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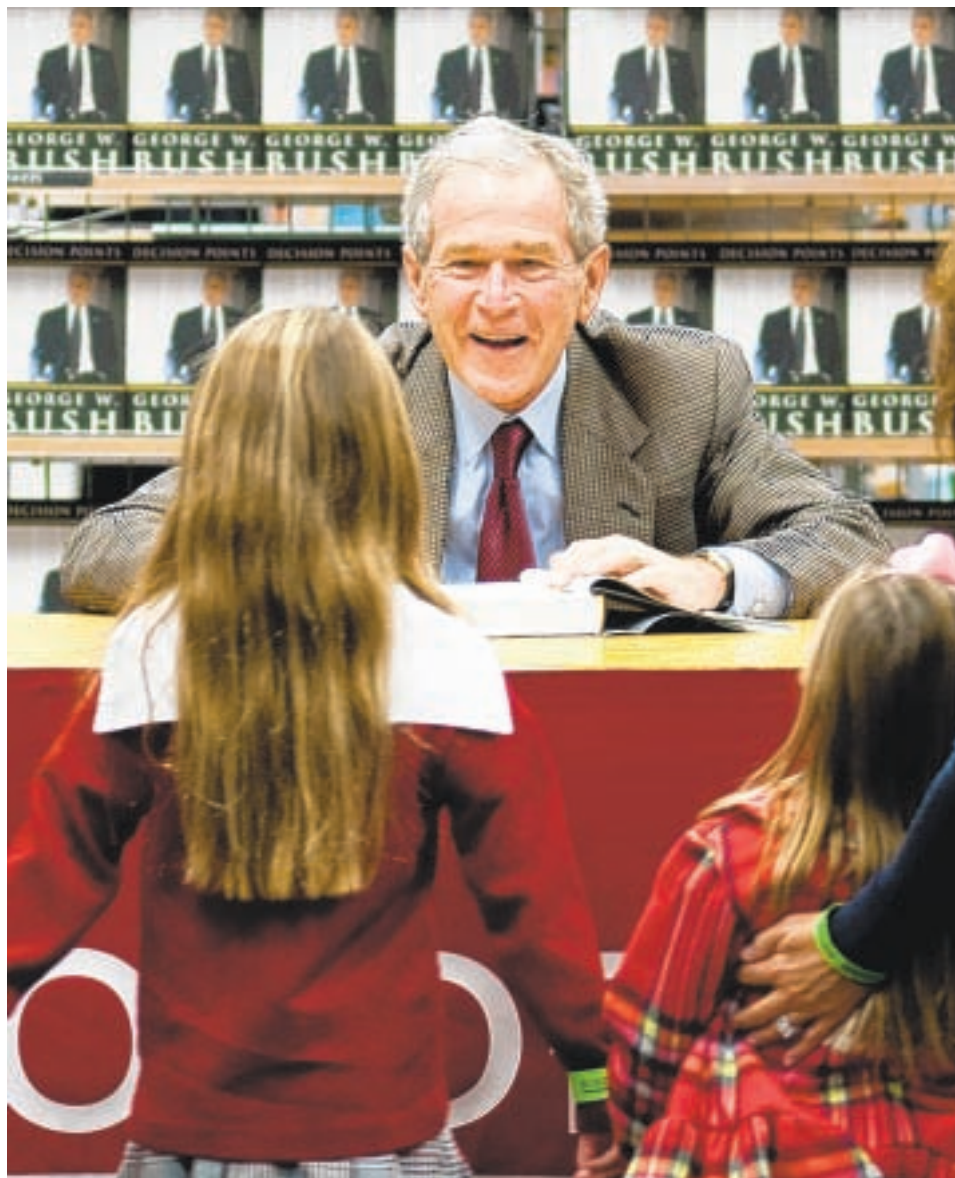
EUROPE

Wednesday, November 10, 2010

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### Former president shows he has the write stuff



Bloomberg News

Former U.S. President George W. Bush jokes with children as he signs his memoir, 'Decision Points,' at a bookstore in Dallas on Tuesday. He also quipped to Oprah Winfrey that 'a lot of people thought I couldn't read, much less write.' **Article on page 3, Bush interview on page 15.**

# Gold hits high amid surge in commodities

By BRIAN BASKIN

NEW YORK—Commodities hit multiyear highs in intraday trading Tuesday as producers of metals and agricultural goods are finding it more difficult to meet robust demand.

The threat of a supply crunch in markets such as copper and soybeans adds to last week's buying frenzy that followed the U.S. Federal Reserve's announcement it would buy \$600 billion in Treasury bonds. While intended to boost the economy, printing more money would also undermine the value of the dollar, a prospect that has sent commodity prices soaring over the last few weeks.

On Tuesday, December gold futures reached a record \$1,423.80 an ounce on the Comex division of the New York Mercantile Exchange, gaining additional momentum from renewed fears about the

European Union's ability to handle some members' high sovereign-debt levels. The contract ended up 0.5% at \$1,410.10 an ounce, after some investors used an afternoon rebound by the dollar to book profits. The November contract for silver settled at its highest level in 30 years, up 5.4% at \$28.9020 on Comex.

But the markets with the greatest fear of a supply crunch held onto their early gains. November soybean futures ended at a 26-month high of \$13.1925 a bushel after the U.S. Department of Agriculture cut its crop forecast while raising projected exports. Cotton ended up 3.4% at a record \$1.5123 a pound, the maximum daily gain allowed by ICE Futures U.S. Surging demand from China is expected to cause supplies of both crops to tighten.

China was also on the mind of copper traders, as futures leaped over the \$4-per-

pound mark for the first time since July 2008, helped by strong Chinese car-sales data. China's passenger-vehicle sales rose 27% in October to 1.2 million units, an industry group reported. Meanwhile, oil futures swung to a loss, down 0.4% at \$86.72 a barrel.

Investors have flocked to hard assets like metals and crude oil that will hold value should inflation take off or should the dollar's standing crumble.

Still, questions remain about the sustainability of recent rallies.

"Will these markets continue to climb when the Fed starts to consider removing the punch bowl?" said Matt Zeman, head of sales at LaSalle Futures in Chicago.

—Tatyana Shumsky and Tom Polansek contributed to this article.

■ IEA says China to drive high fuel demand ..... 10

Bahrain BD 1.50 - Egypt \$1.75 (CIV)  
Jordan JD 2 - Kuwait KD 1 - Oman OR 2  
Qatar QR14 - Saudi Arabia SR 14

THE WALL STREET JOURNAL.

### The Quirk



Inside baseball: this Yanqui is welcome in Cuba's locker room. **Page 33**

### World Watch

A comprehensive rundown of news from around the world. **Pages 34-35**

### Editorial & Opinion

Sarah Palin's wise words about the dollar. **Page 13**

## Oil-spill panel examines failings of safety culture

By SIOBHAN HUGHES

WASHINGTON—A federal panel probing the Gulf of Mexico oil spill on Tuesday put the spotlight on the safety culture at companies drilling the well, seeking to move beyond findings a day earlier that rig workers didn't consciously put costs ahead of safety.

"The problem here is that there was a culture that did not promote safety and that culture failed," said Bob Graham, co-chairman of the panel created by U.S. President Barack Obama. "Leaders did not take serious risks seriously enough; did not identify a risk that proved to be a failure." William Reilly, the other

co-chairman, said that "BP, Halliburton and Transocean are major respected companies operating throughout the Gulf and the evidence is they are in need of top-to-bottom reform."

He said that "we know a safety culture must be led from the top, and permeate a company."

The comments came one day after the panel's chief investigator, Fred Bartlit, said he found no evidence that individual workers made conscious choices to put costs ahead of safety.

His emphasis left an impression among people such as Ronnie Penton, a lawyer representing some workers on the rig, that the commission

was not focused enough on probing the root causes of the worst offshore oil spill in U.S. history.

"The investigators have to want to investigate whether safety was sacrificed for money and time," Mr. Penton told reporters on the sidelines of a second day of spill commission hearings. While the investigators "did a great job" laying out some basic facts, "we're looking at the operations—we're not looking at the root cause."

Some possible root causes were the subject of Tuesday's commission hearings. On Tuesday, Steve Lewis, a drilling engineer for Seldovia Marine Services who has re-

Please turn to page 3

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## PAGE TWO

# Cameron mission seems to be making progress with his great haul of China

## [ Agenda ]

By IAIN MARTIN



David Cameron is fond of saying he sees himself as a salesman for Britain, and that after a bruising few years the U.K. could do with a spot of salesmanship.

It is always easy to be skeptical about corporatist trade missions, with their stage-managed signing ceremonies and grip-and-grin photographs arranged for the traveling media circus.

But Mr. Cameron has gone all out on his visit to China to push the message that his country is, as he puts it, open for business. The prime minister has taken with him an extraordinary number of chief executives and a planeload of entrepreneurs, along with some of the key members of his government. All that is designed to prove the seriousness of his intent to his Chinese hosts. Chancellor of the Exchequer George Osborne is there, along with the Business Secretary Vince Cable and various others.

Business leaders are delighted to be associated with a thrusting young prime minister prepared to make their case and love that the aim is to double exports to China by 2015. Rolls-Royce, in need of some good news after recent events, got a welcome boost at the start of the trade mission with a \$1.2 billion order for Trent 700 engines from a Chinese airline.

Britain certainly has a lot of catching up to do; it sits fourth behind Germany, France and Italy in the trading with China stakes. Chinese spending with France outstrips Britain's more than three to one and France recently secured contracts valued at more than £12 billion. British efforts to date have been rather puny in



U.K. Chancellor George Osborne speaks at a news conference following trade talks in Beijing on Tuesday.

comparison. But that is not Mr. Cameron's fault. He starts where he starts.

Mr. Cameron has also come under pressure to take on the Chinese government over its human-rights record. He has handled it all rather deftly, raising the subject in talks with his hosts but refusing to grandstand. This seems to have been appreciated. The alternative would be for him to behave like a student politician, but it is difficult to see where that would get British business as it tries to close the gap with its competitors.

European leaders will have to get used to making much more frequent trips to China. They are becoming a staple for leaders of the old economies keen to capitalize on globalization and help find new sources of growth. It will require a particular style of delicate diplomacy.

This is the first proper outing for Mr. Cameron's respectful salesman routine. So far it can be marked as something of a success.

## Who challenges Merkel?

Angela Merkel may have problems on the domestic front,

and ratings that have disappeared down the drain. But as she can learn from studying the record of another Iron Lady, Margaret Thatcher, that is fine between elections—as long as you are setting the pace.

Indeed, the Iron Chancellor is setting such a pace in Europe that her rivals and partners are struggling to keep up. After the sovereign-debt crisis there was skepticism that she would get her way on tough new measures designed to force common currency nations to stick to German-style rules on their budgets. But she is winning.

The new rules also go much further than dealing just with budgets. All sorts of oversight in areas such as productivity, foreign assets, labor costs and competitiveness are envisaged.

Mr. Cameron, a relative novice at the European game, seems content that Britain has an exemption from sanctions if it breaks the latest rules. But other countries, those not in the euro, will fall under the remit of this economic surveillance and will be liable. Does anyone plan to ask some tough questions about these

new arrangements?

I have noted before that Ms. Merkel is firmly in the driving seat in Europe. On the current evidence no one else even wants to help with directions.

## Memo to new M&S boss

Marc Bolland has unveiled his strategy for **Marks & Spencer**.

Various brands will be streamlined and much of the legacy of his predecessor Sir Stuart Rose is to be junked.

But it remains to be seen whether he can win back the British male shoppers I know that the firm lost so carelessly.

Like many of my generation, I was raised wearing M&S underwear and socks. But a terrible decline in quality a decade or so ago meant that many men had to look elsewhere for well-cut boxer shorts made from decent cloth.

The last time I passed through an M&S I bought nothing but noted that boxer shorts bore a waistband logo proclaiming them "Authentic." Is that to distinguish them from "Fake" boxer shorts?

Mr. Bolland must get back to basics.

## What's News

■ **The U.K.'s Cameron** is expected to urge China to advance political freedoms and the rule of law Wednesday, telling university students that greater liberty must flow from economic freedoms the Chinese public enjoys. 5

■ **Barclays's profit tumbled** in the third quarter, but the stock rose as the bank said losses on bad loans are likely to fall faster than expected in coming months. 21, 36

■ **Vodafone said it will sell** its interests in SoftBank back to the Japanese telecom provider for \$5 billion. 23, 36

■ **The family behind Hermès** is considering funneling its shares into an unlisted holding company to defend the fashion house from unwanted shareholder LVMH. 19

■ **The EU said two Balkan states** were ready to advance their membership efforts, while admonishing Turkey to move faster to settle its border disputes. 6

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## ONLINE TODAY

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### Reader comment

europe.wsj.com/community

'Remember when Ireland was the poster-child of free-market deregulation and economic vibrancy in Europe?'



### Continuing coverage



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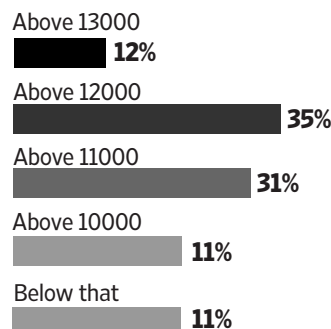
### Question of the day

Vote and discuss: Are any countries purposely devaluing their currency?

Vote online today at [wsj.com/polls](http://wsj.com/polls)

### Previous results

Q: Where will the Dow be by the end of the year?



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NEWS

# Bush 'sick' over WMDs

A Wall Street Journal Roundup

CHICAGO—George W. Bush recounted the mistakes of his presidency on Oprah Winfrey's talk show as he launched a book tour to promote his just-released memoir "Decision Points."

The former president said he still feels "sick about" the fact no weapons of mass destruction were found in Iraq. His response to Hurricane Katrina could have been quicker, he said, and he should have landed Air Force One two days after the storm instead of viewing the destruction through the plane's window.

Mr. Bush appeared Tuesday in a taped episode of "The Oprah Winfrey Show."

Writing the memoir, he said, "was an easy process" that has kept him busy.

"A lot of people don't think I can read, much less write," Mr. Bush joked on the program.

The world is better off without Saddam Hussein, Mr. Bush said, even though the invasion that toppled the Iraqi leader was based on faulty intelligence about the existence of weapons of mass destruction.

"When we didn't find weapons I felt terrible about it, sick about it, and still do, because a lot of the case in removing Saddam Hussein was based upon weapons of mass destruction," Mr. Bush said. He added that Mr. Hussein was "equally dangerous" without WMDs.

On Katrina, Mr. Bush said he didn't land Air Force One to view New Orleans up close because he was worried about taking resources away from rescue efforts.

"I made a mistake. I should have

landed," Mr. Bush said.

"I didn't realize a picture of me looking out would look like I didn't give a darn."

Mr. Bush said he should have sent federal troops to help with security in New Orleans sooner, but was waiting for authority from Louisiana state government.

Meanwhile, in an interview with a Wall Street Journal editorial page columnist published online Tuesday, Mr. Bush defended his handling of the financial crisis, and the bailout of General Motors.

"I think history will eventually say that the Bush administration dealt with [the financial crisis] in a way that saved the economy," he says in the interview.

"We didn't have a depression—and I thought one was coming. I did."

—Read the interview on page 15.



Mr. Bush reflects on his years at the White House in his book 'Decision Points.'

## Spill panel examines failings of safety culture

Continued from first page  
viewed evidence related to the BP oil spill, said one reason that rig workers may have missed red flags is that the well was designed as an exploration well with only the possibility of producing oil—meaning that the primary focus was on exploration.

When workers shifted to developing a production well after oil was discovered, BP may have had to rush to put new plans in place.

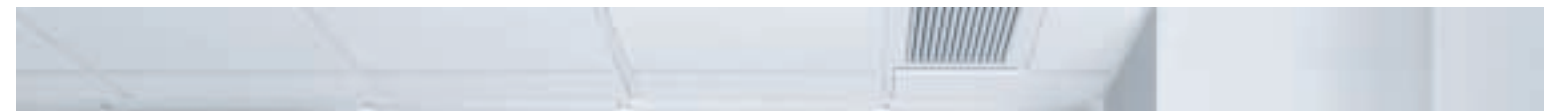
"That detail was left unattended to probably due to the lack of availability of mental resources—engineering time—until it became apparent that it was going to happen," Mr. Lewis said. "Then there was what I would have to describe as scrambling to catch up on that design."

**'The problem here is that there was a culture that did not promote safety and that culture failed,' said Bob Graham, co-chairman of the U.S. panel.**

He said the evidence is a lack of detail in the company's plans for wrapping up work on the well—known as abandoning a well. There were a series of changes in procedure as workers sought to temporarily plug the well before production occurred, sparking confusion and argument aboard the rig on the day of the disaster.

"There was no real detail of abandonment in the initial plans," he said. The final plans were "totally deficient" in providing guidance and simply ordered workers to "accomplish these major steps," Mr. Lewis said. "That's totally inadequate," he said, attributing the problems to a "lack of command and control."

A BP spokeswoman wasn't available to comment.



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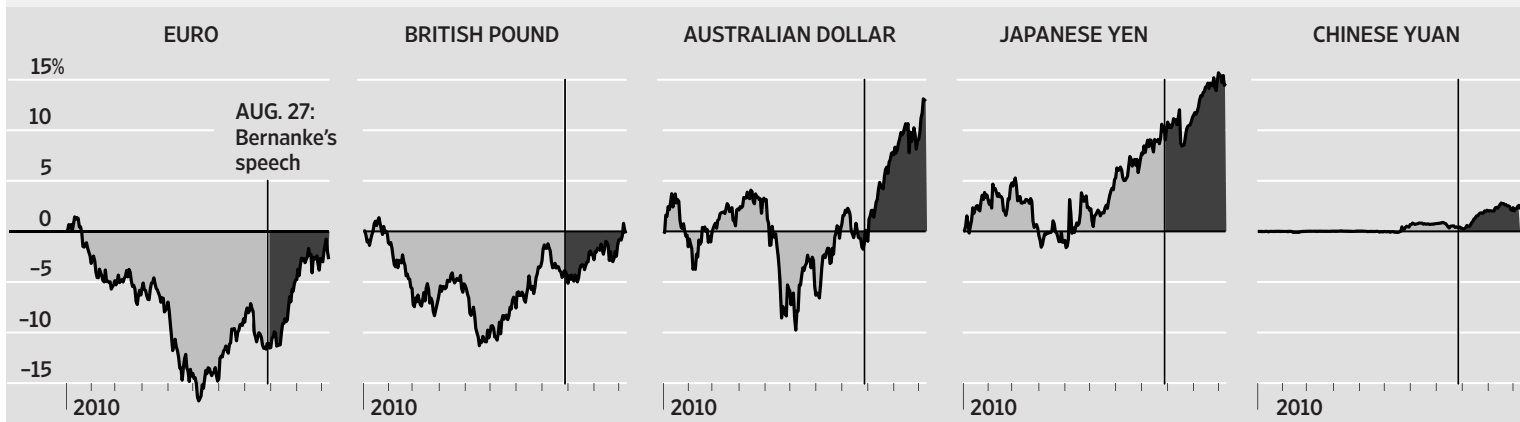


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## G-20 SUMMIT

## Dividing line

Since Fed Chairman Bernanke's remarks on quantitative easing in late August, major G-20 currencies have risen sharply against the U.S. dollar—with one notable exception—the yuan. Percentage change in the number of U.S. dollars each currency buys.



Source: Thomson Reuters via WSJ Market Data Group

## Merkel touches on debate over exchange rates

BY BERND RADOWITZ

BERLIN—German Chancellor Angela Merkel said the European Union crisis-resolution effort shouldn't be paid for solely by taxpayers, but also by "those who earn from lending money."

Ms. Merkel, speaking Tuesday at a Berlin museum on the occasion of the 21st anniversary of the fall of the Berlin Wall, didn't make any statement on how she plans to act at this week's summit of the Group of 20 industrial and emerging economies in South Korea. Recent moves by the U.S. Federal Reserve to increase liquidity and a U.S. proposal to create a framework that would set limits on countries' current-account balances have led to tensions between the U.S. and Germany, which relies heavily on exports.

In an interview with the newspaper *Die Welt* to be published Wednesday, however, Ms. Merkel expressed concern that exchange-rate distortions could weaken the global economic recovery.

"A policy that bets on keeping an artificially low exchange rate and the export possibilities linked to that, in the end harms all," Ms. Merkel said in the interview.

Such developments must not lead to a situation in which a stable currency such as the euro unilaterally has to bear the burden of such an adjustment, Ms. Merkel said. The chancellor said she is confident the G-20 will discuss foreign-exchange policies in a spirit of cooperation.

In her speech, Ms. Merkel called for quick implementation of measures proposed by a task force led by European Council President Herman Van Rompuy. At the same event, Mr. Van Rompuy said that "only market-based exchange rates could translate the 'fundamentals' of an economy correctly and ensure fair competition between countries and currency areas."

## Search for new currency plan

BY DAVID WESSEL

More than 60 years after the victors in World War II devised new rules for currencies at Bretton Woods, N.H., and more than 30 years after Richard Nixon blew up that regime, the search is on for a new way to manage the tensions that come from countries using their own national currencies.

But there is more agreement on the shortcomings of the current regime, in which currencies trade relatively freely against each other, than on what should replace it.

The arguments aren't new. They recall debates at Bretton Woods between Britain's John Maynard Keynes and the U.S.'s Harry Dexter White. Back then, the U.S. had a big trade surplus, Britain was a big borrower and global financial heavyweight and China was inconsequential. Today, the U.S. has the big trade deficit and is the big borrower, China has the big surplus and Britain is on the sidelines.

The latest spark for angst about global currencies was the Federal Reserve's decision to print \$600 bil-

lion more to buy U.S. Treasuries. A byproduct of that decision is likely to be a weaker U.S. dollar.

Despite Fed Chairman Ben Bernanke's efforts to explain that the move was intended to strengthen the U.S. economy to the benefit of all, he drew criticism from many quarters—including Monday from Republican Sarah Palin and the prime minister of Luxembourg. Posturing officials around the world in advance of this week's summit of leaders from the Group of 20 major economies in Seoul have added to the fireworks.

The president of the World Bank, Robert Zoellick, jumped into the fray Monday with an op-ed piece in the *Financial Times* that suggested a back-to-the-future approach: Tying global currencies to gold.

While a return to the gold standard is unlikely—and, in the view of scholars who see the its rigidities as a contributor to the Great Depression, unwise—the suggestion underscored widespread discomfort with today's arrangements.

At its root, the problem is that the use of the dollar for trade gives

the currency an outside role in the world economy, and makes the world economy sensitive to U.S. monetary policy. As Nixon Treasury Secretary John Connally put it: "Our currency, your problem."

The French, who head the G-20 next year, have vowed to devise an alternative.

Back in 1969, amid tension between the dollar's peg to gold and what was—by the standards of the day—a large budget deficit, an alternative to the dollar was created. Known as Special Drawing Rights, and overseen by the International Monetary Fund, this dollar substitute plays little role outside official transactions.

In 1971, President Nixon severed the dollar's tie to gold altogether, moving the world toward a regime in which markets, with occasional intervention from governments, set exchange rates in nearly every major economy—except China.

While the U.S. isn't buying or selling dollars on foreign-exchange markets to influence the dollar's value, a dozen countries are intervening to depress currencies that al-

ready are undervalued, according to a new analysis by the Peterson Institute for International Economics in Washington. The countries, which the think tank says should be "censured" by the G-20, include China, Malaysia, Singapore, Switzerland and Taiwan. The institute says intervention by several of the countries—including Brazil, Indonesia, Israel, Japan, South Korea and Thailand—is justified because their currencies are overvalued.

Today's debate, and speculation that the U.S. has peaked as a world economic power, have led to predictions the dollar will surrender its role as the world's reserve currency. So far, though, there doesn't appear to be a better alternative.

Barry Eichengreen, an economic historian at the University of California at Berkeley, argues that the world may end up with more than one full-fledged international currency. The old logic—that importers and exporters want a common unit of account and that both official and private investors will rely on the currency with the most liquid markets—is outdated, he says.

## U.S., South Korea seek to remedy trade deal

BY EVAN RAMSTAD

SEOUL—U.S. trade negotiators on Tuesday pushed South Korea to exempt auto makers that sell a small number of cars in the country from its fuel efficiency and emissions standards, attempting to break a deadlock that has kept their free-trade agreement in limbo for three years.

A South Korean trade official again reiterated the country's willingness to deal on the nontariff barriers that have made its auto market one of the most closed in the world, with foreign imports accounting for just 6% of overall sales.

Both U.S. President Barack Obama and South Korean President Lee Myung-bak have pushed negotiating teams to resolve disputes that prevented the FTA, reached in April 2007, from being considered for ratification by lawmakers in either country. The two leaders have said they want some resolution on the issues before they meet Thursday, ahead of the Group of 20 summit in Seoul.

Meanwhile, deputy finance ministers from the 19 countries and the European Union met for a second day to hammer out positions on is-

suues ranging from excessive trade imbalances, bank levies and support for developing countries. The summit begins late Thursday and runs through Friday.

Adding to the atmospherics of holding the event in South Korea, a country technically at war with its neighbor, on Tuesday North Korea chided the South for taking extra security measures to protect heads of state heading to Seoul. The security precautions are a "childish farce to rationalize" sentiments against North Korea, said an article on a China-based website about North Korea widely believed to be controlled by the North's government.

South Korea raised its security alert to the highest level Saturday, forcing longer security checks at airports and border entries. The country will assign more than 30,000 police to the convention center where the summit is held and to hotels where leaders are staying.

Protests are expected to be small in comparison with other international gatherings. The South Korean parliament passed a special security law that banned demonstrations from within a mile of the summit site. Several thousand people protested the G-20 summit on Sunday



A South Korean dresses as a cowboy for a rally against the free-trade pact.

at Seoul's city hall plaza, and small groups have staged demonstrations against South Korea's trade-agreement discussions with the U.S.

Trade ministers from the U.S. and South Korea met in two sessions Tuesday and focused chiefly on auto issues, Seoul officials said.

Under the original deal, both countries would reduce tariffs on automotive imports. South Korea has larger tariffs on cars; the U.S.

has larger ones on pickup trucks.

But **Ford Motor Co.** has led a public campaign against South Korea's nontariff barriers, chiefly its safety and emissions standards that are a hybrid of U.S. and European rules, causing auto makers in both regions to make adjustments to enter the market.

In the latest talks, U.S. negotiators have pointed out that the U.S. exempts foreign car makers from

some U.S. standards when they sell in relatively low volumes. In South Korea, no foreign auto maker sold more than 10,000 cars a year until this year. Overall, import sales were up 52% through October and both **BMW AG** and **Daimler AG's Mercedes-Benz** have eclipsed the 13,000-unit mark.

"We are not saying we can exempt our environmental conditions to them, but we are working an easing of the regulation," South Korean deputy trade minister Choi Seok-young told reporters late Tuesday.

The free-trade deal is expected to boost the country's two-way trade, which amounted to about \$70 billion last year, by \$10 billion or more after five years. The U.S. would likely narrow its trade deficit with South Korea as a result of the deal, analysts say.

Even if the two countries resolve the disputed issues this week, ratification isn't guaranteed in the U.S., where Mr. Obama will face increased opposition after recent midterm election losses. In South Korea, Mr. Lee's Grand National Party has enough votes in the National Assembly to assure ratification.

—Jaeyeon Woo  
contributed to this article.

EUROPE NEWS

# In China, Cameron to discuss rights

By LAURENCE NORMAN

BEIJING—U.K. Prime Minister David Cameron is expected to urge China to advance political freedoms and the rule of law Wednesday, telling university students in a keynote speech that greater liberty must flow from the economic freedoms the Chinese public now enjoys.

Mr. Cameron's comments, which will be allied with a strong call for Western nations not to see China as a threat, are due on the last day of a U.K.-Chinese trip that had centered mainly on trade.

On Tuesday, Mr. Cameron met with Chinese Premier Wen Jiabao. The two governments signed economic and education accords and **Rolls-Royce Group PLC** sealed a \$1.2 billion order from China Eastern Airlines for engines.

Since taking office, Mr. Cameron has prioritized deepening commercial ties with China and India, as the U.K. seeks to secure an economic recovery by expanding overseas markets. Mr. Cameron has steered clear of open criticism of China—both on its human rights record and on economic policies, like the level of China's currency, the yuan. And U.K. officials have spoken of the importance of maintaining a measured, steady dialogue with Chinese authorities, building on ties that grew strong under the U.K.'s previous Labour government.

While U.K. officials sought to stress Mr. Cameron wasn't lecturing the Chinese and Mr. Cameron said he wasn't asserting any kind of "moral superiority," his remarks mark a clear call for the Chinese government to move on human rights at a time when it is already under pressure due to the Nobel Peace Prize for Chinese dissident Liu Xiaobo.

Mr. Cameron is set to say in his speech that while a free media and an independent judiciary can be deeply frustrating for Western governments, they are beneficial in the long term.

On a visit to China in 2007 as U.K. opposition leader, Mr. Cameron



## Mind the gap

The U.K.'s trade with China



Source: U.K. Office for National Statistics

Britain's Prime Minister David Cameron, second from right, and his cabinet ministers toast with Chinese Premier Wen Jiabao, right, during a signing ceremony at the Great Hall of the People in Beijing on Tuesday.

ran into criticism after delivering a similar message. Other foreign leaders have drawn a frosty response when raising issues around political and religious freedoms and human rights.

But in a swipe at China critics in Europe and North America who say the country's fast growth threatens global stability and charge Beijing with undermining Western economies by manipulating its currency, Mr. Cameron will urge engagement.

Mr. Cameron didn't specifically discuss the case of Mr. Liu with Mr. Wen in meetings Tuesday but he is expected to raise the issue before he leaves Beijing, U.K. officials said. Mr. Cameron meets Chinese President Hu Jintao on Wednesday.

The U.K. has confirmed its ambassador will attend the Nobel Peace Prize ceremony in Oslo next month. China has pushed European governments not to attend. Mr. Liu was sentenced to 11 years in prison last December on subversion

charges after co-authoring a manifesto calling for political reform.

Meanwhile, the two governments signed accords to deepen ties between U.K. and Chinese schools, which U.K. officials expect will lead to a tenfold increase in the number of Mandarin teachers in U.K. secondary schools in coming years.

The two governments said that China and the U.K. will also study

cross-listing of exchange-traded funds in each other's markets. China's regulators have yet to allow Chinese fund-management companies to issue exchange-traded funds or permit foreign ETFs.

Ahead of the trip, Mr. Cameron, who is leading the U.K.'s largest yet trade mission to China, said he hoped U.K.-China bilateral trade would double over the next five

years to \$100 billion.

That number hasn't been echoed by his Chinese hosts. But speaking to U.K. business leaders late Tuesday, Mr. Wen said that "as China restructures its economy there is great potential for China-U.K. cooperation."

—Owen Fletcher, Victoria Ruan and Arran Scott contributed to this article.

## IMF warns on loans held by U.K. banks

By PAUL HANNON

LONDON—U.K. banks are heavily exposed to members of the euro zone that are in difficulty, and economic growth would slow if they suffered losses on those loans, the International Monetary Fund warned Tuesday.

In its annual assessment of the U.K.'s economy, the IMF said it was "on the mend" and praised the new government's plans to cut its budget deficit.

It forecast the economy will grow by 1.7% this year and 2% next year, with growth averaging 2.5% annually from 2012 to 2015. In a conference call, IMF mission chief Ajai Chopra said the economy may grow more rapidly than forecast this year, given its stronger-than-expected performance in the second and third quarters.

But the IMF said there are "substantial risks" to the outlook, including the "key underlying vulnera-

bility" of the financial sector's exposure to troubled parts of the global economy.

In particular, it said U.K. bank loans to Greece, Ireland, Portugal, and Spain account for about 14% of U.K. gross domestic product. That is a similar level of exposure to that of French and German banks, although in the U.K.'s case, claims "are more strongly concentrated on Ireland."

"Negative shocks in any of these markets could necessitate further write-downs and weaken U.K. banks' capacity to support the domestic economic recovery with adequate credit supply," the IMF said. It also noted that Irish banks account for 7% of all loans to U.K. businesses and 3% of loans to households.

The IMF said the Bank of England's "highly accommodative" policy stance was appropriate for now, but said the BOE's Monetary Policy Committee would have to be "nimble" in responding to changes in the economic outlook.

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## EUROPE NEWS

# EU gauges member readiness

The European Union said two Balkan states were ready to advance their membership efforts, while it admonished Turkey to move faster to settle its border disputes and to normalize relations with Cyprus,

By Stephen Fidler in Brussels  
and Marc Champion  
in Istanbul

The assessments came Tuesday from the European Commission, the EU's executive arm, in separate reports on the readiness of countries that aspire to join the 27-nation bloc.

The commission said that Croatia's membership negotiations were entering "their final stage" and that Montenegro could now be considered a candidate country.

It added, however, that Croatia needed to do better in making sure its judiciary was independent and efficient, in fighting corruption and organized crime, and in cooperating with the international tribunal investigating war crimes during the break-up of Yugoslavia.

It also said Montenegro's negotiations couldn't start immediately because of concerns over the rule of law.

Turkey was further criticized in the reports for shortcomings in free speech and freedom of religion. Negotiations over Turkey's membership, which is opposed by powerful EU states such as France and Germany, have dragged on since 2005.

"No one can be satisfied with the current pace of negotiations," said Stefan Füle, EU commissioner for enlargement.

In Rome, Turkish Foreign Minister Ahmet Davutoglu made it clear that Turkey doesn't have infinite patience to complete the process. Europeans "must think about what the position of Europe will be in 2050," he said. "The EU may become irrelevant in the geopolitical context" with a small share of the global



Egemen Bagis, Turkey's chief negotiator to the EU, said the report 'was the most positive' the country has yet received.

economy and a closed culture.

The assessment said freedom of expression and of the media need "to be strengthened in Turkey both in law and in practice," while "shortcomings remain in the exercise of the freedom of religion."

It said Turkey also needed to step up efforts to resolve disputes with neighbors, including with Armenia—with which it signed a 2009 agreement to normalize relations that hasn't been ratified.

The EU also noted the lack of progress in normalizing relations with the Greek-Cypriot half of Cyprus, which has been an EU member since 2004.

Egemen Bagis, Turkey's chief negotiator to the EU, indicated at a dinner in Istanbul Tuesday night that Turkey doesn't want EU mem-

bership badly enough to make a unilateral gesture to unblock negotiations frozen over Turkey's refusal to meet a pledge to open its ports to the Greek-Cypriot part of Cyprus.

"After all, 17 [negotiating] chapters are blocked. I don't even have a clear date to end the negotiations. I have so many leaders saying Turkey shouldn't join at all. So why should I give up on Cyprus?" he said.

Mr. Bagis, however, also called the report "the most positive and encouraging" Turkey had ever received.

Turkish leaders, including Mr. Bagis, say EU membership remains their top foreign-policy objective, but there is a decline in popular Turkish interest in the EU. Turkish media Monday widely noted with resentment the fact that Albanians

and Bosnians gained visa-free travel to the EU's borderless Schengen zone, while Turks still are obliged to line up outside embassies—despite the fact that Turkey has had a full customs union with the EU since 1995, and is further advanced in the membership process.

According to a recent survey by the German Marshall Fund of the United States, a think tank, Turkish support for joining the EU has fallen to 38% from 73% in 2004.

"Perhaps the Turkish public also will say, 'Let's not become a member despite having successfully concluded the negotiations,'" Turkish President Abdullah Gul said in a speech at the Chatham House think tank in London on Monday.

—Christopher Emsden in Rome  
contributed to this article.

## EU seeks to pry open bidding in Beijing

By JOHN W. MILLER

BRUSSELS—The top trade official in the European Union said he would propose legislation in 2011 to try to make China give foreign companies greater access to bidding for public contracts.

China's exceptional growth and government spending have made its market a target for European infrastructure and heavy machinery companies such as Germany's **Siemens AG**; France's **Alstom SA**; and **European Aeronautic Defence & Space Co.**, the parent of aircraft maker Airbus.

These companies and others complain China favors its domestic companies over foreign competition when awarding public contracts. Chinese officials say they don't discriminate.

EU Trade Commissioner Karel De Gucht has adopted the matter as one of his signature issues. In a speech introducing his formal trade strategy Tuesday, Mr. De Gucht said the EU would use its leverage as the world's largest economic bloc to "retaliate" against countries with closed public-contracts markets.

He said EU retaliation would be "moderate" and "sectoral"—trade jargon for focusing on specific industrial sectors. "The rules we set at home influence our competitiveness abroad," he said.

In other words, if China unfairly blocks a French firm from building a highway in Beijing, Chinese companies could be blocked from bidding on similar tenders in France.

Mr. De Gucht's strategy would expand the arsenal of traditional trade defense measures such as anti-dumping tariffs.

Global trade in goods is regulated by rules built up since World War II.

There is no equivalent system for public contracts. Mr. De Gucht said he would propose legislation next year via the normal EU rule-making process. It would have to be approved by the EU's 27 members and the European Parliament. EU trade officials concede they will face some political hurdles in pushing for a policy likely to draw accusations of protectionism.

The legislation would complement the 1996 Government Procurement Agreement, which guarantees nondiscrimination. However, China isn't a member, and EU officials say the GPA lacks teeth.

Trade lawyers say the EU has legal room to maneuver on this. "He might be on to something," says Richard Weiner, a trade lawyer for Sidley Austin LLP.



Agence France-Presse/Getty Images

Karel De Gucht delivers his strategy.

## Schäuble's wrath hits close to home

### [The Source]

By TERENCE ROTH

Wolfgang Schäuble, Germany's no-nonsense finance minister, has had a busy run of alienating even friendly governments with blunt lectures on economic policies.

But zero tolerance also rules at home, even in his own office.

His latest victim is his press spokesman, who resigned suddenly Tuesday after receiving a tongue-lashing from his boss five days ago before a room full of cameras and journalists.

Mr. Schäuble lately has rattled European counterparts and chilled financial markets with demands that countries lose their European Union voting rights and be allowed to default if they fail to measure up fiscally.

Turning to the U.S., he has lashed out publicly and often at the U.S. Federal Reserve's \$600 billion stimulus program announced last week. He has declared it won't work, destabilizes the world economy, and makes the U.S. as much of a



Wolfgang Schäuble, center, with spokesman Michael Offer, right, during last week's conference, where Mr. Schäuble gave Mr. Offer a public dressing-down.

currency manipulator as China. In sum, and with due respect, U.S. policy makers are "clueless."

Mr. Schäuble's top press spokesman, Michael Offer, earned similar wrath at a news conference on Thursday when he didn't get the press kit with tax figures distributed to waiting reporters in time for his boss's appearance.

What happened next made national news and videos of the incident posted on YouTube as of Tuesday had pulled in 400,000 views, not the usual sweep for German finance ministers.

As Mr. Offer began his introductory remarks to reporters, Mr. Schäuble cut in with: "Mr. Offer, don't talk and instead get the figures distributed now."

The embarrassed spokesman explained that his team was still in the process of preparing the release.

An irritated Mr. Schäuble snapped that he had told Mr. Offer 30 minutes earlier to have the papers ready, banged his hand on the table, and wheeled his wheelchair from the room, asking to be called when that was the case.

Mr. Schäuble, who has been partially paralyzed since an assassination attempt 20 years ago, wasn't in a better mood when he later returned to find his spokesman still chasing documents. We will wait for Mr. Offer, he said, "so he also can enjoy the shambles."

In a word-sparing statement on Tuesday, the Finance Ministry said that Mr. Offer has tendered his resignation and that Mr. Schäuble has accepted.

Mr. Offer's former staff didn't give a reason for his departure in their press release. They were reasonably certain to know that elaboration wasn't needed—or possibly even healthy.

—More at [blogs.wsj.com/source](http://blogs.wsj.com/source)

## U.S. NEWS

# A new push to ban earmarks

BY JANET HOOK

Lawmakers aligned with the tea party are moving quickly to show their strength by trying to ban budget earmarking in the Senate, where support is still strong for the practice critics deride as pork-barrel spending.

South Carolina Sen. Jim DeMint on Monday was collecting signatures on a letter calling for a vote by his fellow Senate Republicans to ban earmarks, in which spending is channeled to projects favored by individual lawmakers, outside the competitive federal funding system.

House Republicans and President Barack Obama have endorsed such a ban, and a wave of Republicans who oppose earmarks were elected to the Senate last week. But Mr. DeMint's move puts him at odds with Senate Minority Leader Mitch McConnell, a Kentucky Republican who has defended earmarking as a legitimate exercise of Congress's power of the purse.

The face-off looms as one of many tests of Republican leaders' ability to manage the demands of tea-party activists.

House GOP leaders want to promote Rep. Jeb Hensarling (R., Texas) to a leadership post but unexpectedly face a challenge from Rep. Michelle Bachmann (R., Minn.), founder of the House Tea Party Caucus.

On Monday, House GOP leaders moved to give newly elected conservative lawmakers a voice in leadership when they appointed tea party-backed freshmen to a panel planning the GOP transition to power.

In the House, even old-guard Republicans who built their careers on earmarking have essentially agreed to a moratorium on the practice to avoid confrontation with the tea party. Senior appropriations-committee members who are campaigning to be chairman of the panel are backing an extension of the current one-year ban. One of them, Rep. Jerry Lewis (R., Calif.), is also shoring up his tea-party credentials by advocating that a committee seat be given to Rep. Jeff Flake (R., Ariz.), an anti-earmark crusader.

Senate Republicans, like their House counterparts, will meet next



New York's Carnegie Hall, shown during construction this summer, received a \$300,000 earmark through a lawmaker.

week to choose their new leaders and organize for the new Congress. That is when Mr. DeMint plans to offer a proposed rule change to ban earmarks in keeping with the House GOP policy.

"We'll never be trusted to be the party of less spending while we're rationalizing more spending through earmarks," said Sen. Tom Coburn (R., Okla.). He called earmarks "the gateway drug to spending addiction in Washington."

A senior GOP leadership aide said new earmark rules would be considered as part of a broader debate within the party that includes other fiscal-policy proposals, such as a cap on overall government spending.

House Democrats haven't adopted an outright ban on earmarks, but prohibit them when they are made to benefit private, for-profit companies. Senate Democrats have

imposed disclosure requirements but haven't banned earmarks. In 2008, the Senate rejected a proposed earmark ban by a vote of 71-29. Only six Democrats voted for the amendment, including then-Sen. Barack Obama.

During the 2010 campaign, earmarks were painted by opponents as an emblem of excessive government spending. Among the Republicans who won election to the Senate last week, many campaigned against earmarks, including Marco Rubio of Florida, Mike Lee of Utah, Mark Kirk of Illinois and Rand Paul of Kentucky.

But Mr. McConnell, a longtime member of the appropriations committee, has continued to defend earmarks as a way for Congress, rather than the executive branch, to decide how money is spent. He said that was why he wasn't surprised that Obama embraced the idea in his

post-election press conference.

"Every president would like for us to appropriate all the money and send it to them and let them spend it in any way they want to," Mr. McConnell said Sunday on NBC's "Meet the Press." "The earmark issue is about discretion—about an argument between the executive branch and the legislative branch over how funds should be spent."

He also argued that the debate about earmarks distracted from the bigger-ticket items in the budget.

The \$15.9 billion in earmarks made in the fiscal year that ended Sept. 30 amounted to about 1% of federal discretionary spending, the part of the budget that Congress controls on an annual basis.

"This debate doesn't save any money," Mr. McConnell said, "which is why it's kind of exasperating to some of us who really want to cut spending."

# Economy helps spur wholesaler inventories

BY JEFF BATER

WASHINGTON—Inventories at U.S. wholesalers grew more than twice as much as expected in September, a sign companies have confidence demand will hold up as the economy recovers.

Wholesale inventories climbed 1.5% to a seasonally adjusted \$416.95 billion, the Commerce Department said Tuesday. The increase was partly driven by growth in inventories of farm products.

Economists surveyed by Dow Jones Newswires expected a 0.6% increase in September inventories. August inventories were revised up, to a 1.2% increase from an originally estimated 0.8% increase.

Sales of distributors climbed 0.4% to \$353.88 billion. Wholesalers' sales in August rose an unrevised 0.5%.

Wholesalers account for about 30% of all business inventories in the U.S., with manufacturers and retailers making up the rest.

Companies liquidated inventories during the recession as demand fell but began a buildup in supplies amid the economic recovery.

During the third quarter, inventory accumulation was responsible for nearly 75% of the economy's 2% growth.

## The need to replenish shelves is expected to ease as companies try to match inventories with demand.

Dealers of recreational vehicles, for instance, are restocking. **Thor Industries Inc.** makes RVs, and it reported that revenue for the quarter ending Oct. 31 rose 21% to \$607.2 million, above the analysts' average estimate.

The Commerce report showed the amount of goods on hand relative to sales is low, which indicates factories will keep producing.

Manufacturing has been a leader in the economy's recovery. At the current sales pace, wholesalers had enough goods on hand to last 1.18 months in September. That is up from 1.17 in August but less than 1.22 in September 2009.

However, the need to replenish depleted shelves is expected to ease as companies try keeping inventories more in line with demand. The economy isn't growing strongly, unemployment is high and people aren't spending much.

**Mattel Inc.** said third-quarter sales at its Fisher-Price division slumped. The largest U.S. toy maker by sales warned consumers are still cautious.

Tuesday's data on wholesalers showed inventories of durables, which are goods, such as cars and televisions, meant to last three or more years, rose 0.7% in September. Sales of durables climbed 0.2%.

Nondurable-goods inventories rose 2.8%, with a big jump in farm products. Nondurable sales increased 0.6%.

—Kevin Kingsbury and Maxwell Murphy in New York contributed to this article.

# No charges in CIA-tape destruction

BY EVAN PEREZ

WASHINGTON—A federal prosecutor Tuesday decided not to bring charges after probing the 2005 destruction of Central Intelligence Agency tapes showing harsh interrogations of terrorism detainees.

Special prosecutor John Durham "conducted an exhaustive investigation" and "concluded that he will not pursue criminal charges for the destruction of the interrogation videotapes," said Department of Justice spokesman Matthew Miller.

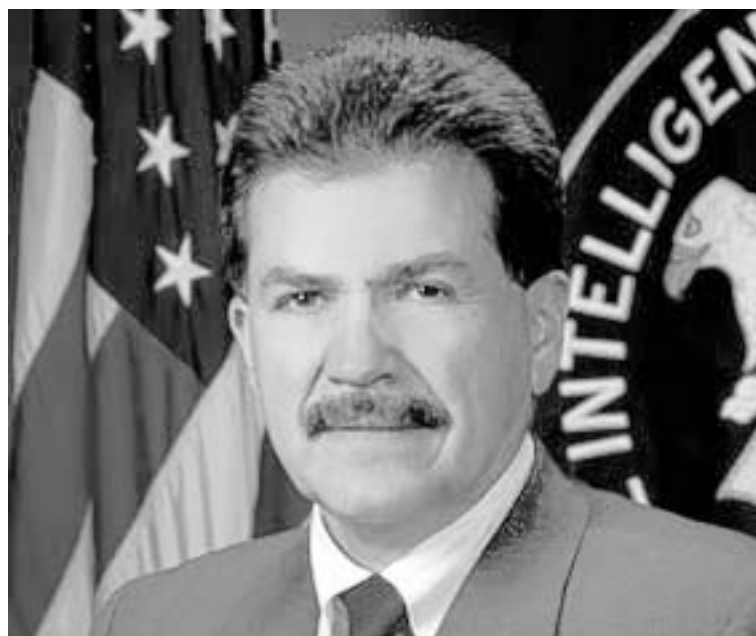
Mr. Durham, who was appointed by former Attorney General Michael Mukasey, continues an investigation into possible criminal violations in the treatment of some detainees, which critics of the CIA interrogation program call torture.

Jose A. Rodriguez Jr., then chief of the CIA's National Clandestine Service, ordered the tapes destroyed, according to documents released by the Justice Department.

Robert Bennett, Mr. Rodriguez's attorney, said he was pleased with the outcome. "This is the right decision because of the facts and the law. Jose Rodriguez is an American hero, a true patriot who only wanted to protect his people and his country," said Mr. Bennett.

The 92 destroyed tapes were recorded in 2002 and showed CIA interrogations of two top al Qaeda operatives, Abu Zubaydah and Abd al-Rahim al-Nashiri, at a clandestine CIA prison in Thailand. The men were detained on suspicion of conspiracy in the Sept. 11, 2001, attacks and other terrorist activities. The interrogation tactics included waterboarding, or simulated drowning, according to a report by the CIA's inspector general.

The CIA had been ordered on Sept. 15, 2004, to preserve all documents that might respond to a lawsuit by the American Civil Liberties Union, which sought disclosures on treatment of detainees.



Jose A. Rodriguez Jr. ordered the destruction of CIA interrogation tapes.

Associated Press

## U.S. NEWS

# States scramble for execution drug

BY NATHAN KOPPEL

Oklahoma is preparing to argue in court next week that a drug used to euthanize animals can also be used to execute death-row inmates, amid a nationwide shortage of an anesthetic used in executions.

It is one of a number of states scrambling to find the drugs needed to perform capital punishment, because of a shortage of thiopental sodium, the only anesthetic that states have so far used in lethal injections, according to lawyers.

States tend to adopt the death-row methods used by other states, so the Oklahoma court decision could have an impact elsewhere in the U.S. Hospira Inc., the sole U.S. maker of thiopental, announced this summer that it had ceased production of the drug until 2011, citing a shortage in one of thiopental's raw ingredients.

Oklahoma, which is scheduled to execute John David Duty on Dec. 16, has said that veterinarians regard pentobarbital, which it is proposing as a substitute anesthetic for death-row inmates, "as an ideal anesthetic agent for humane euthanasia in animals," that is "substantially" similar to thiopental, according to a court filing last month.

If approved, pentobarbital could be a new standard for lethal injections.

Attorneys for Mr. Duty, who was sentenced to death for murdering his cellmate in 2001, have said in court papers they didn't want their client to be a guinea pig for pentobarbital.

The drug "is untested, potentially dangerous, and could well result in a torturous execution," the attorneys stated in a court filing. Oklahoma City federal judge Stephen Friot is due to hear the arguments next week.

The thiopental shortage has required some states to delay executions. Defense lawyers say their clients' lives now depend partly on whether prison personnel can find as little as three grams of the drug, which is used to render an inmate unconscious before other drugs are injected to cause paralysis and stop an inmate's heart.

"It's like a game of Russian roulette," said Stephen Ferrell, counsel to Stephen Michael West, who is due to be executed on Nov. 30 by Tennessee, another state grappling with a shortage.

Many states, including Arizona, California, Kentucky and Tennessee, have combed domestic or overseas suppliers in search of thiopental, in some cases successfully. Other states, such as Texas, have a sufficient stockpile on hand to cover near-term executions, but they could run into delays next year if



Jeffrey Landrigan, above, was executed in Arizona on Oct. 26 with thiopental sodium imported from Britain. A shortage of the drug has prompted states to search abroad, but that has spawned legal battles. Left, the lethal injection room used for executions inside the Florence, Ariz., prison complex.

Photo: Agence France-Presse/Getty Images (left); Associated Press (right)

the Tennessee Department of Correction. She declined to provide more details.

Defense lawyers say inmates are at a heightened risk of suffering severe pain during executions if states use imported or unproven drugs. A foreign supply of thiopental, particularly if it comes from a source not approved by the Food and Drug Administration, could be less powerful than the domestic variety, defense attorneys have said.

They contend further that prison officials might not use proper care in transporting thiopental, potentially exposing it, for example, to temperature extremes that could hurt effectiveness.

"Whether or not an execution is humane turns entirely on whether thiopental deeply anesthetizes the inmate," said Megan McCracken, an attorney with the Death Penalty Clinic at the University of California Berkeley School of Law. "That is why the provenance of thiopental is so important."

In California, U.S. District Judge Jeremy Fogel called off the scheduled Sept. 30 execution of rapist-murderer Albert Greenwood Brown Jr., which would have been the first death sentence carried out there in nearly five years, partly because the state's supply of thiopental was due to expire in October. The state later obtained a supply of the drug that doesn't expire until 2014.

Tennessee obtained thiopental from either Arkansas or Georgia to carry out the West execution, according to Mr. Ferrell, citing state documents he reviewed. "I would trust hospitals to transport drugs safely, but I doubt that departments of correction use the same level of care," said Mr. Ferrell, a federal defender in Tennessee. Tennessee wouldn't comment on the drug's source.

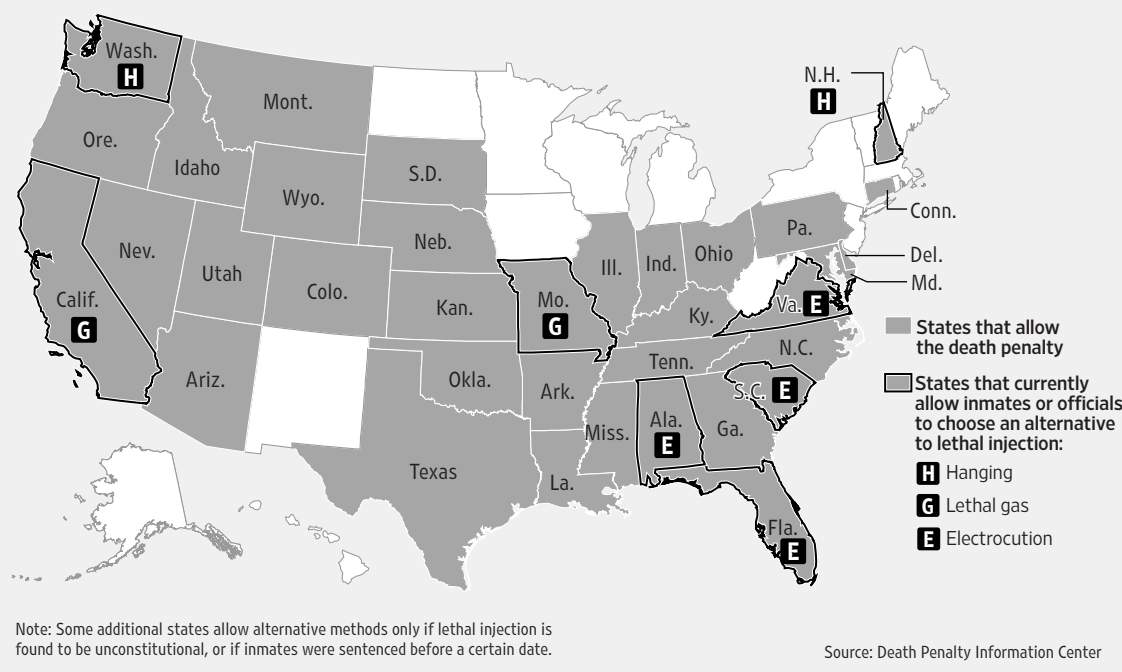
Concerns over thiopental are compounded, defense lawyers said, by the fact that prison officials have been largely secretive about the steps they are taking to locate thiopental on the grounds that suppliers don't want their identities disclosed.

"To protect our ability to get these drugs, we want to be sure we protect our sources," said a spokeswoman with the Arizona Attorney General's Office, which acquired thiopental from Britain to perform the Oct. 26 execution of Jeffrey Landrigan. After Arizona's move was challenged, the U.S. Supreme Court signed off on the imported thiopental.

Hospira stressed in a recent statement that thiopental is designed to save lives during surgical procedures and "is not indicated for capital punishment."

—Jeanne Whalen contributed to this article.

## Death row | How executions are administered, by state



Hospira doesn't make a new supply. In the U.S., the drug has fallen out of favor among physicians, who more commonly prescribe other anesthetics.

Efforts to obtain thiopental from

foreign sources have spawned legal battles. One suit filed last week in London alleges that Tennessee ordered a supply of thiopental from Britain to carry out the scheduled January execution of Edmund

Zagorski.

"We have looked at a number of different providers of thiopental sodium in the United States, some of which have sources overseas," said Dorinda Carter, a spokeswoman for

# Antismoking programs cut across nation

BY DAVID KESMODEL  
AND BETSY MCKAY

Many cash-strapped U.S. states are slashing budgets for tobacco-prevention programs, raising alarms among public-health groups as the nation's progress toward getting adult smokers to quit has stalled.

The adult smoking rate was 20.6% in 2009, the same as a year earlier and largely unchanged since 2004, according to the Centers for

Disease Control and Prevention. That amounted to 46.6 million adult smokers in 2009.

States have cut their combined funding for smoking prevention in the current fiscal year to the lowest level since 1999, according to data gathered by a coalition of antismoking groups for a report that will be released later this month.

The \$517 million allocated by states for tobacco prevention and cessation in fiscal-year 2011 is down

9.2% from \$569 million a year earlier and 28% less than states spent in 2008, according to the Campaign for Tobacco-Free Kids, a Washington advocacy group preparing the report, along with the American Lung Association and others.

The latest amount still exceeds the \$300 million spent by states in fiscal 1999, when many programs were getting under way or accelerating their efforts following the landmark Tobacco Master Settle-

ment Agreement in 1998 between 46 states and cigarette companies that was designed to help states recoup the cost of treating sick smokers. Under the agreement, the tobacco companies were to pay an estimated \$246 billion over 25 years to the states, though states are allowed to spend their settlement dollars on needs other than tobacco prevention.

In fiscal 2010, tobacco-settlement revenue amounted to an esti-

mated \$8.1 billion for all states.

Public-health experts and tobacco-control groups worry that states' recent spending reductions could further undermine efforts to counter tobacco-industry marketing, persuade smokers to quit and to deter young people from starting.

Tobacco use is linked to an estimated 443,000 deaths a year in the U.S., making it the nation's leading cause of preventable death, according to the CDC.



WORLD NEWS

# New case shows cholera has hit Haiti's capital

Associated Press

PORT-AU-PRINCE, Haiti—A cholera epidemic has spread into Haiti's capital, imperiling nearly three million people living in Port-au-Prince, nearly half of them in unsanitary tent camps for the homeless from the Jan. 12 earthquake.

Health authorities said Monday that tests confirmed a 3-year-old boy who hadn't been out of the city had caught the disease. More than 100 other suspected cholera cases among city residents also were being tested. The outbreak has already killed at least 544 people in Haiti, Health Ministry Executive Director Gabriel Timothee said.

The boy was tested after being taken to the Bernard Mevs/Project Medishare hospital on Oct. 31 suffering from severe dehydration, nausea, vomiting and diarrhea. He was treated with oral rehydration, IV fluids and antibiotics, and was released. A stool sample tested by Haiti's national laboratory contained *Vibrio cholerae* 01, the bacteria causing the disease, the chief medical officer, Antonia Eyssalenne, confirmed in an email. The boy's family hadn't traveled in more than a year or had contact with anyone from the Artibonite Valley, where the epidemic was first registered and has wreaked its most ferocious damage.

**The outbreak has already killed at least 544 people in Haiti, and has mostly hit the Artibonite Valley.**

Mr. Timothee said many of the patients hospitalized in the capital with cholera are believed to have recently arrived from the Artibonite Valley, an agricultural area where more than 6,400 of Haiti's known 8,138 cases have been recorded.

At least 114 of the people suspected of having the disease in the capital are in the Cité Soleil slum, the expansive oceanside shantytown at the capital's far northeastern edge and its closest point to the valley.

Since its discovery in late October, the disease has spread to half Haiti's 10 administrative regions, or departments. More than 200 people have been hospitalized in the West department, where Port-au-Prince is located. Cholera had never been documented in Haiti before its appearance last month.

In little more than three weeks it is suspected of infecting tens of thousands of people, though only about a quarter of those infected normally develop symptoms of serious diarrhea, vomiting and fever. Nearly 4% of the thousands hospitalized have died, most from extreme shock brought on by dehydration.

Officials are concerned that floods triggered by Hurricane Tomas on Friday and Saturday could exacerbate the spread of the disease, which is transmitted through the consumption of fecal matter contained in contaminated water or food. The release of a dam on the Artibonite River caused the infected waterway to swell Monday, but there were no reports of major flooding.

Living conditions in Port-au-

Prince's earthquake camps have "deteriorated as a result of the storm," Boston-based Partners in Health said Monday. "Standing water, mud, lack of garbage collection, and limited sanitation availability make the camps a potential flash point for cholera outbreak," the group said.

Humanitarian groups and Haitian health-care workers have been working in Port-au-Prince to prepare for cholera, informing residents about preventive measures, such as regular hand-washing and sufficiently cooking food, as well as setting up clinics in expectation that the disease would spread to the city.

The origin of the outbreak continues to be a source for debate.

Analysis by the U.S. Centers for Disease Control and Prevention has found that the cholera outbreak in Haiti most closely matches a strain of the disease found in South Asia.

Public-health experts, including United Nations Deputy Special Envoy to Haiti Paul Farmer, have called for an aggressive investigation into the origin of the outbreak. They say that should include looking at the unconfirmed hypothesis that cholera was introduced by U.N. peacekeepers from Nepal, a South Asian nation where the disease is endemic. Those peacekeepers are at a U.N. base on a tributary of the Artibonite River, which has been found to be contaminated with cholera.



A man helps a patient at Saint Nicholas Hospital in Saint-Marc, Haiti.

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## WORLD NEWS



Associated Press

A Myanmar activist in Tokyo holds a portrait of prodemocracy leader Aung San Suu Kyi during a Sunday protest.

## Roles of Suu Kyi, general hazy after Myanmar vote

BY A WALL STREET JOURNAL REPORTER

YANGON, Myanmar—Sunday's controversial election, whose results are still being tallied, appeared to solidify the status of the military establishment that has ruled this impoverished Southeast Asian nation for nearly five decades.

But it leaves unresolved the fate of Myanmar's two most important political personalities: Prodemocracy Nobel laureate Aung San Suu Kyi, still under house arrest in Yangon, and Gen. Than Shwe, the country's reclusive paramount leader.

Speculation is rising that the 65-year-old Ms. Suu Kyi will be released on or before Saturday, the end of her latest 18-month sentence. Government officials have strongly hinted in recent meetings with foreign diplomats and local Myanmar journalists that they will set her free, though they have stopped short of confirming plans to do so.

Gen. Than Shwe, believed to be in his late 70s, didn't run in the election—a decision some believe signals that he plans to retire soon. Others doubt he will surrender power, and believe he will continue to manage the new government from behind the scenes or as president, a post to be filled in the coming months with the advice of representatives of Myanmar's new parliament.

For all the attention given to the recent election, a new political dynamic can't fully emerge until the future of the two famous leaders is settled. The conflict between them has dominated Myanmar's political scene for nearly two decades. Ms. Suu Kyi's National League for Democracy easily won the last national election in 1990, only to see military leaders ignore the results and place her under house arrest. Since Gen. Than Shwe assumed power in 1992, he has kept Ms. Suu Kyi under house arrest most of the time and repeatedly cracked down on her followers, leading to increasingly stringent sanctions from Western governments.

The general is said to hate Ms.

Suu Kyi so intensely that he won't allow her name to be uttered in his presence.

Ms. Suu Kyi, meanwhile, has refused to accept the military's demands that she stay out of politics. This has tarnished her reputation as a democracy icon, sometimes compared with Nelson Mandela, but also exasperated some residents and diplomats. They fear her intransigence has only encouraged the top generals to dig in their heels.

The latest election has already changed Myanmar's political landscape to some degree. Civilian politicians will now assume some role in policy making, though how much power they will have remains unknown, and opposition parties expect to see at least some of their candidates elected. The only winners announced so far, though, are 40 junta candidates, and the new parliament will likely be dominated by soldiers and other supporters of the military.

Critics in exile and in Myanmar say they believe very little will change in the foreseeable future. Clashes between ethnic Karen rebels and government troops near Myanmar's eastern border have sent 20,000 villagers fleeing into Thailand and raised concerns about more fighting in a country where ethnic minorities make up nearly 40% of the population of 50 million. Some of the refugees attempted to return Tuesday, though Thai authorities said Thailand won't let anybody back until it is safe.

Attempts in recent weeks to reach the Myanmar government, which rarely speaks to foreign journalists, were unsuccessful.

Many analysts believe the regime will release Ms. Suu Kyi eventually, both to curry favor with Western governments and to ensure she doesn't die under its watch, an outcome that could stir destabilizing unrest. They are divided, though, over whether it will act by Saturday or wait until it is more confident that the results of the election will be accepted by residents and the outside world. The government

could release her but with strict conditions on her movements, or simply allow her out and then rearrest her after a few days or months.

Much could depend on the whims of Gen. Than Shwe, who retains supreme decision-making authority, at least until a new government is formed. A former postal clerk who trained in the army's psychological-warfare unit, he remains one of the world's least-understood heads of state, and rarely speaks with Western leaders.

Analysts generally believe he scheduled Sunday's election to boost Myanmar's reputation overseas and further marginalize Ms. Suu Kyi, though she remains deeply popular throughout the country.

Much could also depend on Ms. Suu Kyi's own political strategy, and whether she intends to try to play a forceful role in Myanmar politics. In the past, she resumed political activities upon her release.

This time, some of Ms. Suu Kyi's supporters are calling on her to take a more moderate line, if only for self-preservation, because past criticism of the regime inevitably landed her back under house arrest.

"What good is she doing inside?" asked a Yangon teacher one recent evening, referring to her recurring stints of house arrest. "We need to think about reality."

Some residents also note that much has changed since Ms. Suu Kyi last was free, in 2003. Then she had a virtual monopoly on leadership of the opposition, but now, in large part because of the election, there are other voices.

Ms. Suu Kyi's lawyer Nyan Win, one of the few people allowed to see her regularly, said in a recent interview with The Wall Street Journal that one of the first things she wants to do if released is meet with the media, and that "she wants to continue in politics."

"What happens after that depends on the government," he said.

Some of her supporters say they doubt she will rein in her criticism, even at the risk of prolonging the country's stalemate.

## IEA: China to drive high fuel demand

BY GUY CHAZAN

China's thirst for imported fossil fuels to power its surging economy will have a growing impact on international markets over the next 25 years, and drive global oil demand higher even as it declines in the West, the International Energy Agency said in a new report.

"China is the single biggest contributor to the growth of energy demand," Fatih Birol, IEA's chief economist, told reporters Tuesday at the launch of the agency's 2010 World Energy Outlook, one of the key themes of which is China's effect on oil and gas markets.

"It is hard to overstate the growing importance of China in global energy," IEA Executive Director Nobuo Tanaka added.

The IEA said China's energy demand will rise by 75% from 2008 to 2035, with the country accounting for 36% of the global increase in energy use over the period.

It said almost half of the net growth in global oil demand expected by 2035 would come from China. That, in turn, is one of the factors that will help push up the price of crude to \$113 a barrel in 2035, from \$87 a barrel currently, the agency predicted.

China overtook the U.S. last year to become the world's largest energy consumer, reflecting the spectacular growth of its juggernaut economy over the past few decades and its transformation into an industrial superpower. It is also the world's biggest emitter of greenhouse gases.

China's energy use was only half that of the U.S. in 2000, but it soared over the following eight

years. The increase was more than four times as much as in the previous decade. The pace of growth is unlikely to slow anytime soon, the IEA said. Per-capita consumption of energy is only a third of the average in developed economies, such as the U.S. and Europe.

As demand grows, China is becoming increasingly reliant on imports, which, in turn, is powering a commodities boom in Africa, the Middle East and Australia, and fueling higher global prices for everything from oil to uranium.

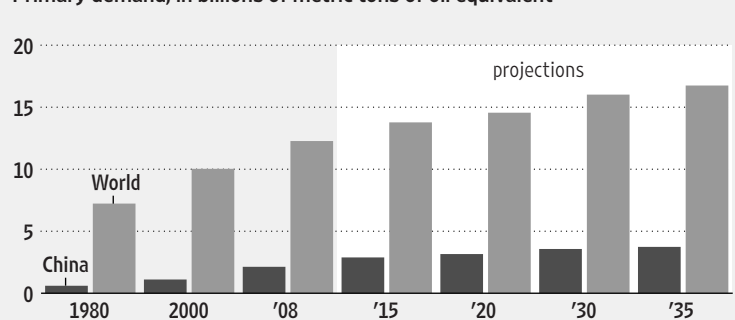
But China isn't just dominating the world of fossil fuels. The IEA, which advises the major economies, said the country also is seeing a big surge in demand for renewable energy. Beijing has a program to boost the share of low-carbon energy to 15% of total consumption by 2020, and the IEA said by 2035 China will have added more wind, solar and nuclear capacity than any other country. Such a big deployment will help to drive down industry costs world-wide, it added.

In addition, China is itself becoming a leading supplier of clean technology, such as wind turbines and photovoltaic cells. The IEA said China could become a market leader in electric cars, which could hurt the auto industry in Europe, the U.S. and Japan.

Despite China's push into renewables, the IEA predicted Chinese demand for all planet-warming fossil fuels will rise. Mr. Birol said that over the next 25 years China will build coal-fired power plants with a combined generating capacity of 600 gigawatts, which would account for a third of all carbon-dioxide emissions world-wide.

### Thirst for energy

Primary demand, in billions of metric tons of oil equivalent



Source: International Energy Agency

## Singapore lawyers seek jail time for U.K. author

BY CHUN HAN WONG

SINGAPORE—Singapore government lawyers on Tuesday asked for a minimum of 12 weeks' jail for a U.K. author convicted of contempt of court over statements in his book on the city-state's death penalty.

Deputy Senior State Counsel Hema Subramaniam said in court that Alan Shadrake, 76 years old, had showed "deliberate intent to damage" the integrity of the Singapore judiciary, and had "aggravated his contempt" with statements given to U.K. newspaper The Guardian published last weekend.

Mr. Shadrake's lawyer, M. Ravi,

argued a censure would be sufficient, saying the fact that the book hadn't been banned suggested the offense didn't deserve a heavy sentence. He said the author has a heart condition and is fighting colon cancer. Contempt of court is punishable in Singapore by imprisonment and fines, with no limits specified.

Mr. Ravi said Mr. Shadrake wouldn't disavow his book but was willing to "say sorry if the sensitivities of the judiciary had been offended." Last month, government lawyers said the book implied Singapore courts succumb to foreign pressure, favor the rich, and are being used to suppress dissent.