on the 2010 bond's maturity, with continued interest payments unchanged at 9%, analysts said.

The problems at IIB stand out in a Russian banking system, with large banks growing more liquid with rising deposits and slight lending growth this year, analysts said.



Sergei Pugachev's extensive holdings run from coal to ship building.



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## EUROPE NEWS

# EU approves strict bank-bonus rules

*Between 40% and 60% of total must be deferred for at least 3 years; caps to be in place in time for 2010 payouts*

BY STEPHEN FIDLER  
AND ALESSANDRO TORELLO

The European Parliament agreed Wednesday to what officials described as the world's strictest rules on bankers' bonuses, paving the way for caps on awards across the European Union in time for 2010 payouts.

The new law will limit upfront cash to 30% of a banker's total bonus and to 20% in the case of very large bonuses. Between 40% and 60% of bonuses will have to be deferred for at least three years and can be clawed back if investments underperform. At least half will have to be paid in "contingent capital," meaning it won't be paid if the bank hits difficulties.

European officials said the rules will apply to banks and investment firms and not hedge-fund managers, though they would apply to investment firms that manage hedge-fund assets. Parliament is expected to introduce rules curbing payouts for hedge-fund managers in legislation due later this year.

Although the law doesn't set absolute caps on bonuses, guidelines will be established by European banking supervisors this year on the maximum proportion of base salary that can be awarded as a bonus.

The decision is telling banks: "Hold more capital, get your priorities right," said Arlene McCarthy, the Parliament member who steered the legislation through the assembly. "We want banks to focus, not on their own pay and perks, but more on lending and support to economic recovery."

The law needs the approval of European governments, which could come as soon as next week.



EU Internal Market Commissioner Michel Barnier, right, speaks Wednesday at a session of the European Parliament.

Banks would also be required to hold a minimum amount of capital to ensure they are covering risk from their trading book and complex securitized investments, such as mortgage-backed securities.

The aim is to avoid a repeat of losses like those experienced during the financial crisis that escalated in late 2008. The capital requirements would take effect in 2012.

The new rules on bonuses "send a strong political message: There will be no return to business as usual," Internal Market Commis-

sioner Michel Barnier said in a statement. "Banks will need to change radically their practices and the mentality that have led in many cases to excessive risk-taking and contributed to the financial crisis."

Forcing banks to stretch out bonuses over several years will be good news for European banks, because it will limit competition among them, said Alex Kleantous, a partner at Gannons, a London law firm. It will also mean that many bonuses won't be paid in full because bankers will leave before they

are payable.

"It's like the smoking ban on airlines. They all wanted to have a smoking ban, but nobody wanted to be the first to do it," he said. The banks' only concern would be if competing financial centers, such as New York or Singapore, had less-restrictive laws, which could tempt some top bankers away, he said.

In another vote Wednesday, Parliament emphasized its opposition to proposals from EU governments that want to keep national control over a planned overhaul of the EU's

## Something extra

Changes approved by Parliament

■ Upfront cash bonuses will be capped at 30% of the total bonus and to 20% for very large bonuses.

■ The law will restrain the amounts paid as bonuses in bailed-out banks, so they have a greater incentive to strengthen their capital bases.

■ New capital rules will force banks to cover risks on their trading activity. Parliament cited studies showing that the rules are expected to lead to banks having to hold three to four times more capital against their trading risk than at present.

Source: European Parliament

financial sector. An overwhelming majority voted to give European supervisory agencies—due to be created at the start of next year—more powers over national banks, financial markets and insurance firms than many governments would approve of.

Parliament also voted to locate new agencies to supervise banks, markets and the insurance business all in Frankfurt, instead of in London, Brussels and Paris as the governments envisaged.

Some officials said that proposal would likely be negotiated away in talks between Parliament, governments and the European Commission. Those discussions aren't likely to be concluded before September or October.

—Peppi Kiviniemi contributed to this article.

## EU report calls for later retirement

A Wall Street Journal Roundup

BRUSSELS — A European Union report called Wednesday on Europeans to work longer to keep receiving state pensions from cash-strapped governments. The European Commission said the average retirement age in the 27-nation bloc would have to increase to 70 by 2060, from the current age of 60, if workers are to continue supporting retirees at current rates.

"The number of retired people in Europe compared to those financing their pensions is forecast to double by 2060," said Laszlo Andor, EU Commissioner for Employment, Social Affairs and Inclusion. "The current situation is simply not sustainable."

Europe is aging as people live longer and birth rates fall gradually. There are currently four people of working age for each person over 65. Two workers will support one retiree by 2060.

In a news conference, Mr. Andor emphasized that although the issue of pensions would remain a primarily national one, the EU could assist its member states by coordinating policy and providing a legal framework in certain areas.

The announced consultation comes in a time of economic pessimism and demographic decline for Europe, and soon after wide protests last month following the French government's proposal to raise the retirement age to 62 from 60. Germans will retire at 67 starting in 2029. Spain is considering a similar increase and Britain is planning to raise the age to 68.

Greece has seen violent protests against pension reforms that include making people work beyond an average retirement age of 61, one of the lowest in Europe.

A recent Eurobarometer survey found that 73% of EU citizens expect that their pension benefits will decrease or that they will have to postpone retirement or save more money.

The European Trade Union Confederation says there is "no evidence" that employers want to keep older workers.

"The prevailing philosophy among too many employers is that older workers are too set in their ways to match changing work environments and should be encouraged to leave early, well below statutory retirement ages," said ETUC's John Monks.

## U.K. government pressures suppliers as it pushes civil servants for cuts

BY LAURENCE NORMAN

LONDON—The British government will discuss cost savings with its biggest suppliers on Thursday.

The government continues to press civil servants over pay and performance with Prime Minister David Cameron telling Britain's diplomats Wednesday they needed to do more to generate business for U.K. companies.

In a speech to the think tank Reform in London on Wednesday, U.K. Cabinet Office Minister Francis Maude said he will meet Thursday with the chief executives of the government's 20 largest suppliers to start "renegotiating with them across everything that they do for government to get the cost down."

The new government, which took office in May, has promised some £6.2 billion (\$9.4 billion) in spending cuts for the current financial year. Some of that will come from the "significant savings" the Cabinet Office expects to make from renegotiating contracts.

The Cabinet Office wouldn't give details of who will attend Thursday's meeting and said there was no figure for expected savings. Further meetings are expected with other suppliers over the summer. So far, there has been mixed fallout on pub-

lic-sector suppliers from the government's spending-cut plans.

Shares in social housing group **Connaught PLC** have fallen in recent days after the group warned spending cuts would hit its revenues. On Wednesday, shares traded at 118 pence each, down from 325 pence on

**'If you want to keep Britain's great ambassadorial residences—then I want you to show me that...you are using them...to open new trade links,' Mr. Cameron said.**

June 23. However, construction firm Carillion PLC said earlier Wednesday that only a fraction of its £19.7 billion order book and probable orders was from public sector demand.

In recent days, Mr. Maude has promised to use the government's collective buying power to drive down procurement and other costs. He also said on Wednesday that the government would also cap the redundancy payouts to civil servants ahead of what are expected to be significant job cuts in the public sector in coming years.

Meanwhile in a speech to the Foreign Office Leadership conference, the prime minister urged the nation's diplomats to "do more with less," warning, "If you want to keep Britain's great ambassadorial residences—then I want you to show me that every day you are using them relentlessly to open new trade links and to generate new business for Britain."

The new government has vowed to drive down by a third what it spends on central government departments as part of its deficit reduction drive.

It has also announced a two-year pay freeze for most public-sector workers and provoked union wrath by reviewing changes to public-sector pensions.

In a speech he is due to deliver in London to 450 civil servants on Thursday, Mr. Cameron will praise Britain's "talented and committed" civil servants but pitch the new strategic plans as a way to devolve power away from a central bureaucracy, according to excerpts made available by his office.

"I'm not going to criticize everything the previous government did...Where they went wrong were the techniques they used. Top-down. Controlling. Above all, bureaucratic," he is due to say.



EUROPE NEWS

# Manhunt in the U.K. strains police resources

*Suspect in shootings that left two dead has evaded expanding net*

Press Association

A man on the run after a shooting over the weekend has become a major drain on the resources of the British police, who have drafted snipers, armed cars and a £10,000 (about \$15,000) reward in pursuit of him across the countryside.

Newcastle-based bouncer Raoul Moat is suspected of shooting his ex-lover Samantha Stobbart and killing her new boyfriend Chris Brown on Saturday, then badly injuring police officer David Rathband less than 24 hours later.

Scotland Yard said it is sending 40 specialist firearms officers, armed with Heckler and Koch G36 assault rifles, to help the search, while the Police Service of Northern Ireland delivered 20 armored cars.

They will join specialist firearms officers, including snipers armed

with high-velocity weapons with telescopic sights.

Detectives said Wednesday they had found Mr. Moat's hideout, along with a letter written to his ex-girlfriend, near Rothbury in rural Northumbria.

At a news conference Wednesday, Detective Chief Superintendent Neil Adamson made another direct appeal to Mr. Moat, saying: "I've said it before and I will say it again, we want to apprehend you safely. Please give yourself up."

He said the £10,000 reward is for information leading to Mr. Moat's arrest. Police are investigating hundreds of tips from the public.

Mr. Adamson said investigators believe others have helped Mr. Moat evade police "indirectly or otherwise" as the gunman traveled around Northumbria. Although police believe Mr. Moat remains in or

around Rothbury, plans are in place to intercept him anywhere in Northumbria. It also emerged Wednesday that detectives believe Mr. Moat was responsible for a robbery at a chip stand Monday night.

"We believe Mr. Moat to be a measured individual who appears to carefully plan his actions and is comfortable in an outdoor environment," said Mr. Adamson.

Police are investigating several potential sightings of Mr. Moat and released new details Wednesday of his appearance and clothing.

They recovered a tent and other items, including the latest in a series of letters he has left while on the run, from a "secluded spot" on the outskirts of Rothbury.

Mr. Adamson said the content of the letter is "very much personal between the two" but police haven't yet given it to Miss Stobbart.

## Summer in Spain: Pamplona turns bullish



Reuters

The first bull run of the San Fermin fiesta caused a few injuries but no deaths

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## EUROPE NEWS

# Prisoner swap weighed in spy case

*U.S. and Russia discuss an exchange, which would be the first since the Cold War ended*

In an apparent throwback to the Cold War, Moscow and Washington are discussing a deal to swap 10 of the suspected deep-cover Russian agents arrested last month in the U.S. for prisoners held in Russia, according to people familiar with the talks.

By Gregory L. White  
in Moscow and Evan Perez  
in Washington

Two U.S. officials said talks about a possible plea agreement were continuing. The discussions weren't advanced enough for a deal to be imminent, but prosecutors agreed to postpone some court hearings for the alleged Russian spies while U.S. and Russian diplomats discussed an agreement.

Such a deal could result in Russia agreeing to release prisoners, one of the officials said. A scheduled hearing in Alexandria, Va., for three of the alleged spies was postponed Wednesday.

Officials at the Kremlin and Russia's Foreign Intelligence Service declined to comment Wednesday.

The mother and brother of a Russian physicist Igor Sutyagin, who was convicted in 2004 of spying for the U.S., said he had signed a deal to be exchanged under the agreement after prison authorities suddenly brought him to Moscow from the prison in Russia's far north, where he has been serving his 15-year sentence. Mr. Sutyagin has previously denied he was a spy; his case has been criticized by human-rights advocates and in some Western capitals as an example of Russia's spy agencies railroading innocent specialists through a compliant court system. Russian security officials reject that.

A swap deal would be the first since the end of the Cold War two decades ago. Before that, Moscow and Washington periodically exchanged captured spies, such as in 1962, when captured U.S. Air Force Pilot F. Gary Powers was swapped for Soviet spy Rudolf Abel. Later, the Soviet government began exchanging dissidents for its agents captured in the West.

"We're rolling back the clock," said Yuri Ryzhov, a former Russian ambassador and prominent academic who heads a commission that has defended scholars accused of treason. "It's the 1970s now."



Igor Sutyagin, pictured in 2004 in a Moscow jail, could be released soon.

An exchange deal would help both Moscow and Washington put the uncomfortable spy affair behind them. Presidents Barack Obama and Dmitry Medvedev have invested heavily in the "reset" in U.S.-Russia relations, seeking to improve ties. The spy arrests, which came just over a day after Mr. Medvedev had left the U.S. after a warm official visit to Washington and California, had threatened to cast a pall over the recovering relationship.

U.S. prosecutors in New York on Wednesday unsealed formal charges against all 11 suspects, including one alleged agent who jumped bail in Cyprus last week and remained at large. They were charged not with espionage but with the lesser crime of being a foreign agent without registering, as required. Nine of the suspect were also charged with money laundering, according to the indictment.

The indictment contains a brief listing of the allegations the government made previously in its criminal complaint, including alleged money drops, radio transmissions to Moscow spy handlers and a meeting with a U.S. government nuclear re-

searcher who was a spying target.

A quick end to the spy affair would help the U.S. avoid what some observers said could be a potentially difficult trial. An exchange would also prevent U.S. law enforcement from having to disclose counterespionage tactics during the discovery process leading up to a trial.

Prosecutors alleged the suspects had spent years disguising themselves as Americans with ordinary suburban lives and families to gain entry to the political and business elite. Though they are charged with using fake passports and secret radio communications, the information they are accused of having collected seemed largely available publicly.

Some of the spies bore children while in the U.S. Some of the accused have begun arranging to have family take the children to Russia, according to court documents. The U.S. is unlikely to oppose this.

Mr. Sutyagin, the Russian physicist, also maintains that the information he was convicted of providing to a British company that was allegedly a front for the U.S. Central Intelligence Agency was garnered from open sources.

The account Mr. Sutyagin gave his relatives was straight out of a spy novel.

On Monday, he was working construction as usual at the Kholmogory harsh-regime prison camp when a prison officer came up and told him to pack his things, his mother, Svetlana, told reporters Wednesday. He wasn't told where he was going, but was driven to the airport and flown to Moscow, where he was taken to the Lefortovo prison, a special facility run by one of the KGB's successor agencies, the Federal Security Service.

There, the terms of the deal were explained to him by what Mr. Sutyagin said appeared to be a senior official of the Foreign Intelligence Service, who was accompanied by three U.S. officials, he told his mother and brother. Only if all those involved in the swap agreed to admit guilt would the deal go through.

The U.S. had chosen the Russians to be released, Mr. Sutyagin was told, according to his relatives, who said the swap would involve equal numbers on each side.

"He couldn't not sign the document," his mother said.

She said he told them he remembered only one other name of those to be exchanged: Sergei Skrypal, a Russian army colonel convicted of spying for the U.K. in 2006.

Elena Lebedeva-Romanova, a lawyer for Mr. Skrypal, said she couldn't confirm or deny whether he was part of any deal because she hadn't been in contact with him. "I'm extremely surprised," she said. "This whole story sounds like a movie."

Mr. Sutyagin's mother said officials told him that he would be flown to Vienna to be exchanged on Thursday and go from there to the U.K. They said he would retain his Russian citizenship—a break from Cold War practice when dissidents were exiled—though his lawyer said she was skeptical he would ever be allowed to return to Russia. He was given a white shirt and tie to wear for his passport photo, but not allowed to shave, his lawyer said.

Once he had signed the deal, prison officials contacted his relatives for the hastily organized visit that took place early Wednesday.

—Anna Masterova  
and Olga Padorina in Moscow  
contributed to this article.

## France issues prison sentence for Noriega

Associated Press

PARIS—A Paris court on Wednesday convicted former Panamanian dictator Manuel Noriega of laundering drug money in France in the 1980s and ordered him to spend seven years behind bars, a sentence that comes on top of two decades he already spent in a U.S. prison.

The three-judge panel also ordered the seizure of €2.3 million that has long been frozen in Mr. Noriega's accounts.

It's a new defeat for the longtime strongman and Central Intelligence Agency asset, who was accused of joining forces with drug traffickers, but his lawyers hope it may be a brief one and predict he could be eligible for parole within a year. His lawyers were deciding whether to appeal and have 10 days to do so.

Mr. Noriega, who gives his age as 76, was deported after a 1989 U.S. invasion and went on to serve 20 years in a Florida prison for drug trafficking. He was extradited to France in April to stand trial on accusations related to his assets here.

The prosecution argued that millions of dollars that passed through Mr. Noriega's French accounts during the late 1980s were kickbacks from the powerful Medellín cocaine cartel. His lawyers had pressed for an acquittal, saying the trial was part of a political plot against him and arguing that Mr. Noriega's age and poor health mean he would certainly die behind bars if convicted.

Mr. Noriega has blood-pressure problems and is paralyzed on the left side following a stroke, his lawyers say.

Mr. Noriega served out his U.S. sentence in 2007, but he stayed behind bars for 32 months during a protracted battle to fight extradition to France. Defense lawyer Antonin Levy said those 32 months count toward the French sentence, which would mean Mr. Noriega could be up for parole within a year.

France convicted Mr. Noriega and his wife in absentia in 1999 for laundering cocaine profits through three major French banks and using drug cash to invest in three luxurious Paris apartments on the Left Bank. He was granted a retrial.

Mr. Noriega is being held at the La Santé prison in southern Paris. His lawyers say the prison is squalid and unfit for a man of his age and rank. France has refused to grant him prisoner-of-war status, which he had in the U.S.



Associated Press

Manuel Noriega in Panama in 1987.

# Climate probe largely vindicates scientists

By JEFFREY BALL  
AND GUY CHAZAN

A U.K. investigation concluded Wednesday that researchers at a prominent climate-change institute didn't skew science to inflate evidence of man-made global warming, but it criticized them for not sharing data and, in one instance, for presenting information in a "misleading" way.

The report is the third and largest in recent months to reach the complex conclusion about the conduct of climate scientists at the Climatic Research Unit of the U.K.'s University of East Anglia.

Taken together, the reports are in line with the 2007 conclusion by the United Nations' Intergovernmental Panel on Climate Change

that global warming is "unequivocal" and is "very likely" caused by human activity. But the reports collectively warn climate scientists to be more transparent in responding to critics and in explaining their methods. The latest report also notes that it isn't assessing climate science broadly.

Wednesday's report isn't likely to quiet the climate-science debate. In August, a separate scientific panel sponsored by the InterAcademy Council, a consortium of national scientific academies, is due to issue its findings following a monthslong investigation into the IPCC, which in recent months has acknowledged a few errors in its 2007 climate-science report.

The latest U.K. report resulted from the online publication in No-

vember of some 1,000 emails hacked from the University of East Anglia's computers. They appeared to show scientists at the Climatic Research Unit trying to squelch criticism of the premise that global warming is man-made.

In some emails, the scientists discussed how to keep critics' papers out of prominent scientific journals. In one, the Climatic Research Unit's director, Phil Jones, talked of using a "trick" to hide a discrepancy in data that has been cited prominently as evidence of man-made climate change.

A University of East Anglia spokesman said Mr. Jones wouldn't comment on the report.

Wednesday's report, by a team of outside scientists appointed by the University of East Anglia, found that

the East Anglia researchers' "rigor and honesty as scientists are not in doubt." It also found no "evidence of behavior that might undermine the conclusions of the IPCC assessments" that climate change is happening and is probably caused by humans.

But the report criticized the East Anglia climate scientists for "a consistent pattern of failing to display the proper degree of openness."

In particular, the report said, the researchers' responses to "reasonable requests for information" by outside scientists "were unhelpful and defensive."

And the report concluded that the East Anglia researchers may have deleted emails "to make them unavailable should a subsequent request be made for them."



## U.S. NEWS

# U.S. plot tied to planned U.K. attack

By CHAD BRAY

NEW YORK—U.S. prosecutors said Wednesday that senior al Qaeda leaders directed a failed plot to detonate homemade explosives in New York City's subway system last year and a similar planned attack in the U.K.

In an indictment unsealed in federal court in Brooklyn, prosecutors alleged that three senior al Qaeda leaders, including Adnan el Shukrijumah, one of the U.S.'s most wanted terrorists, organized the plot to set off bombs on New York subway lines last September.

In new details that underscore

the global nature of the alleged scheme, prosecutors claimed the New York subway plot was part of a bigger scheme by al Qaeda leaders in Pakistan to use Western operatives to attack a target in the U.K.

Mr. Shukrijumah, 34 years old, was directly linked to the failed scheme to bomb New York subway lines, which was thwarted last September after law-enforcement officials spooked the alleged plotters. The U.S. has been searching for Mr. Shukrijumah, a Saudi Arabia native, for several years and is offering a \$5 million reward for information leading to his capture.

The indictment alleges that three

men organized the subway plot: Mr. Shukrijumah; a man known as Saleh al-Somali; and Rashid Rauf. Messrs. Rauf and Somali are both believed to have been killed. Mr. Shukrijumah allegedly recruited Najibullah Zazi and two other men to carry out the attack in New York, prosecutors said.

Mr. Zazi, an Afghan native who worked as an airport shuttle driver in Colorado, pleaded guilty in February to conspiracy to use weapons of mass destruction and other charges. He admitted that he drove to New York last September with explosives and other bomb-making materials and intended to carry out an attack

on New York subway lines.

Mr. Zazi said that while he was in New York, he realized he was being investigated by law enforcement and threw away the explosives. He was arrested a few days later after returning to Colorado.

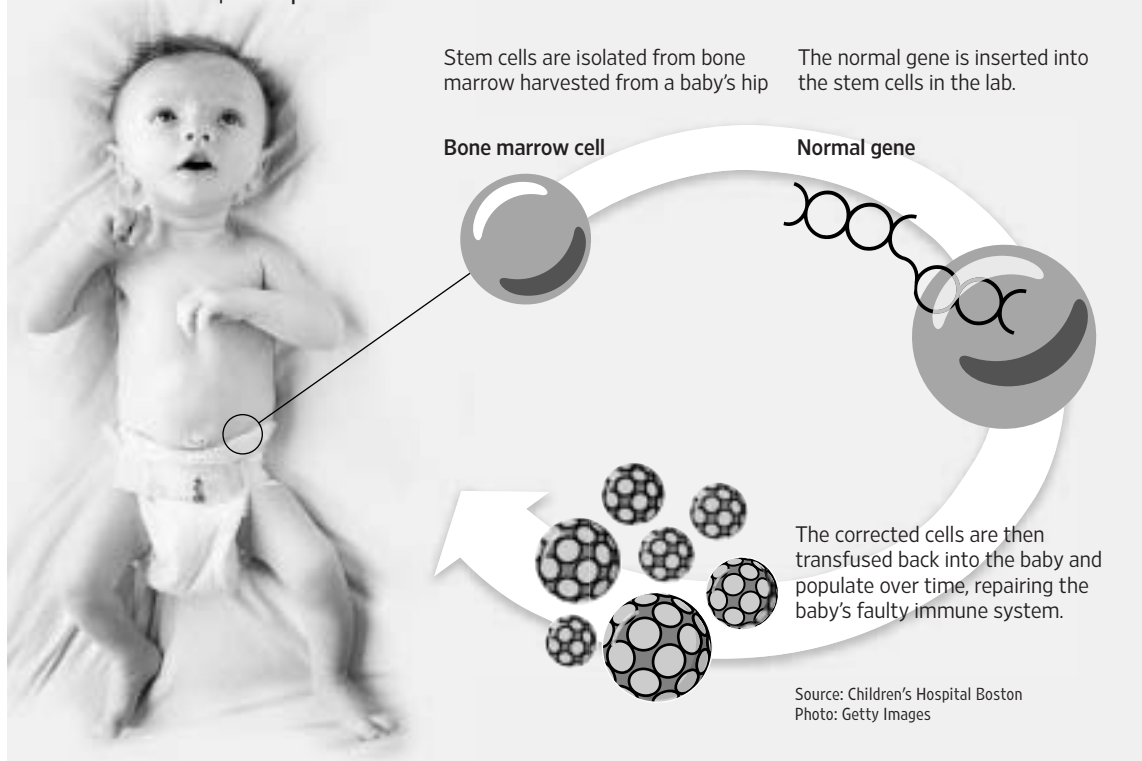
As part of his plea, Mr. Zazi said that he traveled to Pakistan in 2008 with the intention of joining the Taliban to fight the U.S. in Afghanistan. While in Pakistan, Mr. Zazi said, he was recruited by al Qaeda and received weapons and other training.

Two other men allegedly traveled with Mr. Zazi to Pakistan. One of them, Zarein Ahmedzay, pleaded guilty in April to conspiracy and

providing material support to al Qaeda.

The indictment also brings criminal charges against Abid Naseer and Tariq ur Rehman in connection with the U.K. attack. They were arrested in the U.K. in April 2009 on terrorism charges following a hasty raid by U.K. authorities after a top counterterrorism official there unintentionally revealed details of the operation. Mr. Naseer, 24, was arrested again on Wednesday and the U.S. is seeking his extradition. Mr. Rehman is not in custody and is believed to be in Pakistan. Their last known lawyers couldn't immediately be reached for comment.

## How it works | The procedure the SCID-X1 trial will use



# New hope for gene therapy

By AMY DOCKSER MARCUS

Researchers have launched a new gene-therapy trial for children with a rare disease known as "bubble boy syndrome," reflecting fresh hopes that the strategy of delivering working genes can be used to treat many intractable ailments.

In the new study, sponsored in the U.S. by investigators at Children's Hospital Boston and expected to open at five sites around the world, scientists plan to enroll 20 boys with SCID-X1, which stands for severe combined immunodeficiency, X-linked—a genetic condition that affects boys and leaves them unable to fight germs. Without treatment, which is currently possible only by bone-marrow transplantation, most children die before age 1.

The study comes seven years after two similar trials in Europe—one in Paris and one in London, involving a total of 20 children—were temporarily halted when two participants were diagnosed with leukemia. Three others eventually developed the blood cancer, and one died. Those who survived were cured of SCID-X1, but the episode prompted the U.S. Food and Drug Administration to put a hold on certain gene-therapy studies.

While gene-therapy studies in other diseases have gone forward,

the new trial is the first involving SCID-X1 to take place in the U.S. since the hold. Researchers believe they have stripped out the feature of the treatment that caused leukemia.

"If the trial is successful, we think what we are doing can apply to other rare diseases as well," said David Williams, chief of hematology/oncology at Children's Hospital Boston and lead investigator for the U.S. sites.

In gene therapy, scientists try to correct a problem caused by a defective or non-functioning gene. A normal gene is delivered via what scientists call a vector, typically a virus genetically altered to contain human DNA. The idea is that this normal gene will begin producing a protein that has been missing or not working and cure the disease.

The earlier SCID-X1 trials, along with the death in 1999 of 18-year-old Jesse Gelsinger four days after starting gene therapy at the University of Pennsylvania for a different genetic condition, intensified regulatory scrutiny and dampened enthusiasm for the new technology. Some scientists began to wonder whether gene therapy was too risky and too complex to become a safe and effective treatment.

But recent findings from several studies are rekindling excitement for the approach. Last fall, a team led by

researchers at Children's Hospital of Philadelphia and University of Pennsylvania School of Medicine reported they had successfully injected a gene via a genetically engineered vector into the retinas of 12 patients suffering from a blindness-causing genetic disease called Leber's congenital amaurosis. All patients had some improvement in eyesight.

In another report last year, European researchers said they successfully delivered a gene into the blood cells of two patients with a rare, fatal brain disease called X-linked adrenoleukodystrophy (ALD). Patrick Aubourg, professor of pediatrics at University Paris Descartes, said the treatment halted progression of the disease. Three years later, the patients remain stable and can attend school.

The preliminary findings helped Genetix Pharmaceuticals Inc., of Cambridge, Mass., raise \$35 million in venture capital to finance additional research, said Nick Leschly, the company's interim president.

The data in these and other reports involve small numbers of patients, but "we're seeing the first evidence of real therapeutic efficacy," said Susan Robinson, chief executive of Seattle-based Targeted Genetics Corp., which is involved in an ongoing gene-therapy trial in Britain for Leber's congenital amaurosis.

# U.S. launches plan to detect cyber attacks

Continued from first page  
systems—which run everything from subway systems to air-traffic control networks—have since been linked to the Internet, making them more efficient but also exposing them to cyber attack.

The goal is to close the "big glaring holes" in the U.S.'s understanding of the nature of the cyber threat against its infrastructure, said one industry specialist familiar with the program. "We don't have a dedicated way to understand the problem."

The information gathered by Perfect Citizen could also have applications beyond the critical infrastructure sector, officials said, serving as a data bank that would also help companies and agencies who call upon NSA for help with investigations of cyber attacks, as Google did when it sustained a major attack late last year.

The U.S. government has for more than a decade claimed a national-security interest in privately owned critical infrastructure that, if attacked, could cause significant damage to the government or the economy. Initially, it established relationships with utility companies so it could, for instance, request that a power company seal a manhole that provides access to a key power line for a government agency.

With the growth in concern about cyber attacks, these relationships began to extend into the electronic arena, and the only U.S. agency equipped to manage electronic assessments of critical-infrastructure vulnerabilities is the NSA, government and industry officials said.

The NSA years ago began a small-scale effort to address this problem code-named April Strawberry, the military official said. The program researched vulnerabilities in computer networks running critical infrastructure and sought ways to close security holes.

That led to initial work on Perfect Citizen, which was a piecemeal effort to forge relationships with some companies, particularly energy companies, whose infrastructure is widely used across the country.

The classified program is now being expanded with funding from the multi-billion-dollar Comprehensive National Cybersecurity Initiative, which started at the end of the Bush administration and has been continued by the Obama administration, officials said. With that infusion of

money, the NSA is now seeking to map out intrusions into critical infrastructure across the country.

Because the program is still in the early stages, much remains to be worked out, such as which computer control systems will be monitored and how the data will be collected. NSA would likely start with the systems that have the most important security implications if attacked, such as electric, nuclear, and air-traffic-control systems, they said.

The full scope of the program is still to be determined. "It's almost too expensive. You have to wonder how you're going to get to all of [the data]," the military official

The goal is to close the "big glaring holes" in the U.S.'s knowledge of the nature of the cyber threat against its infrastructure, said an industry specialist.

said.

Intelligence officials have met with utilities' CEOs and those discussions convinced them of the gravity of the cyber threat against U.S. infrastructure, an industry specialist said, but the CEOs concluded they needed better threat information and guidance on what to do in the event of a major cyber attack.

Some companies may agree to have the NSA put its own sensors on and others may ask for direction on what sensors to buy and come to some sort of agreement about what data they will then share with the government, industry and government officials said.

While the government can't force companies to work with it, it can provide incentives to urge them to cooperate, particularly if the government already buys services from that company, officials said.

"You've got to instrument the network to know what's going on, so you have situational awareness to take action" said the military official, referring to the process of inserting electronic sensors on a computer network to detect intrusions.

Raytheon, which has built up a large cyber-security practice in recent years, is expected to subcontract out some of the work to smaller specialty companies.



## U.S. NEWS

## Big-company CEOs shift toward criticism of Obama

[ Capital ]

By DAVID WESSEL



On Wednesday, President Barack Obama made nice to big-company CEOs and they returned the favor in a White House celebration of the virtues of increased U.S. exports. "We've got to all row in the same direction," he said.

But all isn't well between America's CEO and the CEOs of its biggest companies. In the early days of the Obama presidency, CEOs of America's big companies rallied around Mr. Obama. He had the economic muscle to save the world from a repeat of the Great Depression; they didn't. He was popular; they weren't. He talked about the urgency of restraining health-care costs while covering the uninsured; they nodded. He talked about raising their taxes; they overlooked that.

Today, big company CEOs act like jilted lovers. Ivan Seidenberg of Verizon, speaking at the urging of CEOs who sit with him at the Business Roundtable, decries "a growing disconnect between Washington and the business community" and complains that "negative effects" of Obama-backed policies are "simply too significant to ignore."

He isn't alone. Eaton Corp.'s Alexander Cutler warns: "Our country is racing down an ill-advised path that is destroying competitiveness in the U.S....The challenge: Find leaders with the political courage to take the actions necessary to preserve our competitiveness."

What is driving this? Certainly not big-company profits. They are rebounding smartly, doing much better than wages.

One part is CEO reaction to the tarnished brand of American big business. The Gallup Poll last year found that 82% of Americans have a great deal or quite a lot of confidence in the military. For small business, it was 67%. For churches, 59%. For newspapers, 25%. For Congress, 17%. And for big business, 16%, lower than at any time since Gallup began posing the question in 1973.

Some CEOs accuse Mr. Obama of stirring this up. Few realize that elected officials usually reflect the public mood; they don't create it. CEOs are annoyed by the politicians' romantic portrayal of small business and the "vilification"—CEOs' favorite word at the moment—of big business. Most do think they are doing what is in the best interests of their companies and the U.S. economy. They are disappointed the president isn't defending them.

A second part is policy. Reversing a 30-year trend, the pendulum has swung against trust in business and in markets. Like it or not, the public and their elected politicians have concluded that banks, business and unfettered markets got us into this mess. The response is more rules and more regulation. In health care, in finance and—probably, soon—in energy and environment, business

will face more constraints.

And, perhaps most alarming of all to CEOs, they have realized the president is trying to keep his campaign promise to raise their taxes, both on CEO-level pay and on profits of U.S. multinationals.

A third part is personal. The president is friendly in private, but then occasionally excoriates business in public—or allows surrogates to do so. They concluded he would endorse, but not press Congress to approve, some proposals they dislike, such as one making it easier for shareholders to elect corporate directors. They were dismayed when the provisions ended up in law, sometimes forgetting that Mr. Obama doesn't have as much control over Congress as they have over their companies.

CEOs are realizing Mr. Obama is more of a traditional Democrat when it comes to business than the self-styled "New Democrat" Bill Clinton. The times are different, but so is the man. CEOs wish Mr. Obama would be their partner; he more often sees himself as a countervailing force.

The president and his people resist the anti-business label: They want credit for saving the financial system from collapse and for executing a \$787 billion fiscal stimulus that shored up demand for products made by Verizon, Eaton, Caterpillar and General Electric. They note they didn't nationalize the banks nor push to break them up in the congressional rewrite of the rules of finance. They have challenged teachers' unions, a core Democratic Party constituency.

They chuckle at CEOs who worry about the deficit, and then seek cuts in their taxes. They note the president's economic brain trust is drawn from the business-friendly Robert Rubin wing of the Democratic Party, and has been excoriated for being cozy with business. They insist they have shielded business from the Democrats in Congress most hostile to business. They seek applause for Mr. Obama's recent call to revive a free-trade pact with South Korea and his newly visible export push.

General Electric's CEO, Jeffrey Immelt, offered a clear-eyed appraisal of the stakes in a letter to shareholders this year: "When citizens distrust big business, governments will follow suit," he said. "We can find ourselves in a sort of 'dark cycle,' where the people who can make our economy better are considered its worst enemies. The rallying cry becomes, 'Why can't you clowns just create some jobs?'...I fear that if we don't improve the mood in our country, populism will turn to protectionism, to the great detriment of us all."

Some CEOs talk as if prosperity demands that big government unflinchingly promote interests of big business. Some politicians talk as if every proposed restraint on business fosters prosperity. Neither view is correct. The point isn't to win an argument. The point is to prevent bickering from disrupting cooperation where it could shore up an economy that needs all the help it can get.



Agence France-Presse/Getty Images

President Barack Obama, right, speaks Wednesday alongside Commerce Secretary Gary Locke, left, and Jim McNerney, Boeing chief executive, at the White House. Mr. Obama named 18 members to an advisory board on trade issues.

## U.S. outlines steps taken in bid to double exports

By JARED A. FAVOLE

WASHINGTON—The White House on Wednesday said the U.S. is on track to double exports in the next five years, and President Barack Obama named the chief executives of **United Parcel Services Inc.**, **Walt Disney Co.**, **Pfizer Inc.** and other companies to a presidential advisory board on trade issues.

Mr. Obama in a speech at the White House touted a variety of steps his administration is taking to boost exports and reposition the American economy to compete abroad.

Such moves include pushing hard to improve ambitions of the Doha round of trade talks, increasing access to export financing for small and medium-size businesses and ensuring foreign companies are competing fairly.

He applauded China's decision recently to allow its currency to appreciate in response to market forces.

Mr. Obama said the economy isn't growing fast enough, and added that U.S. growth can't be based on "fleeting bubbles of consumption, of debt; it can't rely on paper gains."

He added that the U.S. was "prepared to compete aggressively for the jobs and industries and markets of the future."

Mr. Obama had said in his State of the Union address to Congress that he wanted to double exports in the next five years from the \$1.57 trillion of goods and services sent abroad in 2009 as a way to support several million jobs.

The White House released a report Wednesday detailing progress the administration has made on this front, including signing deals with

**U.S. exports rose 17% in the first four months of this year, on the heels of the biggest trade drop in generations as the recession shook world economies.**

China and Russia to reopen their countries for U.S. pork and chicken producers.

The report also notes that exports were up 17% in the first four months of this year from the same period last year. That growth in exports comes on the heels of the biggest trade drop in generations as the recession shook U.S. and world economies.

Mr. Obama said he wanted to build on this momentum. He acknowledged, however, that the

growth was partly because of the global recovery. Mr. Obama, flanked by **Boeing Co.** Chief Executive Jim McNerney Jr. and Commerce Secretary Gary Locke, said for American businesses to compete, they had to look abroad for growth.

"Ninety-five percent of the world's customers and fastest growing markets are beyond our borders," he said. He added, "So if we want to find new growth streams...we've got to better compete for those customers—because other nations are."

Mr. Obama named 18 members to his Export Council. The appointees include a union leader, leaders of midsize businesses and a co-president of private-equity firm **Warburg Pincus LLC**. Other large, publicly traded companies that will be represented on the council include **MetLife Inc.**, **UAL Corp.**, **Dow Chemical Co.**, **Ford Motor Co.**, **Verizon Communications Inc.** and **Archer Daniels Midland Co.**

Ford CEO Alan Mulally applauded the Obama administration's efforts to expand exports.

"At Ford, we believe an export-driven strategy is critical to achieving our shared goals of economic growth, job creation and a sustainable future," he said in a statement.

He added, "For exports to grow we must ensure that market access for manufactured goods remains at the center of U.S. trade policy."

## In Hawaii, setback for gays

By TAMARA AUDI

In a controversial decision, Hawaii Governor Linda Lingle Tuesday vetoed legislation that would have allowed same-sex civil unions in her state. The move was a setback for gay-rights groups, and once again thrust Hawaii onto the frontlines of the national battle over gay marriage. The Republican governor said at a news conference that she felt the bill was "essentially same-sex marriage by another name."

Costly political battles over gay marriage and same-sex civil unions have been fought from Maine to California. Hawaii was among the first state to gain notoriety on the issue when its state supreme court ruled in favor of gay marriage in the early 1990s. But that sparked a backlash and in 1998, Hawaii residents voted to amend the constitution to ban gay marriage. The new bill would not have allowed gay marriage, but it would have permitted civil unions between gay partners.

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## WORLD NEWS

# Moderate groups retaliate in Lahore

Rise in extremist attacks in Pakistan is prompting more-mainstream Islamic institutions to threaten retribution

By TOM WRIGHT  
AND SHAHNAWAZ KHAN

LAHORE, Pakistan—Practitioners of mainstream Islam in Lahore are fighting back after an attack last week on one of their holy shrines by suspected al Qaeda-linked militants, which left more than 40 people dead.

One group, Sunni Tehreek, took to the streets in Lahore Friday armed with automatic weapons, and it is moving to forcibly take over mosques from hard-line Muslim groups. The message, says the group's Lahore leader, is that mainstream Muslims—or the majority in Pakistan—are able to defend themselves against al Qaeda extremists.

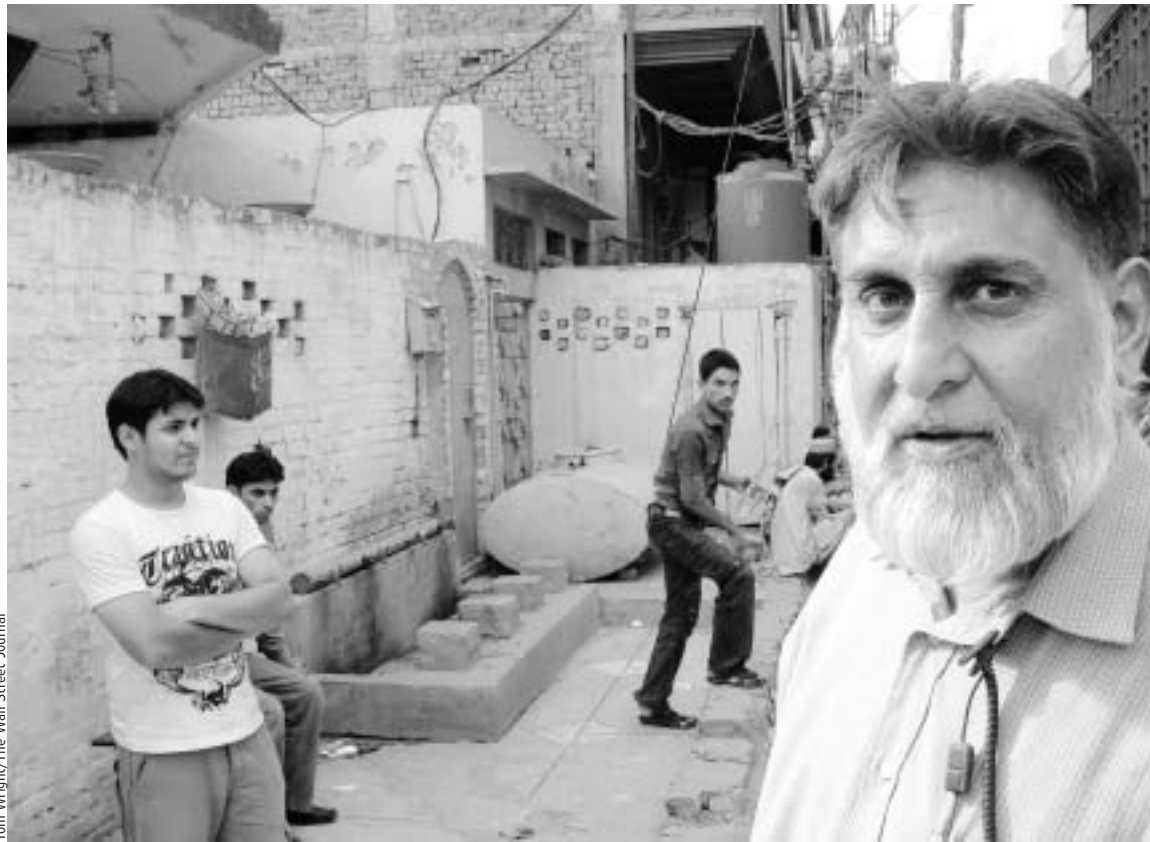
"In Pakistan, we believe might is right. We are bound to protect ourselves," says Mujahid Abdul Rasool, the leader of Sunni Tehreek's Lahore chapter, as he sits near a pile of Uzi and AK-47 rifles in the corner of the room.

Other religious leaders are calling for the government to do more to defend moderate Muslims, whom they claim account for 80% of Pakistan's 175 million people. On Thursday, Muslim groups from across Pakistan will hold a summit at the Data Gunj Bakhsh complex in Lahore, which was attacked last week by two suicide bombers, and call for a broader crackdown on militant Islamist groups.

Lahore's political leaders say they are concerned about retaliatory threats by Sunni Tehreek, and they say they won't allow vigilante violence to spread. "After this incident, they have become very emotional," says Rana Sanaullah, the law minister in Punjab province, of which Lahore is the capital. "We will arrest whoever crosses the line."

Pressure on Punjab authorities to take action against banned extremist groups, whose members continue to operate freely in the south of Punjab province, is also coming from India's government. New Delhi says it has evidence that scores of militants based in Punjab were involved in the 2008 attacks on Mumbai, which killed more than 160 people, and it wants Pakistan to take firmer action.

Mr. Sanaullah, who oversees the province's security agencies and is facing mounting calls to resign after the latest attack, says authorities are watching militants linked to banned groups closely. But the Pun-



Ijaz Rasheed, caretaker of a mosque run by a hard-line Islamic group, says Sunni Tehreek gunmen attacked the shrine.

jab government fears that arresting a large number of people without specific evidence of terrorist activity will lead to more suicide bombings, he added.

The threat of violence from Sunni Tehreek and other moderate groups shows how a bombing campaign in Pakistan by radical Islamists risks boiling over in to a broader sectarian conflict. Sunni Tehreek opposes extremist groups like the Taliban that support the imposition of Sharia law in Pakistan. It is part of the Barelvi movement, which emerged in the 19th century, to oppose the austere Saudi Arabia-influenced strains of Islam.

The Pakistan Taliban and its radical allies have been involved in a war with Pakistan's military for almost two years. U.S. pilotless drones have struck their strongholds in the northwest, along the Afghan border. In retaliation, suicide bombers have unleashed a wave of attacks on government, police and military targets across the country, especially in Lahore, the nation's political heartland.

Recently, the bombings have be-



Sunni Tehreek supporters in Lahore condemn the suicide blasts at a Sufi shrine.

come more indiscriminate, hitting markets and other public places. Al Qaeda and its Taliban allies, once popular for their anti-U.S. stance, are now widely reviled, polls show.

Extremist groups that hew to the Saudi Arabian-style of purist Islam have also struck at the symbols of more flexible strains of Islam that have dominated in Pakistan for cen-

turies. One of these is the Data Gunj Bakhsh complex, a turquoise-domed shrine to a Persian saint who brought Islam to Lahore in the 11th century.

On Thursday night, two unidentified suicide bombers blew themselves up as hundreds of people were worshipping there, unleashing a wave of anger in Lahore.

## British troops to exit risky Afghan district

Associated Press

LONDON—British troops will withdraw from a volatile district in southern Afghanistan where they have sustained almost 100 deaths, turning over responsibility to U.S. forces by the end of the year, the defense secretary said Wednesday.

Liam Fox told the House of Commons that U.S. Marines would replace British troops in the Sangin district of Afghanistan's southern Helmand province later this year. He said that, until the changes are made in October, Britain will bolster its 10,000-strong force in Afghanistan, temporarily deploying about 300 extra troops from a reserve battalion kept on standby in Cyprus.

Under the new plan by the North Atlantic Treaty Organization, the U.S. will operate mainly in the north and south of Helmand, with British, Danish and Estonian troops working in the central areas.

The changes would mean Britain will provide "more manpower and greater focus for the key terrain of central Helmand" and simplify the command structure in northern Helmand, where Sangin is located, Mr. Fox said. "The result will be a coherent and equitable division of the main populated areas of Helmand."

Lt. Gen. David Rodriguez, the No. 2 U.S. general in Afghanistan and the operational chief for the allied forces, told reporters Wednesday that the British move is part of his

effort to consolidate and better organize forces in Helmand. "This is done to clean up the command and control," structure, Gen. Rodriguez said, giving U.S. and British forces clearer areas of responsibility.

Gen. Rodriguez rejected the notion that the U.S. is bailing out British forces, noting that British forces have taken high losses in Sangin and will remain there through what may be the highest period of violence of the war this summer. The move will concentrate British forces "where we need them most," Gen. Rodriguez said during a news conference. He spoke to reporters at the Pentagon by remote video from his office in Afghanistan.

The Sangin valley has been one

of the deadliest for British forces, accounting for 99 of the 312 soldiers who have died in Afghanistan since 2001. "In Sangin, U.K. forces have made good progress," Mr. Fox told lawmakers.

Lt. Col. George Wilson, operations division coordinator for the Regional Command South based in Kandahar Air Field, said during a field visit in the Kandahar province, which abuts Helmand, that the decision to turn over control of Sangin was the right tactical move.

"There is a lot of emotion tied up in that place, but you can't let that cloud your judgment," Col. Wilson said.

Mr. Fox has previously discounted a suggestion that British

troops could be switched to the rural Kandahar province when Canada withdraws its force next year, but made no reference to the option in his speech Wednesday.

He also offered backing to Gen. David Petraeus, who took over from the dismissed Gen. Stanley McChrystal as commander of NATO forces in Afghanistan.

Prime Minister David Cameron earlier told lawmakers that he didn't believe "significant numbers" of British troops should remain in the country beyond 2015. "We have set out very clearly what we want to achieve in Afghanistan, this is the key year where we surge up the military forces, we surge up political pressure."

Extremists believe it violates Islam to venerate Muslim saints and have struck at shrines before, although mainly in the country's remote northwest and never at such a major site.

Raghib Hussain Naemi—head of the Sunni Ittehad Council, an umbrella group that is one of the organizers of the protest meeting at the shrine—says the city could erupt in violence against mosques linked to extremist groups unless the government takes firm action.

"People are very angry. We're thinking we should have weapons to protect ourselves," says Mr. Naemi, whose father was assassinated last summer by a suicide bomber after denouncing the Pakistan Taliban. Mr. Naemi says he doesn't agree with Sunni Tehreek's violent bent, and he is trying to keep the group from going too far.

Sunni Tehreek was founded in the 1990s to protect mosques from takeovers by militant groups, many of whose members had returned to Pakistan radicalized after fighting the Soviets in Afghanistan. Its members, often young, poor Pakistanis, fought armed battles in Karachi, the southern port city, against al Qaeda linked groups like Sipah-e-Sahaba in the 1990s over possession of mosques.

Sunni Tehreek remains a small group focused largely on Karachi, but it is expanding, Lahore government officials said. Mr. Rasool, the group's Lahore head, says it has about 1,000 members in the city. The procession of masked gunmen last week in Lahore has grabbed attention.

On Sunday, a group of Sunni Tehreek gunmen opened fire on a mosque run by a hard-line Islamic group just behind the Data Gunj Bakhsh complex, leading to a number of injuries, according to Mr. Sanaullah, Punjab's law minister.

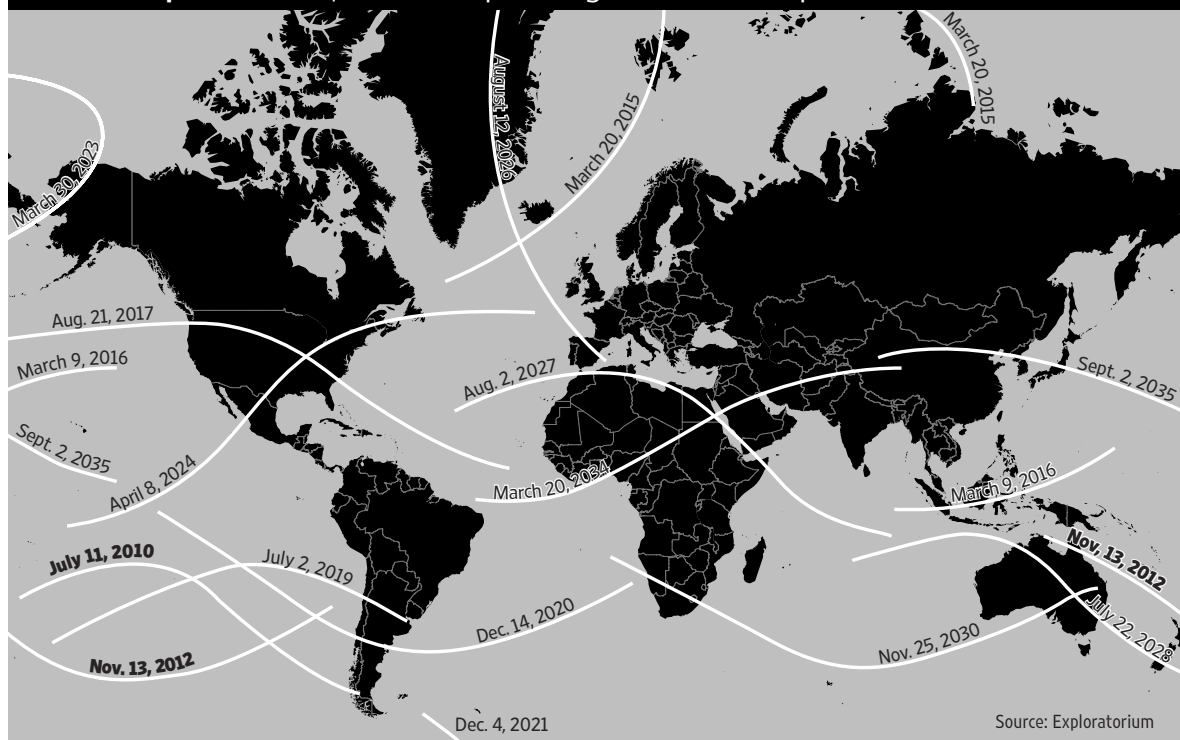
The caretaker of the mosque, Ijaz Rasheed, said Sunni Tehreek gunmen locked themselves inside and fired on people, hitting one worshiper in the neck. The group is using the attack on the Data Gunj Bakhsh complex as an excuse to try to takeover the mosque, he added.

Sunni Tehreek's Mr. Rasool denies this version of events and says Sunni Tehreek members weren't armed and were attacked first. But he admits the group would like to control the mosque, which houses an ancient grave of a Muslim saint.



## WORLD NEWS

## Global eclipse tracker | Paths of upcoming total solar eclipses



A couple took in the Jan. 15, 2010, solar eclipse in Zhengzhou, China

Agence France-Presse/Getty Images

# The other eclipse that people flock to see

BY ANTONIO REGALADO

Jeanne Loring and her husband, David Barker, have a date with the moon's shadow on Easter Island. At 2:11 p.m. local time Sunday, a total solar eclipse will plunge the Polynesian isle into an otherworldly twilight for 4 minutes and 41 seconds.

With Easter Island's remote location and enigmatic, monumental statues, this year's eclipse may be one of the eeriest. That makes the event a must-see for some international eclipse tourists like Ms. Loring, a biomedical researcher, and Mr. Barker, a biotech executive. "We always manage to talk ourselves into going no matter how expensive it is," says Ms. Loring, who has seen nine eclipses in such places as Siberia, a hilltop in Anatolia, and the Bolivian high plain, where the Quechua Indians banged pots and lit fires until the sun returned.

Total solar eclipses occur about once every year and a half when the moon passes in front of the sun.

During Sunday's eclipse, the moon's shadow will sweep across the Pacific Ocean, hitting a few inhabited islands in French Polynesia, as well as Easter Island, before racing off the Earth across Patagonia at more than 2,000 miles per hour.

With its limited landfall on some of the Earth's most isolated spots, it is for some the most expensive ever. Ms. Loring and her husband, based in Del Mar, Calif., are paying \$7,990 each (not including airfare to Santiago, Chile) for an eight-day trip with about 100 others organized by TravelQuest, of Prescott, Ariz. Other tourists will spend \$29,700 each for a six-night luxury eclipse cruise around the Tahitian islands, with lectures from U.S. astronomers.

Some operators have cut deals to exclusively book entire islands in the eclipse path, like tiny Mangaia, population 600. Others began staking out hotel rooms as long as five years ago. A crowd of perhaps 1,000 people is expected on Anakena beach on Easter Island, where the

eclipsed sun should be visible (if good weather holds) behind a row of hulking idols on stone pedestals.

"It's the ultimate photo-op for these people, to get that wide-angle photo of the eclipse hanging over the horizon with one of the large Moai statues in the foreground," says Joel Harris, a rocket engineer who also runs Twilight Tours, and is bringing 94 customers to Easter Island. The next total solar eclipse there won't occur until 2324.

Eclipses produce a series of spectacular visual effects, a sort of cosmic chiaroscuro of bursting light and deep shadows that no camera can adequately capture. First there is the silent, supersonic approach of the moon's shadow, and later, the chance to observe solar flares leaping from the sun's corona.

"It makes some people think about religion, or how small we are and how little control we have of what is going on around us," says Greg Buchwald, a Motorola engineer from Crystal Lake, Ill., who has seen

seven eclipses with his wife, a dental hygienist, and figures he has spent close to \$100,000 on eclipse tours.

Only during totality, when the moon covers the sun entirely, is it safe to look at the sun without special glasses.

For some, eclipse chasing is a competitive sport, with time in the moon's shadow, or a person's "totality number," recorded to the split second and posted on sites like Eclipse-Chasers.com. Professional astronomer Jay Pasachoff, of Williams College in Williamstown, Mass. is a record-holder who has seen 28 total solar eclipses and has a totality number of one hour, nine minutes and 17.8 seconds.

Rick Brown, a New York commodities trader, plans to view Sunday's eclipse from a specially modified A319 Airbus aircraft he helped charter with 23 others. Flying at nearly 500 miles per hour in the same direction as the moon's shadow, the flight will extend totality to almost 10 minutes for the

plane's occupants—a feat Mr. Brown says will be submitted to Guinness World Records.

Eclipse tourism dates from at least 1972, when 834 boarded a Greek ship to see an eclipse off Nova Scotia. That's the one attended by the Lear Jet-ting protagonist of Carly Simon's song "You're So Vain."

The activity is growing at about 15% a year and includes total lunar eclipses as well: Next June, Cengiz Aras, an archeologist who runs Eclipse Traveler, will lead a tour to see the Earth's shadow pass across the full moon at the Great Pyramid of Giza in Egypt.

Of course, there's always the risk of bad weather. Forest Key, an American software entrepreneur living in Chile, says he was clouded out of eclipses in 1991 in Hawaii, and again in 2009 in China. "It was still exciting and frankly, spiritual," says Mr. Key. "But also very disappointing to go through a lot of planning to get there and then the clouds screw it up."

# Corruption fighters form a close-knit club

BY BOB DAVIS

BERLIN — The Corruption Hunter Network sounds like a band of comic-book superheroes. But there's nothing comic about the fraternity of investigators and prosecutors gathered here for a two-day meeting.

One is investigating the prime minister of Italy on allegations of tax fraud. Another is an appeal away from potentially jailing a former president of Costa Rica in an embezzlement case. A third convicted a top aide to South Africa's current president on corruption.

It is a stressful and often lonely job. The group's newest member, Ghulam Rahman, a reserved Bangladeshi, says he was stunned when his country's president decided to promote him last year from energy regulator to head of the nation's anti-corruption commission. "When I retire from this job, I will have no friends," he sighs. "You can't do a favor for anyone."

The Corruption Hunter Network was born in 2005 when Eva Joly—a

former French magistrate whose 1990s bribery investigation of state-owned oil company Elf Aquitaine targeted politicians and convicted Elf executives—decided investigators and prosecutors needed a group to bolster morale. She convinced the Norwegian Agency for Development Cooperation, or Norad, to contribute about \$300,000 annually so corruption fighters could meet twice a year in five-star hotels without their usual bodyguards.

While many organizations target corruption, the low-profile Corruption Hunter Network is unusual in its informality and its loyalty, say members and World Bank officials. New recruits—ranging from high-profile investigators to greener officials in developing countries who seem to need help—are chosen by Norad without approval from other governments. A member fired at home remains part of the club, which helps them resettle outside their country if necessary.

The meetings are part reunion, part group therapy and part strategy sessions on how to build cases.



Bangladesh delegate Ghulam Rahman.

On the first day, members report on anticorruption battles; the second day includes presentations from outside advisers. But the real business of the Network takes place during the less formal chats at dinners and coffee breaks—and at late-night

drinking bouts, members say. Costa Rican prosecutor Juan Carlos Curbillo says he has leaned on his pals in the Network for support over the past few years as he was pursuing a bribery case against his country's former president, Rafael Calderón.

The Network was formed when combating corruption became an international priority. Emboldened, members—from about 15 countries at the time, many of them developing nations—brought tough cases. But the more they focused on leading politicians, the more turbulence they faced.

In Nigeria, Network member Nuhu Ribadu was dismissed as chairman of the Economic and Financial Crimes Commission in 2008 after he had successfully prosecuted his boss—Nigeria's police inspector general—for corruption then locked horns with the governor of an oil-rich state over corruption allegations. Mr. Ribadu says he fled Nigeria after an assassin tried to put a bullet in his back.

In January 2009, the Network met in Livingston, Zambia, to show

support for Maxwell Nkole, who in 2007 won a \$46 million judgment in London against former Zambian President Frederick Chiluba for looting the country and moving assets overseas.

Such gatherings were supposed to "give strength to members," says Fridtjov Thorkildsen, Norad's project director for the Network. "If something happens to a member, it would be published in 15 countries" where members have ties to the press.

That effort failed. Mr. Nkole was fired in August 2009 after he appealed a different case that cleared Mr. Chiluba of criminal charges—an appeal the Zambian government scrapped—and left for a research slot at the University of Cardiff.

The Network "needs to do more than have meetings in Africa," says Mr. Nkole, who says the group needs to devise new strategies to attack corruption. He has applied for a World Bank grant to examine how the International Criminal Court in the Hague could target corruption as a crime against humanity.