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EUROPE

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China's heir apparent steps up



Reuters

China's Communist Party appointed Vice President Xi Jinping, above, to a key post on its Central Military Commission on Monday, cementing his status as heir apparent to president and party chief Hu Jintao and removing much of the uncertainty over the leadership succession. **Article on page 11.**

BP to link pay to safety in 4th quarter

By GUY CHAZAN

BP PLC, which faced accusations that it precipitated the Gulf of Mexico oil spill by placing profits before safety, said in an internal memo to its staff that safety would be the sole criterion for rewarding employee performance in its operating business for the fourth quarter.

BP's new chief executive, Bob Dudley, announced the step in an email to employees that was viewed by The Wall Street Journal. While the move shows Mr. Dudley acting on a promise to change the culture at BP, it's likely to be greeted skeptically given BP's past safety lapses and the fierce attacks the company sustained after the Gulf disaster.

A BP spokesman confirmed the existence of the email and said it had been issued to all BP staff Monday. He noted that the plan Mr. Dudley outlined applies to only one

quarter and that a full review of BP's system of rewarding employees is still pending.

U.S. legislators have charged that BP cut corners on its Gulf well, which blew out on April 20, killing 11 men, destroying the Deepwater Horizon rig and triggering the worst offshore oil spill in U.S. history. But BP has denied that its corporate culture forced executives to chase profit and efficiency targets rather than incentivizing them to improve the safety of BP employees and contractors.

Yet even as it has defended its safety efforts in recent years, the company has begun to signal that it recognizes that improvement is necessary. The need to show it is taking safety seriously is even more acute given the fact that past claims about safety improvements weren't borne out by the facts on the ground.

Beginning last year, Mr.

Dudley's predecessor, Tony Hayward, boasted that he had fixed a safety culture that appeared broken following a fatal refinery fire at Texas City, Texas, in 2005, only to be proved wrong by the Deepwater Horizon disaster.

That means even more skepticism is likely to greet Mr. Dudley's efforts to do what Mr. Hayward had claimed was already accomplished. Shortly before taking the reins as CEO of the beleaguered energy giant Oct. 1, Mr. Dudley unveiled a big restructuring aimed at toughening oversight of safety in all BP's operating units. He also said he would be reviewing the way the company rewarded performance, with a bigger stress on safety.

In advance of that review, Mr. Dudley said in the memo that the sole criterion for

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■ BP to sell assets to TNK-BP for \$1.8 billion 25

The Quirk



Owners of Fifi, the last B-29, hope it doesn't bomb in its new mission. **Page 33**

World Watch

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

Editorial & Opinion

What to make of China's rare earths leverage? **Page 13**

EU finance ministers set fiscal-sanctions policy

By PATRICK MCGROARTY AND MATTHEW DALTON

LUXEMBOURG—European Union finance ministers found agreement on a system of nearly automatic sanctions for countries that break their fiscal commitments, overcoming resistance from France and others that had wanted more discretion over when to impose penalties.

The fiscal-sanctions regime is meant to stall the sort of runaway accumulation of government debt that fueled Europe's financial crisis. Rules dating to the birth of the euro compel countries to keep their deficit and debt levels below fixed thresholds, but no

penalties have ever been meted out.

On Monday, the ministers, who sit on a task force contemplating fiscal issues, agreed that sanctions should be swifter. The European Commission, the bloc's executive arm, itself recently proposed fines of as much as 0.2% of a country's gross domestic product.

The commission's proposals need to be approved by national governments. That hasn't yet happened, but Monday's meeting made the path clearer.

The sanctions will be "quasi-automatic" Germany Deputy Finance Minister Jörg Asmussen said.

A European official said a country could be hit with penalties within six months of breaching the thresholds.

In a concession to France, the governments intend to insert an extra layer of voting into the process before sanctions are proclaimed. But the final imposition of sanctions would occur under a procedural rubric that would make them very difficult to stop.

Germany and some of the fiscally prudent Nordic countries had pushed for an even more automatic process.

The task force issues its report later this month.

■ ECB pauses purchasing government bonds 4



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Europe's bad boys must get clubbable

[Agenda]

BY PATIENCE WHEATCROFT



If members of a club persistently flout the rules, they generally risk expulsion. For the euro-zone club, though, such a grave sanction appears to be unthinkable. The president of the European Central Bank, Jean-Claude Trichet, endeavoring to devise punishments that might encourage members of his club to change their habits and abide by the strictures on deficits and spending levels, suggested a proxy for temporary expulsion, a suspension of voting rights. That idea was vetoed as too difficult, since opponents argued it would require a treaty change.

So the EU Commission has been working on a slate of other potential sanctions for countries that treat the so-called Stability and Growth Pact with contempt. These include fines that would kick in automatically if a country fails to keep its deficit within 3% of GDP. The need for change was widely accepted by ministers. When the bad behavior of some members, most notably Greece, had threatened the entire club, it was agreed that tough changes were required.

But as those changes have gotten closer to taking effect, there have been attempts to stall them. Inevitably, those members who see themselves at risk of incurring penalties have been pushing back. The haggling is likely to continue behind the scenes until Herman Van Rompuy, the president of the European Council, has finalized his report on the matter later this month.

Yet while individual countries may deem it worth fighting to delay the implementation of the new rules or water down the penalties, they shouldn't forget that they could end up paying a high price for such behavior. Any evidence that countries aren't



Belgium's European Council president, Herman Van Rompuy on Monday.

serious about the need to take a more disciplined attitude toward their finances will be noted by the credit-ratings agencies and the cost of debt will rise.

France, Italy and Spain, which are said to have been most active in trying to water down the rule changes, must realize that they have to demonstrate a commitment to restraint if they wish to avoid another bout of panic in the markets. The euro remains vulnerable. Those who joined that club have to accept that its survival requires that they take its rules seriously. That some countries should, even at this stage, be arguing in favor of a continuing lax regime is symptomatic of the problems that face the euro zone.

Arguing in favor of a lax regime is symptomatic of the problems that face the euro zone.

A common currency needs much closer budgetary controls over its membership. That appeals to the well-behaved members, who resent being dragged down by the offenders. The offenders, however, are highly reluctant to give up their freedom to play by their own rules. That is why this sanctions package, when it is

finally unveiled, will be a strong indicator of the longer term prospects for the euro project.

Security on a budget

This is "Cuts" week in the U.K. After months of blood-curdling threats about how deep the knives of austerity were to plunge, the truth is about to emerge.

As a precursor to details of where the £89 billion (\$141.7 billion) of savings is to be found, the government released on Monday its "National Security Strategy," a document whose thinking will have shaped the changes in the armed forces due to be announced on Tuesday. It reads in part like an attempt to reassure Britain that, while money may be tight and savings have to be made, the country does still have a degree of clout disproportionate to its size.

It also spells out that, despite talk of potential cooperation with France with aircraft carriers, in matters of security, it is the U.S. that remains the U.K.'s key partner, with membership of the EU and NATO in a secondary role.

While terrorism, and particularly al Qaeda, remains top of the list of threats to the country, there has been surprise that the strategy places much stress on the threat from cyberterrorism. Yet the document is very clear that: "Government, the private sector and citizens are under sustained cyber attack

today, from both hostile states and criminals."

Although conventional defense forces are at work in Afghanistan in the belief that it would otherwise be a hotbed of terrorism, the fight against terrorists, whether on the ground or in cyberspace, requires very different equipment and skills to those traditionally associated with the armed services. So the subtext to the review is surely intended as an advance rebuttal to those voices that will be raised in fury about any scaling back of the traditional defense budget.

Cybercrime, claims the government, has been estimated to cost as much as \$1 trillion a year globally. With attacks on infrastructure, it could have devastating effects on an economy. The Olympics, to be staged in London in 2012, could be vulnerable to a cyberattack, both financial or from those wishing to disrupt the event, warns the government. It backs up this case with the extraordinary figure that "Beijing experienced 12 million cyber attacks per day during the 2008 games."

While it is imperative that the defense budget ensures that those who are sent into combat are properly equipped, an area in which appalling failings occurred in Iraq, it is clearly going to be increasingly important that the security services have the manpower and equipment to fight the new threats.

Multi-culti failings

Germany's Chancellor Angela Merkel has been accused of pandering to the right with her assertion over the weekend that multiculturalism "has failed, utterly failed." Whatever her motives, the veracity of her statement is all too clear and not only in Germany. And it is the immigrants who have, very often, been failed by the misplaced concept. Without speaking the local language their children miss out on education and a cycle of poverty is entrenched.

What's News

■ **France said** at least a third of flights to and from the nation's airports would be canceled Tuesday, as protests against pension overhaul intensified, forcing hundreds of gasoline pumps to close, while workers voted to extend strikes at refineries. 4

■ **Citigroup's profit jumped** as the bank set aside less money to cover bad debts. Much of the strength came from emerging markets. 19

■ **BHP and Rio Tinto** terminated a planned \$116 billion iron-ore joint venture in Western Australia, citing regulatory opposition. 21, 36

■ **Hungary's leaders** unveiled a budget plan that singles out a handful of industries for large, temporary tax increases in an effort to cut the state deficit. 6

■ **Russian Newsweek** published its final issue as owner Axel Springer said it would no longer support the unprofitable title. 6

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'He was sticking his neck out somewhat, predicting the Nikkei would be at 63 million in 15 years.'



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NEWS

In letter, pope takes on topic of celibacy

By STACY MEICHTRY

ROME—Pope Benedict XVI said on Monday that the Vatican's recent sexual-abuse crisis might prompt aspiring priests to question the Catholic Church's requirement that clergy be celibate, as he publicly waded for the first time into a debate over whether priestly celibacy is partly to blame for the abuse.

In a letter to seminarians worldwide, the pontiff defended the church's celibacy prerequisite as a way for priests to attain "an authentic, pure and mature humanity."

Yet as he addressed the sexual-abuse scandal that has shaken the church over the past year, the pontiff said abusive priests had "disfigured their ministry by sexually abusing children."

"As a result of all this," he continued, "many people, perhaps even some of you, might ask whether it is good to become a priest—whether the choice of celibacy makes any sense as a truly human way of life."

The comments marked the first time Pope Benedict has directly spoken about the church's celibacy policy in the context of the sexual-abuse scandals. As thousands of cases of children sexually abused by priests have been documented in Ireland over the past year—and other cases reported in Belgium and Germany—Catholic officials in Europe have questioned whether priestly celibacy is partly to blame for the abuse. Some say the two are linked because the celibacy requirement limits the pool of candidates for the priesthood by excluding married men.

Sandro Magister, a longtime Vatican watcher who writes for Italy's *L'Espresso* magazine, said he couldn't remember Pope Benedict ever mentioning sexual abuse and celibacy in the same breath. With the move, the pope appeared willing to engage in a discussion that previous popes have considered off-limits, he said.

"It's the first time I've seen [the issues] placed together" by the pope, Mr. Magister said, adding that he believes Pope Benedict ultimately aims to "reinforce" the church's celibacy rule by engaging in debate, not to question it.

Since the sexual-abuse crisis exploded in the U.S. a decade ago and resurfaced in Europe this year, the pope has toughened Vatican rules on disciplining abusive priests, met with victims, and accepted the resignation of bishops who covered up abuse. The Vatican, however, has steered clear of any suggestion that the celibacy rule was up for discussion, treating abuse as a separate issue.

In March, Cardinal Christoph Schönborn of Vienna called on the church to seriously examine potential causes of sexual abuse, including how the church trains new priests. "That includes the issue of celibacy," he wrote in a newsletter. Cardinal Schönborn, a former student of the pope, later clarified that he wasn't placing a question mark

over the celibacy requirement.

The debate was rekindled in September when two bishops in Belgium, which has recently been rocked by hundreds of allegations of clerical sexual abuse, questioned whether married men should be excluded from the priesthood.

Pope Benedict has repeatedly described the celibacy requirement as a "gift" from God.



Pope Benedict XVI, center, at Westminster Cathedral in London during his September state visit to the U.K.

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EUROPE NEWS

French unions widen actions

By DAVID GAUTHIER-VILLARS

PARIS—France's air-traffic authority said Monday that at least a third of flights to and from the nation's airports will be canceled Tuesday, as protests against President Nicolas Sarkozy's proposed pension overhaul intensified.

Hundreds of gasoline pumps across France were forced to close Monday, and workers voted to extend strikes at all 12 of the country's refineries into a second week.

The Interior Ministry has set up a crisis-coordination unit to help prevent fuel shortages. But the disruption to gas stations and to overall public services could become even more severe on Tuesday as labor unions have called on workers to participate in nationwide marches against the pension plan.

Less than two years before the next presidential elections, the proposed pension overhaul—which raises France's retirement age—is a major test of Mr. Sarkozy's capacity to govern the country and tame the chronic budget deficits of state institutions, most notably the state-run pension system. Mr. Sarkozy has said he is determined to press ahead with the bill, which has been approved by France's lower house and is now before the Senate.

"The reform is essential and France is committed to it and will go ahead with it, just as our German partners did," Mr. Sarkozy told journalists during a joint briefing with German Chancellor Angela Merkel in the northern French city of Deauville.

Truck drivers joined protests on Monday with so-called snail operations, during which they drive very slowly to bog down traffic. Classes

were disrupted or canceled at between 5% and 10% of France's high schools, according to the Education Ministry and student unions. In the Paris suburbs, several cars were burned when youths clashed with riot police.

Unions—which brought more than a million people into the streets on Oct. 12 as part of the fourth nationwide march in a month—are counting on strikes that could last days to challenge the pension plans. Some high-school students took part in recent marches and have vowed to intensify their own protests.

Social-welfare bills have crippled governments in the past: In 1995, a three-week strike forced the then-administration to back down on a pension overhaul.

The president is tackling a shortfall in the nation's mandatory state-run pension system, which has been under pressure for several years as people live longer. But the shortfall widened dramatically after last year's recession led to a sharp drop in payroll-tax revenue. This year's shortfall could reach €32 billion (\$44.72 billion), according to government projections.

The key plank of Mr. Sarkozy's pension overhaul is to raise the standard retirement age to 62 years old from its current 60. Unions have said they want the standard age to remain at 60, a level adopted in 1983. They argue that the distribution between corporate profits and salaries has tipped in favor of profits in recent years, and it is time to increase corporate taxes. Mr. Sarkozy has ruled out raising taxes, saying France already has among the highest levies in the industrialized world.



French workers burn tires to block the entrance to the Grandpuits oil refinery east of Paris on Monday.

As ECB bond buying slows, debate heats up

By BRIAN BLACKSTONE

FRANKFURT—The European Central Bank refrained from purchasing government bonds last week for the first time since a controversial program aimed at shoring up shaky euro-zone countries such as Greece and Ireland began more than five months ago.

The news, in a weekly update from the central bank, comes amid renewed strife between Germany's top central banker and the rest of the ECB, including President Jean-Claude Trichet, over whether the program should continue.

ECB watchers find the timing of the latest flare-up puzzling because even before last week, buying had largely trickled to a near-standstill since early summer. Of the €63.5 billion (\$88.7 billion) in bond buys since the ECB started intervening in markets in May, €60 billion was bought by early July.

The central bank's rate of bond purchases has been decreasing markedly in recent weeks. An ECB spokesman had no comment on the future of the bond facility, though recent remarks by top ECB brass suggest last week's pause shouldn't be seen as signaling an imminent end.

However, the race to succeed Mr. Trichet in October 2011 is heating up, and the latest flap renews long-simmering questions about how effective Germany's top banker, the blunt-mannered Alex Weber, would be as head of an institution that sets monetary policy for an economically diverse set of 16 countries. Mr. Weber's strident opposition to the very type of program that France and other countries had pressed the ECB to engage in during the Greek crisis this year may make it tougher for Germany to secure political backing for the Bundesbank president.

That could boost the chances for another contender, Italian central bank head Mario Draghi, whose communications and diplomatic style is seen more in the mold of Mr. Trichet's.

Mr. Weber last week used a high-profile appearance in New York to once again rail against the bond-purchase program, saying it hadn't achieved its objective and should be "phased out permanently." His opposition dates back to May 10, the same day the ECB said it would start buying government debt in order to stabilize what it considered dysfunctional markets. Mr. Weber told a German daily within hours of the announcement that he viewed the pro-

gram "critically" and that buying bonds posed "substantial" risks. That infuriated others on the ECB council who think such disagreements should be kept behind closed doors. Tensions persist, and that Mr. Weber continues to pound away at a program that is now largely symbolic suggests he is little concerned about his popularity within the ECB.

"It's a matter of principle that shows he just completely dislikes the whole thing so much that he doesn't care about his communications policy and the consequences this can have for his relationship with his colleagues on the Governing Council," says Carsten Brzeski, economist at ING Bank.

But Mr. Weber's colleagues on the ECB have struck back recently, signaling they don't share his sense of urgency for winding the program down. Jürgen Stark, a fellow German who sits on the ECB's executive committee and had some of Mr. Weber's initial concerns, told the German daily Handelsblatt on Friday that the ECB will purchase bonds "as long as we consider necessary." In an interview published Sunday with the Italian daily La Stampa, Mr. Trichet said Mr. Weber's opinion that the program should be scrapped "is not the position of the Governing



ECB President Jean-Claude Trichet attends a meeting in Luxembourg Monday.

Council" and that, as president, Mr. Trichet is the "porte parole," or spokesman, for the 22-member ECB.

Mr. Trichet almost certainly knew that the ECB hadn't purchased any bonds last week when he reiterated the ECB's support of the program over the weekend.

In a recent Wall Street Journal interview, Austria's central bank governor Ewald Nowotny called the bond-purchase program a "safety belt" at a time of market unrest.

Mr. Weber's objections don't appear to be centered on future infla-

tion risks, the usual worry when central banks buy assets. He acknowledged in last week's speech that government bond purchases account for only about 3% of the ECB's balance sheet, a fraction of what the Federal Reserve and Bank of England have bought in government bonds.

His concern now appears largely philosophical—that buying bonds of fiscally strapped governments "risks blurring the different responsibilities between fiscal and monetary policy."



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EUROPE NEWS



Hungarian Prime Minister Viktor Orban addresses Parliament in Budapest on Monday about his new budget plans.

Hungary unveils budget, rise in taxes

BY GORDON FAIRCLOUGH
AND MARGIT FEHER

BUDAPEST—Hungary's populist leaders unveiled a new budget plan that singles out a handful of industries for large, temporary tax increases in an effort to raise funds and cut the state deficit, but they offered few specifics on government spending cuts.

In a speech to parliament Monday, Prime Minister Viktor Orban acknowledged that the significant proposed levies on telecom, energy and retail companies would send a "bad message" to investors, who are critical for the country's economic health. But, he added that "until we're out of the ditch, it's only fair that the strongest participants of the economy help those who are still in distress."

The new round of taxes, to be imposed from this year through 2012, comes on the heels of a similar levy aimed at raising roughly \$1 billion annually from financial institutions operating in Hungary, also over three years.

Meanwhile, the government—elected in April after pledging not to impose more austerity measures—cut taxes on small businesses

in July and plans to institute a 16% flat tax on personal income and step up social-assistance payments.

Mr. Orban said his administration would look to pare spending by 5%, but offered few specifics on how that would be accomplished.

Market players for weeks have been awaiting details on how Budapest intends to reach its goal of whittling its budget deficit to 2.8% of gross domestic product next year to comply with limits imposed by the European Union.

The Hungarian currency, the forint, weakened against the dollar and the euro on Monday. Government bond yields were flat.

The collapse of talks in July between Hungary and the European Union and the International Monetary Fund, which rescued the country from the brink of insolvency in 2008, has heightened scrutiny of Budapest's fiscal plans. Without the backing of the EU and IMF, Hungary must rely solely on borrowing in capital markets.

The EU and IMF had chastised Hungary for relying too much on stop-gap tax measures instead of putting in place long-lasting reductions in state spending. And they said the temporary bank tax was

likely to discourage lending and could crimp growth.

The criticism was angrily rebuffed by Hungarian officials, who said that as long as the country met its deficit targets, how it did so should be of no concern to the EU and IMF. Mr. Orban's government has said its top economic priority is to jump-start economic expansion with tax cuts and other measures.

The EU said it would review the planned telecom tax.

Some analysts expressed disappointment that Budapest was looking at temporary tax rises rather than structural changes in welfare programs to plug the budget hole.

"This is a bit of a disappointment, because expenditure cuts are missing," said Gyorgy Barcza, an economist at KBC Bank in Budapest.

Still, Mr. Barcza said, the government's push for a flat tax on incomes could help solve a serious problem for the country's economy.

Rising taxes have led to tax evasion and lower employment, and then further tax increases have been imposed to maintain government revenue levels. The result has been to curtail growth, he said.

—Veronika Gulyas
contributed to this article.

Russian weekly closes up shop

BY GREGORY L. WHITE
AND ALEXANDER KOLYANDR

MOSCOW—Russian Newsweek, one of the last remaining independent national news publications in the country, published its final issue Monday as its owner said it would no longer support the money-losing title.

Axel Springer AG, the German media conglomerate that has published Newsweek in Russia under license since 2004, said the decision to shut it down was "economic."

People close to the situation said efforts to find a buyer for the magazine—which was racking up losses of more than €1 million (\$1.4 million) a year—were unsuccessful, though at least one wealthy Russian investor had expressed interest.

Media-industry officials said Newsweek's demise highlights the difficulties facing outlets that seek to challenge the Kremlin-friendly version of the news that permeates the national landscape.

People close to the situation said that while the Russian-language magazine was often critical of the Kremlin—and had been targeted for attacks by pro-Kremlin youth groups—the closure wasn't the result of direct pressure from the authorities. A Kremlin spokesman declined to comment.

Axel Springer's license agreement with Newsweek in the U.S. was up for renewal at the end of this year. Newsweek, which has struggled with losses and was sold over the summer to audio-equipment mogul Sidney Harman, referred queries to Axel Springer. The Russian weekly has its own news staff and uses only a small number of translated stories from the U.S. parent.

Though he has defended the Russian media as unbiased, President Dmitry Medvedev has also called for greater openness. So far, however, industry officials say there's little sign of a thaw.

"There's no demand for public political journalism here because there's no public political life," said Leonid Parfyonov, a prominent television journalist who was Newsweek's editor in its first years in Russia. "There is demand for it in Poland," where the local version of Newsweek is popular and successful, he said, "but not in Russia."

Other major independent publications that cover general news are subsidized by their owners, according to industry executives.

"We're in unequal conditions



Russian billionaire Alexander Lebedev

with the state media," said Alexander Lebedev, a billionaire banker and industrialist who said he subsidizes losses at Novaya Gazeta, the muckraking independent newspaper he owns. "Business is scared to bring ads to Novaya."

Novaya's editors warned Monday that the paper could face closure after a court upheld an official warning against the paper issued earlier this year for a story about radical nationalists. Russia's media law allows authorities to shut down outlets after the second official warning within a year.

Axel Springer launched Russian Newsweek and the Russian edition of Forbes, also under license, in 2004, when the media climate wasn't as chilly in Russia.

Forbes quickly earned a reputation for hard-hitting investigations of Russian business and its rankings of the country's richest. The magazine's American-born editor, Paul Klebnikov, was gunned down in a contract killing outside his Moscow office just months after the first issue debuted. Investigators never found those who ordered his murder.

Despite the tragedy, Forbes thrived thanks in large part to advertising from foreign luxury brands drawn by its upmarket audience. Newsweek was also popular, but never as successful with advertisers given its middle-brow market niche.

Newsweek earned a reputation for covering topics largely avoided by the official media, ranging from Russia's growing AIDS problem to Islamist terrorism and police and other government abuses.

This week's closing of Newsweek is the title's second exit from Russia. In 2001, it pulled out of a joint venture when its Russian tycoon partner fell afoul of the Kremlin.

Al Qaeda remains top threat, British officials say

BY ALISTAIR MACDONALD

After almost a decade of war on terror, al Qaeda hasn't "diminished" as an international threat, but the nature of the threat has changed, senior British security officials said Monday.

In a background briefing connected with Monday's release of the country's new National Security Strategy—which catalogs the biggest security threats facing Britain—an official said "al Qaeda remains the most potent threat to the U.K.," and the severity of that threat hasn't changed.

It has "not diminished, but has diversified," said one of the officials, who cannot be named following British government practice.

The war in Afghanistan, which the U.K. has helped wage alongside the U.S., has weakened al Qaeda in Afghanistan and Pakistan, the National Security Strategy report says. But affiliated groups have sprung up in Somalia, Yemen and Iraq, broadening al Qaeda's reach across the Muslim world. These affiliates share al Qaeda's name, broad objectives and methods, even if they aren't trained or directed by al Qaeda, the report said.

As it is forced to adapt to the disruption caused by Western intelligence agencies and the Afghanistan war, al Qaeda is likely to turn away from big, spectacular attacks to "smaller-scale attacks against softer targets," the report says. Increasingly, the threat is also from "lone terrorists" inspired by al Qaeda, whose plots are more difficult to detect.

The report outlines three tiers of threats, the seriousness of which are judged on both the potential danger and the likelihood they will materialize. The analysis will help decide how resources are allocated to deal

with each type of threat.

On Tuesday the government will release its Strategic Defense and Security Review, which will lay out the priorities for Britain's armed forces, providing the backdrop to an expected cut of about 8% in the country's defense budget.

In addition to the continuing threat from al Qaeda, the report names several other top security threats, including cyberattacks by another country, terrorists or organized crime, which it says "have a potentially devastating real-world effect"; international military crises; and major domestic natural hazards,

such as pandemics and flooding. Cyberattacks are seen as such a threat that, despite Britain's current drive to cut spending, the U.K. will increase funds devoted to that problem by some £500 million (\$800 million).

The report also notes the increased threat from residual terrorist groups linked to dissident Republicans in Northern Ireland.

"The threat level for Northern Ireland is severe: and the threat level for Great Britain has recently been raised from moderate to substantial indicating that an attack is a strong possibility," it says.



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U.S. NEWS



Scott Dalton for the Wall Street Journal

Harris County Sheriff's Officer Sammie Rinehart fingerprints a man held on immigration questions in Houston.

Program is stoking immigration battle

By ANA CAMPOY

AUSTIN, Texas—A federal program that scans local jails for illegal immigrants is being expanded across the state, the latest front in the U.S.'s battle over immigration policy.

In the past two weeks, Texas became the first border state to fully deploy the Department of Homeland Security program, which is scheduled to be rolled out to all U.S. counties by 2013. The program automatically routes prisoners' fingerprints to the department, which tries to determine whether they are allowed to be in the U.S.

Known as Secure Communities, the program is designed to intercept and remove illegal immigrants who have committed serious crimes such as homicide, rape and kidnapping, immigration officials say.

While immigration violations also are technically included among the triggers for deportation, the program classifies detainees who might be sent home based on the risk to "community safety" posed by their criminal records. Crimes such as homicide are considered Level 1 offenses—the greatest threat—while immigration violations are Level 3, the lowest threat.

Still, immigrant groups and lawyers argue it is singling out immigrants with no serious criminal record, clogging up the courts. Political analysts say Secure Communities and related programs are alienating Democratic-leaning Hispanic voters from the Obama administration.

"Why are we wasting funds to deport people who aren't even supposed to be targets of the program?" said Jim Harrington, director of the Texas Civil Rights Project, which provides legal assistance to low-income people.

Proponents of stricter immigration controls contend Secure Communities is a step in the right direction to protect the nation from dangerous illegal immigrants.

"Every day, we have murders

and serious crimes committed against citizens and legal immigrants," said Janice Kephart, national-security policy director at the Center for Immigration Studies, which favors curbing all immigration to the U.S. "It is a public-safety issue."

The expanded program comes at a time when a national debate is raging over Arizona's immigration law, which would require local police to check the immigration status of people stopped for other possible violations.

The federal government has successfully blocked that law in court so far, arguing it shifts responsibility for immigration enforcement from federal to local officials.

Unlike the Arizona law, Secure Communities doesn't require local law enforcement to perform any additional tasks. Using fingerprints the police already have collected for the Federal Bureau of Investigation, it merges those records with Homeland Security's database, which contains all legal and some illegal entrants into the U.S. That assists the department in identifying criminal suspects in violation of immigration laws. If the fingerprints don't match any record, Homeland Security can deploy immigration officers to the jail to investigate further.

Last week, Homeland Security Secretary Janet Napolitano touted the success of the program, saying Secure Communities contributed to a 70% increase since 2008 in deportations of criminal suspects who were illegal immigrants.

But many in the Hispanic community are frustrated over Secure Communities and related Obama administration programs, which they see as a step-up in deportations without addressing other facets of the immigration debate, such as whether there will be a path to citizenship for illegal immigrants.

"Not only are they not helping to solve the issue, but they are criminalizing more immigrants," said union organizer Ben Monterroso.

As head of a multistate campaign

to boost Latino turnout, he is trying to persuade Latinos to put their frustration aside and go to the polls.

A recent poll by the Pew Hispanic Center shows that Latinos are less motivated than other voters to go to the polls in November.

Since 2008, when Secure Communities was launched in individual counties around the nation, more than a quarter of the illegal immigrants identified by the program and sent back to their countries did not have records of serious crimes, government statistics show.

In Travis County, Texas, where Austin sits, about 1,000 immigrants have been removed since Secure Communities was deployed in the county in 2009. More than 30% had no criminal record.

In San Antonio, the nearest immigration court, the number of pending cases has grown to about 4,800 so far this year, compared with 1,821 in 2008, according to data compiled by the Transactional Records Access Clearinghouse at Syracuse University.

Noe Jimenez Ruano, a day laborer from Guatemala, was arrested for criminal trespassing in July while standing outside an Austin business looking for work, according to his lawyer and the director of the shelter where he lived.

A magistrate judge found no probable cause for the arrest, but immigration officials learned he was in the country illegally through the booking process and deported him last month.

Nicole True, Mr. Jimenez Ruano's lawyer, said, "People forget that the way someone ends up in jail is based on a human being making a decision."

Homeland Security has said that while Secure Communities focuses on dangerous criminals, the agency has the authority to remove anyone who enters the U.S. illegally.

An agency official said some immigrants categorized as non-criminal have lengthy rap sheets of charges and arrests but have never been convicted.

Democrats pin their hopes for midterms on Obama

[Capital Journal]

By GERALD F. SEIB



Democrats are riding the back of President Barack Obama in a last-lap attempt to contain damage in the midterm elections, and for good reason: Bruised though he may be, the president remains the best asset Democrats have.

In fact, Mr. Obama may be the least of his party's problems right now. He remains more decidedly more popular than his party's congressional leaders, individually or collectively. Beyond that, many of the Democratic Party's current political woes can be traced to the tactics and decisions of its congressional wing.

Which isn't to say that the president can or will represent a savior for his party in this season of discontent. The man who turned "hope" into a rationale for an entire presidential campaign has struggled mightily to rekindle it two years later.

And Republicans say they've found that Mr. Obama's visits around the country, even if they energize lethargic Democrats, also raise intensity among core Republicans who dislike the president the more they are reminded of him.

Yet compared to other faces Democrats could present to voters in the stretch run, Mr. Obama represents the party's best bet. His job-approval rating stands at 46%, which isn't good, but is slightly above where President George W. Bush's approval stood at this point in 2006, when his Republican Party was about to take what he called a "thumpin'" in midterm elections.

And beyond that job grade, a reasonably healthy 47% say they have positive feelings toward Mr. Obama. That's a higher positive rating than either Mr. Bush had in 2006, or President Bill Clinton had at this point in 1994, just before a Republican wave hit his presidency in midterm elections.

More importantly, though, there isn't any other Democratic leader—unless you count Mr. Clinton, now in the midst of a remarkable popularity renaissance—who engenders similar positive vibes. In the most recent Wall Street Journal/NBC News poll, House Speaker Nancy Pelosi brought forth the highest negative feelings of any current political leader tested. A striking 50% said they have negative feelings about her, compared with just 22% who have positive feelings.

And Senate Majority Leader Harry Reid inspired positive feelings among just 15% of Americans, and negative feelings among 32%. Stunningly, after four years atop the Senate, the last two pushing one of the most ambitious legislative agendas in decades, Mr. Reid inspired no feelings at all among a third of Americans, who either don't know who he is or aren't sure what they think of him.

Little wonder, then, that more

Republican attack ads try to link Democrats with Ms. Pelosi than anybody else this cycle.

The other problems the Democrats' congressional wing has created for the party arise from the work plan it has pursued over the last two years. Two examples:

In June 2009, just six months into the Obama era, House leaders brought to a vote a broad, highly ambitious bill to attack climate change, in part by changing American energy habits and in part by instituting a new cap-and-trade system to limit greenhouse gases.

That bill presented an extraordinarily tough vote for lawmakers from coal-producing and industrial states, because the carbon cap was seen as a threat to both the coal industry and to energy and manufacturing plants across the upper Midwest.

That might have been a political risk worth taking if the legislation was about to roar ahead on the wings of popular demand. Instead, House members cast this hard, politically risky vote on a bill that proceeded to go—nowhere. The Senate not only didn't take up the bill, it moved on instead to health care, while a handful of senators sought to write a different version of climate-change legislation that failed to fly.

The man who turned 'hope' into a rationale for an entire presidential campaign has struggled to rekindle it, but he's more popular than other Democratic leaders.

So a handful of brave Democrats put their necks on the line for what has turned out to be a meaningless vote. Now those lawmakers—Rick Boucher in Virginia and John Boccieri and Zack Space in Ohio most notably—are being pilloried for their troubles. If those Democrats lose, and Democrats lose the House by a couple of seats, they can look back on cap-and-trade and wonder.

Meanwhile over in the Senate, the August 2009 town-hall uprisings against the health-care overhaul then being debated might have been seen as a sign that Senate leaders ought to either scale back the legislation or get it passed quickly and return to core economic issues. Neither happened.

Senate deliberations dragged on for four months, and a final bill wasn't completed for three additional months.

Of course, Mr. Obama might have stepped in more forcefully to steer both climate-change and health legislation in different directions, and didn't. Still, it's little wonder the president was on the campaign trail in Ohio on Sunday, and is on his way to Oregon, Washington state, California, Nevada and Minnesota. He's still the best messenger his party has.

U.S. NEWS

Industrial output dips in September

By JUSTIN LAHART

America's industrial output fell last month for the first time in over a year, in the latest sign that the manufacturing boom that has helped bolster the U.S. economy is subsiding.

Industrial production, the combined output of the nation's factories, mines and utilities, fell 0.2% in September from August, the Federal Reserve reported Monday—the first decline since June 2009.

Much of the decline was driven by a 1.9% drop in utilities' output, largely the consequence of less air-conditioning use after a scorching summer. But a 0.2% decline in factory production pointed to contin-

ued slowing in the manufacturing sector.

"If it was just one month that showed this weakness, it wouldn't be a concern," said Daiwa Capital Markets economist Michael Moran. "But over the past four months, there's been a clear easing trend in manufacturing."

In the four months through September, manufacturing production grew an average of 0.1%. In the previous four months, it averaged 0.7%.

Manufacturing has been one of the economy's brighter spots over the past year. A revival in global trade, and the need for businesses around the world to rebuild inventories they cut sharply during the downturn, led manufacturers to

ramp up production and hiring. But that process appears to have run its course, leaving the pace of economic growth largely dependent on the willingness of consumers to increase spending.

"The first six months of 2010, we began to see orders to replenish inventories," said Neil Moore, president of Campbell, Calif.-based **Asco Sintering Co.**, which makes metal components for the automotive, medical and defense industries. But now, he said, the pace of new orders has flattened out.

After getting badly hit by the downturn, with employment going from 140 to 60 workers, the company is taking a cautious approach. Rather than hiring full-time workers

to meet the increase in demand, it has instead taken on a dozen temporary workers.

Capacity utilization—the share of industrial capacity being used for production—edged down to 74.7% in September from 74.8% in August. That was 4.2 percentage points above its rate a year ago, but still 5.9 percentage points below its average from 1972 to 2009.

The low rate of capacity utilization, and high unemployment rate, demonstrate significant slack in the economy and suggest little risk of higher inflation. That is prompting economists to worry that if the economy falters now, a protracted period of falling prices could result. Falling prices, or deflation, can have

dire consequences, as they encourage consumers and businesses to put off spending and discourage lenders from extending credit.

Fed Chairman Ben Bernanke and other officials have been making the case that the prospect, however remote, of deflation makes it advisable for the central bank to take additional steps to bolster the economy. It is widely expected that when Fed policy makers next meet, on Nov. 2 and 3, it will resume buying U.S. Treasury bonds.

In a separate report, the National Association of Home Builders said its index of home-builder confidence rose to 16 in October from 13 in September, the first improvement in the index in five months.

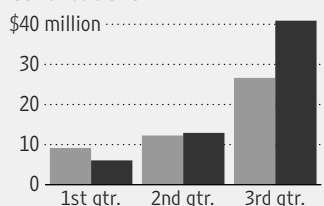


Building a war chest

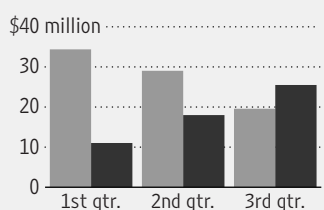
Third-quarter 2010 fund-raising totals available so far show Republicans in the 10 most competitive Senate races drew more contributions than the Democrats and now have more cash.

Totals, in the 10 most hotly contested senate races

Contributions



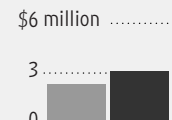
Cash on hand



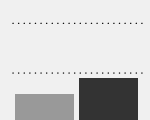
Race-by-race

Contributions to the leading candidate in each party in the third quarter

ILLINOIS



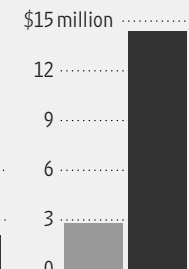
KENTUCKY



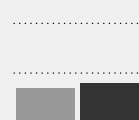
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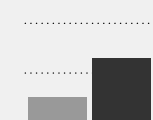
NEVADA



MISSOURI



DELAWARE



PENNSYLVANIA



WASHINGTON



W. VIRGINIA



WISCONSIN



*There were no first-quarter data for the Colorado, Washington and Wisconsin Republicans and no first- and second-quarter data for the West Virginia Democrat since they weren't candidates at the time. Note: Contributions are for leading candidate only.

Source: Federal Election Commission and the campaigns. Photos: Associated Press (2)



Sen. Russ Feingold of Wisconsin, left, was the top Democratic fund-raiser in 10 competitive Senate races in the third quarter. Republican Sharron Angle of Nevada, right, led the GOP's candidates in those races.

Republicans rake in the cash

By BRODY MULLINS AND DANNY YADRON

Republicans in the closest races for Congress reported a fund-raising surge, nearly erasing the financial advantage Democratic candidates have enjoyed for most of the mid-term campaign season.

In the 10 closest Senate races and 40 most-competitive House contests, Republicans raised \$60 million in the third quarter, the last public tally of fund-raising before the November elections. Democratic candidates raised \$45 million, according to reports filed with the Federal Election Commission over the weekend.

That leaves Democrats in those races with \$47 million in the bank, a slight edge over the \$43 million Republicans reported on hand. Nonetheless, the financial momentum in the two weeks before the election appears to be with the GOP.

Republican candidates for the Senate fared best. In seven of the 10 closest Senate races, the Republican candidate raised more than the Democratic opponent. In all, Republicans raised \$41 million in those 10 races, nearly \$15 more than their Democratic opponents.

The 10 Republican candidates,

such as Christine O'Donnell in Delaware, Dino Rossi in Washington and Rep. Mark Kirk in Illinois, now have a combined \$25 million in the bank, compared with \$19.6 million for their opponents.

In the Senate, the Republicans' gains were paced by Sharron Angle of Nevada, who raised \$14 million in the three-month period, surprising Senate Majority Leader Harry Reid, who drew \$2 million. Both candidates, deadlocked in the polls, have about \$4 million in the bank for the final stretch.

According to RealClearPolitics.com, the Illinois race is tied between Mr. Kirk and Democrat Alexi Giannoulias. Mr. Rossi slightly trails Democratic Sen. Patty Murray, and Ms. O'Donnell is losing by double digits to Democrat Chris Coons.

In the race for the House, Democrats maintained a large financial lead, though Republican fund-raising momentum has narrowed the gap. In the closest 40 House races, GOP candidates raised \$17.6 million, compared with \$19 million brought in by Democratic candidates.

Fund-raising by individual candidates is only one way they receive campaign money. Political parties themselves raise and spend money on behalf of candidates, and on that

score Democrats hold a comfortable lead.

The Democratic Congressional Campaign Committee, which supports the party's candidates for the House, has \$41.6 million left in the bank, compared with \$19 million for its Republican counterpart. In the Senate, the Democratic Senatorial Campaign Committee has a \$6 million advantage over its Republican counterpart for the final month of the campaign.

Ryan Rudominer, a spokesman for the House Democrats' campaign arm, said his group has "seen a significant spike in small-dollar contributions and individual donations in response to the unprecedented spending" by outside political organizations supporting Republicans candidates.

These outside groups are the other key contributor. Conservative and business groups, which dominate the field, are planning to spend more than \$300 million on television advertisements, campaign mailings and other efforts to help Republican candidates. The effort, which includes groups such as the U.S. Chamber of Commerce, American Crossroads and the Club for Growth, will likely erase Democrats' remaining financial edge.

Some Democrats gripe about California funds

By JIM CARLTON

SAN FRANCISCO—Meg Whitman's massive spending in her campaign for California governor is having ripple effects on Democrats statewide.

The Republican nominee has doled out \$140 million on her race so far, a record for any U.S. public office. To help Democratic nominee Jerry Brown keep pace, some Democratic strategists say, state party Chairman John Burton has transferred millions of dollars to the Brown campaign from party coffers.

But critics say such aid is putting other California Democratic candidates at risk by depleting crucial get-out-the-vote efforts in a year when Republicans are highly motivated to go to the polls.

"This is not the way it's supposed to work," said Garry South, a Democratic consultant who ran the campaigns of former Gov. Gray Davis. "The Democratic nominee for governor in this state has to be the primary funder of coordinated campaigns."

Mr. Davis received no party money in 2002 when he was re-elected to a second term (which was

later cut short by a recall). Instead, Mr. Davis donated money to the party's statewide campaign, Mr. South said. But this year, Mr. Burton has directed \$3.85 million from the party to Mr. Brown's campaign, adding to the approximately \$31 million Mr. Brown has raised.

Officials of the state party say they are able to give the money to Mr. Brown because of their superior fund-raising effort this year compared with past elections. They also say the amount hasn't been influenced by Ms. Whitman's spending as much as a desire by the party to do everything possible to retake the governor's seat.

"I am of the opinion we will carry this state from top to bottom," Mr. Burton said, pointing to a California Democratic Party field operation that includes "thousands" of volunteers and also aims to reach about two million voters.

Mr. Burton concedes that deploying the party's resources to best deal with Ms. Whitman's unprecedented spending presents a substantial challenge, but he seems unfazed.

"Either I'm an a— and wrong," he said, "or I'm a genius and I'm right."

WORLD NEWS



Getty Images

Stuart Levey will meet with Turkish and Azeri businessmen and government officials beginning Tuesday.

U.S. envoy to meet with Iran's neighbors

By JAY SOLOMON
AND MARC CHAMPION

WASHINGTON—The Obama administration dispatched its point man on Iran sanctions to Turkey and Azerbaijan, as the U.S. attempts to further constrict trade flows between Tehran and its closest neighbors.

Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, will meet with Turkish and Azeri businessmen and government officials beginning Tuesday in Baku, Azerbaijan, said U.S. officials. Mr. Levey will then travel to Istanbul and Ankara.

"We're looking to follow up on the steps needed to implement the latest United Nations sanctions against Iran and to share information, especially with the private sector, about threats posed by Iranian illicit conduct," Mr. Levey said in an interview last week.

Turkey has emerged in recent months as a possible weak link in the growing international campaign to punish Iran financially for its nuclear work.

Prime Minister Recep Tayyip Erdogan pledged in September to triple trade between Turkey and Iran over the next five years, and has committed Ankara to establishing a preferential trade agreement with Tehran.

Energy-rich Azerbaijan, which shares deep ethnic and cultural ties with Iran, could also serve as an important gasoline supplier.

The U.S. last month also provided Beijing with a list of Chinese companies Washington believes are in violation of new U.N. sanctions targeting Iran.

U.S. officials wouldn't name any of the companies, but they are believed to include a number of major Chinese energy, defense and financial firms.

"The Chinese have pledged that they will enforce [U.N. sanctions] and promised to investigate these companies," said a senior U.S. offi-

cial Monday.

Tehran is increasingly facing shortages of refined-petroleum products due to the mounting international sanctions, Western diplomats and Middle East-based businessmen said.

Turkey, which voted against the latest round of sanctions against Iran at the U.N. Security Council in June, has been clear from the get-go that it planned to respect only U.N.-mandated sanctions and would ignore much tougher unilateral sanctions imposed by the U.S. and the European Union.

Turkish Trade Minister Zafer Caglayan this month complained that Turkish banks had been put under pressure to stop doing business with Iran, adding: "We cannot tolerate it."

Turkish officials say the stance has nothing to do with any nascent Turkish-Iranian alliance or breaking with the U.S., but is simply a function of their belief that sanctions don't work and that better trade and stable relations with Iran are in Turkey's national interest.

Iran supplies Turkey with about one-third of its energy needs, with most of the rest coming from Russia.

Meanwhile, legal and illicit trade with Iran is a mainstay for the poor, volatile and mainly ethnic Kurdish areas along Turkey's 300-mile border with Iran.

Turkish politicians of all stripes frequently allude to heavy trade losses Turkey suffered as a result of sanctions imposed on Iraq at the end of the first Gulf War and say they are anxious not to repeat the experience.

In reality, Turkey's trade with Iran is lopsided—Iranian exports of natural gas to Turkey made up 80% of the \$10 billion 2009 total. Meanwhile, the U.S. pressure appears to be having an impact.

Turkish exports to Iran spiked to \$325 million in June, the month the sanctions were announced, from \$191 million the month before. By August, however, recorded Turkish

exports were back down to \$198 million.

Bankers said privately that Turkish banks, several of which have U.S. shareholders, have cut back sharply on dealings with Iranian counterparts. A corresponding anecdotal boom in the informal Hawala business, transferring cash between Turkey and Iran, is unlikely to fill the gap, these people say.

Meanwhile, **Turkiye Petrol Rafinerileri AS**, or **Tupras**, Turkey's sole petroleum refiner, said in August it would stop shipping refined products to Iran. That followed a 74% drop in Turkish petroleum exports to Iran in July, according to the Istanbul Exporters' Association of Chemical Materials.

Azerbaijan is another potential supplier for Iran, with which it has an even more intricate relationship than Ankara—around one quarter of Iran's population is ethnic Azeri. Annual trade between Iran and Azerbaijan was around the \$1 billion mark last year, according to official statistics.

Iranian officials recently called for that sum to increase tenfold. A spokesman for the Azeri trade ministry couldn't be reached to comment on Monday.

Under new U.S. legislation passed in July, foreign companies run the risk of being barred from the American financial system if they are found doing business with 17 blacklisted Iranian banks or the companies of Iran's elite military unit, the Islamic Revolutionary Guard Corps.

The new U.S. law also targets any firms investing more than \$20 million in the Iranian oil-and-gas sector.

U.S. officials said banks across Europe, the Middle East and Asia have increasingly cut their financial ties to the sanctioned Iranian banks. And major energy suppliers such as Japan's **Impex Corp.**, Italy's **Eni SpA** and **Royal Dutch Shell PLC** of the Netherlands, have announced they are ceasing their investments in Iran.

Widespread fraud in Afghan election will disqualify votes

By MARIA ABI-HABIB

KABUL—Widespread incidents of fraud in Afghan elections last month included armed men stuffing ballot boxes, observers said, in a vote Western officials said will lead to the disqualification of as much as a quarter of the ballots cast.

The number of disqualified ballots is expected to top one million, Western officials observing the election said, in an election where roughly 4.3 million ballots were reported as cast—the lowest turnout in any Afghan election since the 2001 U.S.-led invasion.

Afghanistan's official Independent Election Commission is scheduled to release preliminary results on Wednesday, with final results expected by early November. At least 571 polling centers will be disqualified with votes at an additional 1,177 currently being recounted, IEC spokesman Noor Mohammad Noor said. A total of 5,510 polling centers were open on Election Day, Sept. 18.

In some cases, armed men stormed several polling stations, forcing voters and election observers out and stuffing ballot boxes, according to the Electoral Complaints Commission, a separate watchdog that also has the power to throw out suspicious ballots.

"I'm not surprised" about the likelihood of a million ballots being disqualified, said South African Judge Johann Kriegler, one of two foreigners among the ECC's five commissioners. "That the fraud is that high is disappointing on one hand but on the other, it shows that the IEC is taking its job seriously," he said, adding that he is speaking in his personal capacity and not on behalf of the ECC.

The Sept. 18 election was held amid a deteriorating security environment across Afghanistan, with candidates and voters threatened by Taliban-led insurgents. Many voters were unable to go to the polls, fearing backlash from the Taliban, who pledged to disrupt the election and punish anyone who participated in the vote. The previous election, a presidential race in August 2009, was also marred by widespread fraud. About one million votes, most of them for President Hamid Karzai, were thrown out by the ECC and the IEC.



European Pressphoto Agency

Afghan officials inspect the scene of roadside mine explosions in Herat on Monday that killed at least three civilians.

In a news conference Monday, the ECC, which processes election complaints, said 4,300 serious complaints had been registered and were being investigated. These complaints could disqualify some of the roughly 2,500 candidates competing for 249 seats in the Wolesi Jirga, the lower house of parliament.

The Wolesi Jirga has emerged over the past year as a check on President Karzai's authority, rejecting many of the president's cabinet picks and challenging his decrees. Mr. Karzai and his supporters backed a number of candidates in this year's elections, but it is unclear how well they have done.

Over the weekend, more than 2,000 candidates called on the government to throw out all ballots and hold fresh elections within a year.

Separately, the Taliban's deputy leader for the Nawa-ye Barakzai district in Helmand province was detained by coalition forces Monday, according to a coalition statement. Also in the southern province, at least eight Afghans guarding a North

Afghanistan's official Independent Election Commission said 4,300 serious complaints had been registered and were being investigated.

Atlantic Treaty Organization supply convoy were killed and three injured in an attack by insurgents Sunday night, according to a spokesman for the provincial governor.

In Kandahar province, a detainee was found dead in his holding cell Sunday, according to a coalition statement. The detainee was arrested during an operation on Saturday night, according to coalition spokesmen.

At least 10 Taliban fighters, including a senior insurgent leader, appear to have been killed by an airstrike in northern Baghlan province Sunday, a statement from coalition forces said. A Taliban spokesman couldn't be reached to comment.

—Arif Afzalzada
and Habib Totakhil
contributed to this article.