

FRIDAY, DECEMBER 22, 2006

Mr. Ricardo Lagos Escobar

By Amelia Gentleman
A war on hunger and obesity
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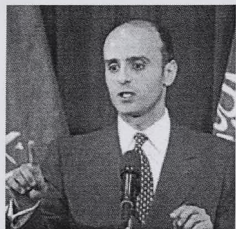
New, and last, 'Rocky' movie:
A fantasy that's all heart
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An architect's mellow side
will tower west of Paris
CULTURE & MORE 9

Iran's growing power has Saudis worried

Riyadh weighs how to confront Tehran



Adel al-Jubeir, who became the public face of Saudi Arabia in the U.S. press after the Sept. 11 attacks, is expected to be named ambassador to Washington.

By Hassan M. Fattah

RIYADH: At a late-night reading earlier this week, a self-styled poet held up his hand for silence and began a riff on the events in neighboring Iraq, in the old style of Bedouin storytellers.

"Saddam Hussein is a real leader who deserved our support," he began, making up the lines as he went. "He kept Iraq stable and peaceful," he added, "And most of all he fought back the Iranians."

Across the kingdom, in both official and casual conversation, once quiet concern over the chaos in Iraq and Iran's growing regional influence has burst into the open.

Saudi newspapers now openly decry Iran's growing power. Religious leaders have begun talking about a "Persian onslaught" that threatens the existence of Islam itself. In the salons of Riyadh, the "Iranian threat" is raised almost as often and as frequently as the stock market.

"Iran has become more dangerous than Israel itself," said Sheikh Musa bin Abdulaziz, editor of Al-Salafi magazine, a self-described moderate in the Salafi fundamentalist Muslim movement that seeks to return Islam to its roots. "The Iranian revolution has come to renew the Persian presence in the region. This is the real clash of civilizations."

Many here said they believed a showdown with Iran was inevitable. After several years of a thaw in relations between Iran and Saudi Arabia, analysts said the Saudis were growing extremely concerned that Iran may build a nuclear bomb and become the de facto superpower in the region.

In recent weeks, the Saudis, with other Gulf countries, have announced plans to develop peaceful nuclear power; officials have feted Harith al-Dharr, head of Iraq's Muslim Scholars Committee, which has links to the Iraqi insurgency; and have motioned that they may begin to support Iraq's Sunnis. All were meant to send a message that Saudi Arabia intends to get serious about Iran's growing prowess in the region.

"You need to create a strategic challenge to Iran," said Steve Clemens, senior fellow and director of the American Strategy Program at the New America Foundation. "To some degree what the Saudis are doing is puffing up because they see nobody else in the region doing so."

Yet a growing debate here has centered on how Iran should be confronted: Head on, with Saudi Arabia

SAUDIS, Continued on Page 8

Charges in Haditha killings
■ A Marine Corps squad leader was charged with murdering 12 people and ordering other Marines under his command to kill six people in the Iraqi town of Haditha last year.

■ The cleric Moktada al-Sadr will allow his supporters to return to positions in the Iraqi government after a three-week boycott to protest the prime minister's meeting with Bush.

■ Defense Secretary Robert Gates, talking to enlisted soldiers on his second day in Iraq, heard broad support for the idea of sending more American forces to the country.

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A British Airways Boeing 737 prepared for a delayed takeoff into freezing fog at London's Heathrow Airport on Thursday.



Passengers waited to rebook flights in a tent outside Terminal One at Heathrow, but listings did not offer much hope.



Flight listings did not offer much hope.

Thousands stranded as fog paralyzes Heathrow

Tens of thousands of passengers were stranded Thursday after a thick blanket of fog forced hundreds of flights to be canceled at Heathrow, Europe's busiest airport. Heated tents, sleeping mats and catering stalls were set up for anxious travelers as short-haul flights were canceled into the holiday weekend.

Many people were affected after

British Airways canceled its domestic flights and many of its European services out of Heathrow. More than 600 flights have been canceled since Tuesday, when a thick blanket of freezing fog moved in to the city. Confusion ensued for many passengers after British Airways announced the cancellation of about a quarter of its flights Friday — one of Britain's

busiest travel days of the year. Eurostar reported a 15 percent increase in traffic as frustrated airline passengers boarded trains to get to Paris and Brussels. Many people who live in Britain went home when their flights were canceled, not sure whether to return the following day or give up completely. "Christmas has been canceled," one traveler said. Page 3

Italian euthanasia campaigner dies

By Ian Fisher

ROME: Piergiorgio Welby, who had eloquently begged Italy's leaders to let him end his life legally, died late Wednesday after a doctor sedated him and removed the respirator that had kept him alive for the last nine years.

But Welby, 60, an activist for euthanasia who suffered from muscular dystrophy for 40 years, died without the legal clarity he hoped to achieve. His decision to be removed from the respirator seemed a final challenge, which was quickly taken up in this Roman Catholic country with a deep institutional opposition to euthanasia.

Hours after his death was announced Thursday, conservative lawmakers demanded the doctor's arrest.

Luca Volonte, leader of the small Christian Democratic Party, which has strong ties to the Vatican, said that the death "cannot go unpunished, if only because it was committed in such a violent, scandalous and exploitative way."

He and others have accused the Rad-

ical Party of turning Welby's request to die into a political campaign on behalf of euthanasia and other choices for the sick to end their own lives.

Such a campaign was clearly the intent of Welby, who had strong ties to the party. Its leaders were present at his death and oversaw its announcement here Thursday, nearly three months after he sent an impassioned letter to Italy's president, Giorgio Napolitano, asking for greater rights for the terminally ill to end their lives.

Despite the calls for his arrest, the doctor, Mario Riccio, an anesthesiologist, said he was "serene" that he would not be prosecuted.

"The case of Piergiorgio Welby is not a case of euthanasia," he told reporters here. "It's a case of refusing treatment."

"It's not an exception that treatment is suspended," he said. "It happens every day," he said, if quietly and with-

out the public attention of Welby's case.

In the weeks before he died, Welby had sought a judicial ruling that would clarify Italy's contradictory laws regarding unwanted medical treatment and allow him to die as he wished.

Direct forms of euthanasia, such as doctor-assisted suicide, are illegal in Italy. But the law allows patients, other than those with psychiatric problems and infectious diseases, to decline treatment they do not want.

Experts say, however, the law does not allow anyone to assist in a death, even by consent. Two recent legal decisions on Welby's case questioned the legality of a doctor's detaching life support, while upholding Welby's right to decline treatment.

Some experts said that Welby had the chance to appeal the rulings, but in the end, decided to die amid the legal ambiguity. Several weeks ago he said his medical treatment was an increasing "torture."

ITALY, Continued on Page 8

Shell cedes control of oil project to Moscow

Gazprom buys 50% of Sakhalin-2 after months of pressure

By Andrew E. Kramer

MOSCOW: Gazprom, the Russian energy monopoly, seized control of the world's largest combined oil and natural gas development Thursday after a highly publicized campaign of pressure on its foreign operator, Royal Dutch Shell.

The sale of 50 percent plus one share followed months of mounting regulatory problems at the site, problems that President Vladimir Putin, in announcing the entry of Gazprom into the project, said would now likely be resolved.

Gazprom will pay \$7.45 billion for the controlling share of Sakhalin-2, a price analysts said was below market value. The agreement will lower the British-Dutch oil company's production potential and the amount of its reserves, but it removes a large measure of uncertainty over the deal by establishing the Kremlin's support.

Putin announced the deal at a Kremlin meeting with executives from Shell, Mitsui and Mitsubishi, who are partners in the consortium, and Gazprom. He made a point of saying that Russia remained open to energy investment.

"When speaking about the energy sector, we should admit this is a very liberalized sector of the economy," Putin said. "All of the largest world companies are represented in Russia." Putin said that the companies and Russian environmental regulators had agreed to settle alleged violations at the site. "As far as I am informed, in principle, the question can be considered resolved," Putin said. "The Russian government and investors are interested in having this project implemented."

The controlling share that Gazprom will purchase of Sakhalin-2 includes offshore platforms, 800 kilometers, or 500 miles, of oil and natural gas pipelines, the world's largest liquefied natural gas plant, and an oil terminal.

The partners have so far spent about \$12 billion on the project, meaning that they will recoup the \$6 billion for half of the capital investment so far but will be compensated little for the estimated four billion barrels of recoverable reserves at the site.

The price Gazprom paid was "below market rate," Alex Kormshchikov, an oil and natural gas analyst at UralSib, said by telephone Thursday.

Still, the Shell chief executive, Jeroen van der Veer, said he welcomed the stability that an agreement implied, after a turbulent few months during which Russian regulators threatened to freeze work on the pipeline.

"I think the great news is that now there is stability so we can all work together, all the shareholders, to get the project up and running as soon as possible," van der Veer said at the Kremlin meeting.

Gazprom and Shell also agreed to cooperate on unspecified future projects in Russia. Initially, Shell had nego-

SHELL, Continued on Page 14

Bidders are circling Hutchison India unit

Vodafone, Orascom and the private equity group Blackstone were said to be considering bids for Hutchison Whampoa's Indian telecommunications business. The unit is believed to be valued at more than \$14 billion. Large telecommunications companies are looking to fast-growing markets like India. Page 10

EBay buying clout in China with TOM

The eBay decision to close its Web site in China and instead take a 49 percent stake in an electronic-commerce joint venture with TOM Online is the latest sign that local knowledge and connections matter in the Chinese market. No one questions that TOM Online knows the Chinese market and has political influence. Page 10

Private equity wave extends into Asia

For private equity firms like Texas Pacific Group, Asia offers a rich bounty. This year, private equity firms committed \$28.9 billion in the nine months to October buying into, or buying, Asian companies outside Japan — a 78 percent increase from a year earlier, according to Dealogic, a financial data provider. Page 10

German-Polish ties hit another low point

A lawsuit filed by an obscure German group at the European Court of Human Rights has prompted Poland to call into question a post-World War II treaty meant to settle forever the borders between the two countries. The dispute is a reminder of how much ill will still lingers in their tragic history. Page 3

CURRENCIES | New York

	Thursday 4 P.M.	Previous
€1 =	\$1.3168	\$1.3172
£1 =	\$1.9603	\$1.9638
\$1 =	¥118.39	¥118.42
\$1 =	₹1.2174	₹1.2183

Full currency rates | Page 16

OIL | New York

Thursday 4 P.M.

Light sweet crude \$62.66 ↓ \$1.06

STOCK INDEXES

Thursday

The Dow 4 P.M. 12,421.25 ↓ 0.34%

FTSE 100 close 6,183.70 ↓ 0.24%

Nikkei 225 close 17,047.83 ↓ 0.22%

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Andorra€ 2.00	Reunion€ 3.50
Antilles€ 2.30		
CameroonCFA 1,900	SenegalCFA 1,900
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Niyazov, left, in 2002. He survived the Soviet collapse to become president-for-life.

'Leader of All Turkmen' leaves a void

By C.J. Chivers

MOSCOW: Saparmurat Niyazov, the authoritarian president of Turkmenistan, died unexpectedly early Thursday, the Turkmen government said, raising questions about succession and stability in a country essential for European energy supplies.

Niyazov, who gave himself the name Turkmenbashi, or Leader of All Turk-

men, had ruled his sparsely populated country since becoming chairman of the Turkmen Communist Party in 1985, when the country was a Soviet republic.

He easily weathered the Soviet Union's collapse, becoming the president of newly independent Turkmenistan and pushing through a Constitution that concentrated power in his hands. He then embarked upon a megalomani-

acal career as president for life. While other post-Soviet countries suffered disorder and, in some cases, revolutions or war, Niyazov lorded over Turkmenistan with a sprawling security apparatus and a fantastically well-developed personality cult.

His critics labeled him a ruthless dictator and accomplished embezzler, who siphoned profits from the country's natural resources into offshore accounts, while the bulk of country's 5 million residents lived near poverty in the desert state, surrounded by portraits and ostentatious statues of the ruler.

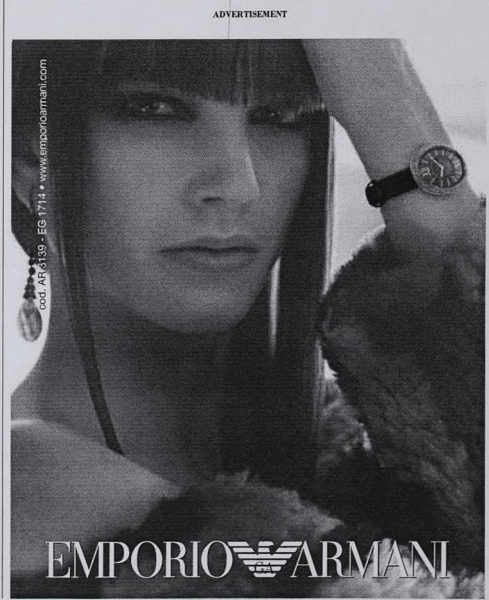
He was 66 and had suffered from heart disease, but never publicly anointed a successor.

Intrigue immediately followed his death. According to the Turkmen Constitution, the chairman of the Majlis, the lower house of Parliament, becomes acting president upon a president's death.

But in Ashgabat, the capital, power passed instead to a deputy prime minister, Gurbanguly Berdimuhamedov, and the state news agency announced that the prosecutor general had opened a criminal investigation against the Majlis chairman, Ovezgeldy Atayev.

It also said that the People's Council, the upper house of Parliament, would hold an emergency meeting Dec. 26.

LEADER, Continued on Page 8



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Amelia Gentleman

Letter From India

A war with 2 fronts: Hunger and obesity

NEW DELHI When PepsiCo's new chief executive arrived in Delhi this week on a Christmas visit to see her family, she came bearing gifts of a sort — promising to set a newly expanded, specially developed collection of fizzy drinks and chips to India.

Indra Nooyi, who was recently named the world's most powerful businesswoman by Fortune, was here for what should have been a triumphant homecoming tour. Since her promotion in August, she has been hailed as an inspirational role model by the country where she spent the first 23 years of her life, held up as an icon of India's high-achieving diaspora.

Unfortunately, the timing of her return could not have been worse. She walked straight into a dispute about the evils of junk food, arriving just as India's health minister, Anbumani Ramadoss, announced that he planned to ban colas and greasy snacks in schools because they were ruining the health of the nation's children.

In a powerful speech days before Nooyi's arrival, Ramadoss warned that the wealthy middle classes were facing a "galloping" rise in obesity, heart disease and diabetes. He promised to introduce compulsory yoga in schools along with classes on healthy eating.

Moving beyond the allegations of insecticide contamination, which have shaken sales of both Coke and Pepsi in India for the past five months, he added firmly that "with or without pesticides" colas were "harmful for health and should not be consumed."

It was a rude welcome for the visiting celebrity. Nooyi fought back bravely, stressing that PepsiCo wanted to work with the Indian government to combat "the prevailing sedentary lifestyle," which she identified as the root cause of obesity-related illnesses. She announced that her company's "Fun for You" products (colas and snacks) would be balanced by its "Good for You" line (waters and energy drinks). But the expected exuberance of this trip was dampened by the controversy.

India's newly declared war on junk food represents a sharp shift in direction for the government, which until recently had been inclined to believe that it made little sense to focus on the problems of overeating when people were still dying of malnutrition.

This week, however, Ramadoss declared that the Health Ministry needed to wage a battle on two fronts, simultaneously fighting hunger and obesity.

His acknowledgment of these coexisting crises implicitly recognized the rapid emergence of two parallel Indias. He conceded that there was a growing gulf in the nation's health concerns, a rift between the diseases of affluence and the diseases of poverty.

While the nation's attention was caught up by the debate on how to stop India's 300 million members of the middle class from bingeing on sugar-laden, fat-heavy diets, the National Family Health Survey was analyzing its latest data, which (when they are published formally next year) are expected to show that, despite the country's economic boom, around 50 percent of Indian children under 5 are malnourished. Also, in some states of north India, the numbers of severely malnourished children are rising fast.

"We have one India which is galloping on the economic front, while in the other India, human development indices say we are 126th in the world," Ramadoss said, referring to India's

low ranking out of 177 countries in the UN list.

"India is on its way to becoming a superpower, but unfortunately, 50 to 60 percent of children under 3 years are undernourished," he told journalists covering a nutrition conference in Delhi, adding that he felt "ashamed" at the stark contrast in problems facing the nation.

"We have the IT revolution, but then we have this pitiful infant mortality," he said. "We have on one side undernutrition and on the other side overnutrition."

Ramadoss made it clear that his strategy for tackling India's new weight problem would be to target precisely the products Nooyi was in Delhi to sell. He conceded that there might be "legal hindrances" with introducing a blanket ban on colas and chips in schools, and he proposed introducing a system of fines and penalties instead.

Health experts welcomed Ramadoss's decision to highlight the growing problem of obesity in India.

Ambrish Mittal, senior doctor at an obesity center run by Apollo, a private hospital in Delhi, said that by conservative estimates at least 30 percent of women and 20 percent of men in urban areas were already clinically obese, although some experts put the real figure at closer to two-thirds of women.

"Malnutrition continues to be the bane of India, but the people who matter in this country are affected by the opposite problem," he said. "The worst sufferers are the people working in the multinationals in urban India; they make up the new work force driving the nation's economy, working to put India on the world map. A vital component of our manpower will become sick if steps are not taken to address this."

Unicef's chief of health in India, Marzio Babilio, said India was "seeing

'The alarm bell started ringing over the past year.'

a progressive reduction in so-called diseases of poverty and a parallel increase in diseases of affluence.

"The alarm bell started ringing over the past year," he said. "We have to look at the health of this new generation of affluent Indians; otherwise we will see a whole new generation of people at severe risk of diabetes."

"Nutrition in this country has not been given any attention at all, and yet it's extraordinarily important."

The struggle with obesity will not easily be won. In every McDonald's, Indianized meals such as McCurrries, Chicken Maharajah Macs and McAlloo Tikki Burgers are selling fast. Ready-made brands (like Curry in a Hurry) are catering to new lifestyles. Even destitute mothers on the street corners of Delhi can sometimes be spotted pouring black colas into the mouths of their small babies. Clinics offering liposuction and gastric banding are thriving.

Nooyi knows which way her company has to turn. She said PepsiCo would be investing \$500 million in India over the next few years, part of which will go to building a new research center outside Delhi, where scientists will work on concocting low-calorie and low-caffeine drinks.

E-mail: pagetwo@iht.com

Tomorrow: Roger Cohen on the lessons of Aswan.

Land reform worries Bolivia's Mennonites

By Simon Romero

MANITOBA, Bolivia: With its horse-drawn buggies, farmhouses with manicured lawns and fields planted to the horizon with soybeans and sorghum, this Mennonite settlement in Bolivia's eastern lowlands feels like a tropical version of rural Ohio or Pennsylvania.

That placid impression lasts until farmers here start talking about their fears for President Evo Morales's plans for land reform.

One year into an administration that intends to reverse centuries of subjugation of Bolivia's indigenous majority, Morales has plans to redistribute land considered idle or ill gotten through opaque purchase agreements. Hundreds of thousands of peasants could get a share of up to 20 million hectares, or 50 million acres.

The project won approval last month in Congress, and thousands of Morales's supporters marched in celebration in La Paz, the capital. But the move has shaken Manitoba and Bolivia's 41 other Mennonite farming communities.

"I know what's taking place in this country," said Gerardo Martens, 22, referring to the leading newspaper in Santa Cruz, the provincial capital 160 kilometers, or 100 miles, southwest of here, a long trip on dirt and asphalt roads for adherents to a faith that prohibits driving automobiles.

"We simply want to know what will happen to us and our land."

Mennonites have been carving new settlements out of the thick jungle of eastern Bolivia for more than 40 years, helping to create an agricultural frontier.

Multinational companies like Cargill and Archer Daniels Midland rely on their harvests of soybeans and sunflowers to produce cooking oils and animal feed. These exports have transformed Bolivia's 40,000 Mennonites into a bloc of relatively prosperous landowners.

Mennonites trace their origins to the 16th century, with their name and Anabaptist beliefs derived from a Dutch Protestant reformist, Menno Simons.

They migrated to Russia, the United States, Canada, Belize and Mexico, among other places, and then some came here, for the farming opportunities and religious freedom. Names of their communities here, including Alberta, Belice and Campo Chihuahua, are testament to this past.

While the degree of observance of Mennonite customs varies in each of these colonies, as they call them, the 2,500 people in Manitoba stitch their own clothing. They also eschew electricity for their homes and rubber tires for their tractors. Their only schooling is the study of the Scripture and other subjects in German until the age of 12. They continue making yellow corn tortillas, which some residents came to love while living in the northern Mex-



Like most Mennonites, those in Bolivia avoid advanced technology, although some farmers do use gasoline-powered tractors.

ican state of Chihuahua. Families in Manitoba and other Mennonite communities tend to be large, often with 6 to 12 children. With family farms generally limited to about 40 hectares, population growth inevitably pushes families to search for new land to settle.

This practice, often in areas where land titles are of murky provenance, is the main source of the Mennonites' concern about the government's plans. Farmers in Manitoba and nearby Chihuahua shuttered when speaking of the situation in El Carifio, a community more than six hours to the north where squatters have tried to occupy land owned by Mennonite farmers.

"We're fine because the title to our land is clear," said Franz Schmidt, an attendant at the bustling general store in Chihuahua. "But those people on the margins are the ones we're worrying about."

The Mennonites of Bolivia are citizens, but they generally avoid any involvement in politics, preferring to farm and practice their faith far from the prying eyes of outsiders. Martens, the farmer-guided a rare visitor around Manitoba in his buggy on a sweltering Tuesday afternoon when the temperature reached 35 degrees Celsius (95 Fahrenheit). He said he had gone to La Paz only once.

"We try not to say anything negative about the decisions made at the presidential palace," Martens said haltingly in German-accented Spanish. "We're afraid of being expelled from Bolivia."



The Mennonites are not the only ones worried about the land bill. Hundreds of foreign farmers, mainly from neighboring Brazil, have started industrial-scale soybean farming on huge tracts of land in this region. A potential requirement to review land titles every two years is already restricting access to financing for costly farm equipment and fertilizers, these farmers say.

"Expropriations would be disastrous for a government that refuses to understand that some farming has to take place for profit in a capitalist system," said Jocelio Edgar Rodriguez de Silva, 29, a Brazilian who manages a large soybean farm bordering Manitoba for investors from southern Brazil.

While details of Morales's land program remain somewhat vague and subject to changes in an assembly con-

vened to rewrite the Constitution, the main thrust of the proposal would require the beneficiaries, though not the current landowners, to own land communally, not individually. In places like Manitoba, farms are owned by single families.

A previous government tried agrarian reform in 1953, though subsequent lethargy and corruption in the distribution of land grants effectively concentrated nearly 90 percent of Bolivia's arable land among its wealthiest 10 percent of families.

With no television or Internet access in Manitoba, news of developments in the capital often reaches the farmers through word of mouth. Sometimes they stop to chat at the general store operated by Abraham Martens, where buggies line up outside on a dirt parking lot.

Looking somewhat astonished when asked what the future held, one farmer, Abraham Wall, 40, started out by describing the odyssey that had brought him here. Describing himself as "mexicano," he explained that he was born in northern Mexico and brought to Bolivia at age 2 by his parents. He moved from settlement to settlement before arriving in Manitoba in 1993.

"Whether we stay in this spot," Wall said, surrounded by six of his eight children, "that depends on Evo Morales."

iht.com/americas
Photographs of Mennonite communities.

U.S. set to reveal thousands of Cold War secrets

By Scott Shane

WASHINGTON: It will be a Cinderella moment for the band of researchers who study the hidden history of the U.S. government.

At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many FBI files from the Cold War on investigations of suspected Communist sympathizers. After years of extensions sought by government agencies, the end of 2006 means the government's first automatic declassification of records.

Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the grounds that the material remains sensitive.

Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted.

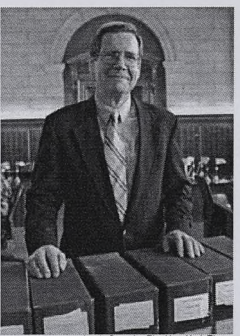
And every year from now on, millions of additional documents will be automatically declassified as they reach the 25-year limit, reversing the traditional practice of releasing just what scholars request.

Many historians had expected President George W. Bush to scrap the deadline. His administration has overseen the reclassification of many historical files and restricted access to presidential papers of past administrations, as well as contemporary records.

Practical considerations, including a growing backlog of records at the National Archives, mean that it could take months before the declassified papers are ready for researchers.

1906: Shah Of Persia In Weak State

TEHRAN: The Shah is again in a critical condition owing to the albuminous fluid mounting around the heart, and it is with difficulty His Majesty gets his breath. The opinion of the physicians is that he will die during the night. By the people he is already thought to be dead. In case it is of importance, as his death is fully discounted. The funeral arrangements have already been made. Moreover, the presence of the Vahid and his military force is quite able to suppress disturbances. Further, the Vahid has made a favorable impression since, immediately upon his arrival, he warmly welcomed the representatives of the people, assuring them that he was in sympathy with the movement. In an interview this morning [Dec. 22], a prominent member of the Medjilis said: "Telegraph abroad we are what the French call 'puff' at the manner with which the Vahid behaved and full of happiness."



J. William Leonard, chief of the Information Security Oversight Office, at the National Archives in Washington.

are ready for researchers. "Deadlines clarify the mind," said Thomas Blanton, director of the National Security Archive, a private body at George Washington University, which obtains and publishes historical government documents.

Despite what he called a disappointing volume of exemptions, Blanton said automatic declassification had "given advocates of freedom of information a real lever."

Gearing up to review aging records to meet the deadline, agencies have declassified more than a billion pages, shedding light on the Cuban missile crisis, the Vietnam War and the network of Soviet agents in the U.S. government.

IN OUR PAGES | 100, 75 & 50 YEARS AGO

1931: Senate Ratifies Debt Moratorium

WASHINGTON: The Senate passed the Hoover one-year moratorium 69 to 12 tonight [Dec. 22] at 10 o'clock after two days of debate which made the first session of the Senate necessary and after it appeared for a moment that a filibuster would be instituted. The House passed the bill on Friday by a vote of 317 to 100. The measure includes the reservations which place Congress on record as opposing any extension beyond the one-year period which ends in July and opposition to any further revision of allied war debts or cancellation. It is expected that the President will sign the bill early tomorrow and that foreign governments, already notified that failure to meet debt payments on December 15 would not be a matter of criticism, will now be informed by the state department that the moratorium was actually in force. Senator Hiram Johnson (Rep. Cal.) acted the opposition today with a bitter attack on President Hoover.

1956: Russia Power Struggle

WASHINGTON: A power struggle is under way in the Kremlin today [Dec. 21], with a pro-Stalin faction desperately seeking to win political control over the mighty Russian Army, according to informed sources in this capital. Reports leaked through the Iron Curtain picture the Soviet Union's Presidium — its board of directors — as being engaged in the bitterest internal tug-of-war since the death of Stalin in 1953. All the elements are present, some experts believe, for a power struggle of such intensity that it could lead to another bloody purge within the Communist party's hierarchy. This struggle is developing at a time when a wave of resistance is growing throughout the satellite states of Eastern Europe and in the Soviet Union itself against the Communists' dictatorship over what many people read, think, say and do. Die-hard old followers of Stalin are reportedly working to gain control over the army through former army generals.

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actually, we're working to reduce emissions for 6.5 billion people.

In partnership with leading vehicle and engine manufacturers, we're developing advanced engine and fuel systems that could improve fuel economy by 30% whilst significantly lowering emissions. It's a good direction to be heading.

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Oil shale gets its day in the sun — maybe

Shell and Chevron proceed cautiously

By Clifford Krauss

GRAND JUNCTION, Colorado: Oil shale has never made an American company more than a few cents; quite a few, in fact, have lost countless millions over the last century trying to cook oil out of the rock. R. Glenn Vawter, who has worked as an executive for many of the losers, knows all that only too well.

Oil shale's many starts and stops have driven Vawter's career, but also unsettled his family life, forcing 37 moves during one 25-year spell early in his career.

But Vawter is still a true believer. His rock garden is adorned with huge shale boulders weighing over a hundred pounds, or 45 kilograms, that he has lugged from job to job. His house is filled with shale bookends and shale paperweights engraved with names of companies he has worked for, including one where he had to shut down operations and lay himself off during the last shale bust in the 1980s.

Some may think Vawter a glutton for punishment. But suddenly at age 68, Vawter and his holy grail are back.

Last month, the Bush administration opened up five large parcels of land in Piceance Creek Basin in Colorado for oil shale research and development projects, and Vawter has bounded out of retirement to manage the efforts of EGL Resources, a company based in Midland, Texas, which is to begin pilot tests early next year.

Government estimates of recoverable shale oil in Colorado, Utah and Wyoming put the reserves at 800 billion barrels — more than triple the proven oil reserves of Saudi Arabia. So aside from Vawter, now many in Washington have their eyes on a big prize, not in small part for the promise it might hold to ease national security concerns. "It could literally shake the world," Senator Pete Domenici, a Republican from New Mexico, said at a recent Senate hearing.

But there are plenty of good reasons why no one has ever come up with a profitable, environmentally acceptable method for extracting oil from shale. Not only were the previous efforts too expensive and energy intensive to compete with conventional oil resources, they also laid waste to the land, produced lots of air pollution and threatened scarce groundwater in one of the driest regions of the country.

So it is no surprise that Shell, Chevron and Vawter's EGL Resources, the three companies that won the 160-acre, or 65-hectare, leases, say they are going to go slow with their experiments before they begin considering commercial production of synthetic fuel. The initial outlays are small, in the millions or tens of millions of dollars.

"The resource scale is enormous," said Donald Paul, vice president and chief technical officer at Chevron. "We believe there are opportunities for it to

become commercial. Otherwise, we wouldn't do the R&D."

Despite the fresh starts, skeptics abound. "The jury is still out whether oil shale can make it," said James Bartis, an energy policy expert at the Rand Corporation, an independent research firm. "Right now we have no idea what one of these plants will look like. There are no designs on the books, no one has given detailed estimates on the pollution, the footprint, the ecological impact or even, for that matter, the economic value to any company that is to build one of these plants. So there is a lot of uncertainty."

The three companies are rejecting old mining techniques that failed in the past in favor of experiments that heat the shale underground. The idea is to melt the organic material into a form of oil and gas and then pump it to the surface for refining into fuel.

The companies hope that approach — known as "in situ" or on site — will be more efficient and produce fewer carbon dioxide emissions than previous efforts, although some of their experts acknowledge that a method still must be developed to capture and store carbon emissions to ensure that shale oil does not become a large producer of greenhouse gases.

"I didn't think I would live long enough to see a rebirth of oil shale development in our country," Vawter said. "It feels great."

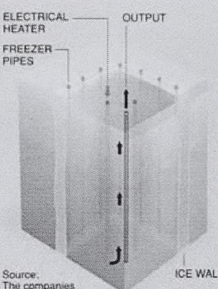
Given the modest size of the experi-

Testing ways to extract the oil

Shell, Chevron and a little-known private Texas company named EGL Resources are experimenting — planning to process the organic material in oil shale into a form of oil so it can be pumped to the surface.

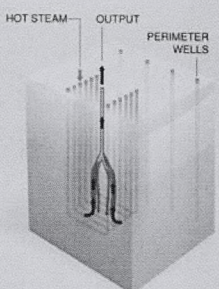
SHELL plans to drill holes 2,000 feet into the shale and use heaters to slow cook the rock at about 650 degrees for two to three years.

PROTECTING GROUNDWATER It hopes to create ice walls by circulating refrigerant through pipes in the surrounding rock.



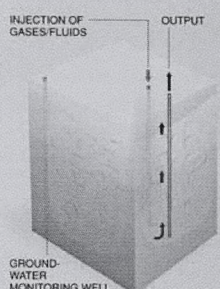
EGL plans to run steam through a radiator system underneath the shale. A web of pipes would pump the liquid that cooks out of the rock.

It plans to create perimeter wells to pump water out and plans to plug water channels with grout or polymers.



CHEVRON plans to circulate CO₂ and other gases or fluids to create chemical reactions within fractured shale formations, forcing oil up.

It hopes to use the shale formations themselves as walls, and monitor groundwater like the two other companies.



ments planned so far, shale oil will not be arriving any time soon, until at least the 2020s. But this is still the biggest push for shale oil since the Carter administration handed out hundreds of millions of dollars in tax breaks and other subsidies to shale developers a few years after the 1973-74 Arab oil embargo drove up prices and inspired one

of the first of several failed drives to achieve the post-embargo dream of American energy independence.

Government estimates of recoverable shale oil in the United States put it at 800 billion barrels.

of the first of several failed drives to achieve the post-embargo dream of American energy independence.

The Los Alamos National Laboratory, the U.S. Energy Department facility best known for its development of the atomic bomb during World War II, also worked on shale mining technologies in the 1970s and is also jumping back into the oil shale research business in partnership with Chevron.

Los Alamos scientists are applying modeling and monitoring technologies developed from carbon sequestration experiments and underground testing of nuclear weapons, storage of nuclear waste and cleaning of nuclear weapon components.

For any underground technique to work, scientists say they must find a way to prevent the leaching of shale remnants into groundwater.

Even small releases of toxic substances like arsenic and selenium could cause great harm to the Colorado River drainage basin, a lifeline for the entire Southwest.

The Los Alamos scientists said they would also try to find ways to safely and efficiently handle hazardous gases and explosives that may be used by Chevron to break down kerogen, the fossilized material in shale that can be converted into oil.

EGL says it is ready to commit at least \$30 million to its 10-year experimental effort, and the larger companies are expected to pony up considerably more. Shell says it hopes to decide whether to begin commercial production by the end of this decade.

Shale holds much promise for American companies, because it is abundant and most of it is found in the United States. A Rand study says that the bounty could fuel American cars and homes for more than 400 years, if shale could meet a quarter of current American demand of about 20 million barrels a day.

"It gets to the national security question," said Duncan McBranch, a senior scientist at the Los Alamos National Laboratory who is working with Chevron. "What if you didn't have to rely on the Middle East or other volatile parts of the world for energy?"

Nissan talks to NEC over car battery

From news reports

TOKYO: Nissan Motor said Thursday that it was talking with the Japanese electronics company NEC about establishing a joint venture to make lithium-ion batteries for use in hybrid and fuel-cell cars.

The move would be a big part of Nissan's strategy for developing hybrid technology in an effort to catch up with Toyota Motor, which has taken the lead in the business.

A spokeswoman for Nissan said the batteries would be needed for the planned introduction of the company's first in-house-developed gasoline-electric hybrid car in the 2010-11 financial year.

The companies said no details, including the investment amount, timing and ownership of the potential venture, had been decided.

The proposed venture would involve development, manufacturing and sales of batteries.

A spokesman for NEC, Hideyuki Nakajima, said: "It's true that we are considering a tie-up. But no decision has been made on the numbers."

The Nissan-NEC venture would compete with a battery company formed by Toyota and Matsushita Electric Industrial.

Hybrid technology, which combines motors with engines for greater efficiency, have surged in popularity. When Nissan announced a technology development strategy on Dec. 11, it outlined plans to introduce Nissan-designed gasoline-electric vehicles in North America and Japan in the year that ends in March 2011.

Nissan initially chose not to follow when Toyota started selling hybrids nine years ago.

Nissan bought parts from Toyota to use in its Altima hybrid, which is scheduled to go on sale in the United States in early 2007.

In the Dec. 11 announcement, Nissan said it was preparing for a new company to develop, produce and market lithium-ion batteries, but the automaker did not identify any potential partners.

The Nihon Keizai Shimbun reported Thursday that Nissan and NEC planned to build a lithium-ion battery factory by 2010, investing more than ¥10 billion, or \$84 million, in the project.

Nissan said in April that the new lithium-ion battery and inverter might nearly double the acceleration performance of vehicles that run on fuel cells, electricity or hybrid engines.

(AP, Bloomberg, Reuters)



Nathan Bilow for The New York Times
Shell is carrying out oil shale experimentation near Grand Junction, Colorado.

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Asia joins the boom in private equity

Mr. Ricardo Lagos Escobar

TPG, From Page 10

tial as a private equity market," said Tim Dattels, a TPG partner and Asia specialist. "The great enterprises of the next 100 years are being built today in some of these markets, like China and India. And there is a role for global players in private equity, who bring in the management expertise, the experience in international markets, to partner some of these companies and help them create value and realize their potential."

The number of private equity firms with Asia funds or operations in the region has mushroomed in the past decade. TPG has been joined by major global firms like Kohlberg Kravis Roberts, Carlyle Group, BainCapital and CVC Capital Partners.

But in Asia there are also obstacles to private equity carving out that long-term role that are forcing firms to change the way they approach a deal.

As in parts of Europe, global private equity firms have encountered some resistance because of a mixture of nationalist sentiment against foreign ownership, suspicions about the desirability of private equity firms themselves as owners of assets, and a maze of regulations or policies affecting foreign investment in some industries. TPG had a taste of those difficulties this year when a bid to buy PCCW, the Hong Kong telecommunications company, was rejected because Beijing did not want a strategic asset to fall into foreign hands.

"The concept of private equity is not always an easy sell in Asia, where companies are often conservatively managed and seen by some governments and some people as vehicles for nation building. Private equity firms are generally not long-term investors. They use substantial amounts of debt to buy companies with an investment horizon of 5 to 10 years, in which time they sell out and might double or triple the value of their initial equity stake."

Partners in TPG say they recognize that the industry has to do a better job of selling the message that it is a responsible investor and not simply pursuing quick profits.

Dan Carroll, who runs TPG's operations in Asia, based in Hong Kong, said the image of private equity in Asia had been helped by some successful company turnarounds, but he acknowledged it had also been hurt "by the windfall profits that resulted from a lot



Tim Dattels, left, and Dan Carroll of TPG Newbridge, the firm's Asian arm.

of the deals done during the economic crisis in late 1990s.

"I think the industry needs, for its own survival, to prevent the backlash that we are seeing in some of these countries," he said.

Carroll added that there was still a perception that private equity could "make money coming in and stripping the assets of a company and selling off the assets and firing all the people."

"Nobody actually stops to do the arithmetic," he said.

"If you figure it out, you can't make much money doing that." James Coulter, who co-founded TPG after working with Bonderman at Robert M. Bass Group, said private equity was still often viewed as it was 16 years ago in the book "Barbarians at the Gate." The book chronicled the farcical battle for control of the food and tobacco giant RJR Nabisco, which ended with a \$25 billion leveraged buyout by KKR. The book helped foster an image of private equity firms, and the investment banks they worked with, as avaricious financiers good at exacting fees from buying, restructuring and selling companies, but poor at imparting real value.

"The industry has moved beyond 'Barbarians at the Gate,'" Coulter said in an interview. "Originally this business was all about the art of the deal. It was a bunch of guys doing finance."

In the deals that private equity does nowadays, Coulter said, the emphasis is on the ability to bring in highly skilled managers or support existing managers to "build and sustain a company."

"There is no magic to doing a deal in Asia," he said.

"However if a private equity firm can deliver value to a company in Beijing, that's something special."

In the case of Qantas, for instance, TPG partners say they strongly support existing management but aim to bring their extensive experience in aircraft purchasing and low-cost carriers to what will probably be a long-term in-

vestment. The first deal that TPG made in 1993 was to buy and turn around Continental Airlines.

At presentations, Coulter uses a series of slides that show the performance of a number of companies before and after buyouts by firms like TPG, KKR and Blackstone. In all cases, employment and productivity growth, along with product quality and operating income, improved at companies like Ryanair, the U.S. chemical manufacturer Celanese and Wincor Nixdorf, a German supplier of information technology to retailers and banks.

This is an important message for an era when most markets are awash with capital and investors need to bring something more than just money. It is especially important in parts of Asia where boards and owners have been reluctant to sell noncore assets or cede management control to outsiders. Increasingly, private equity firms take minority stakes in listed or private companies, while striking management agreements that still permit influence over the direction of companies.

Typical is TPG's purchase of 10 percent of the Chinese computer maker Lenovo after Lenovo bought the personal computer business of IBM. TPG obtained two board seats and has been able to work closely with management in integrating the two businesses, despite its relatively small stake. TPG's global connections also proved useful in recruiting a new chief executive, William Amelio, from Dell.

But there remain questions over whether the top firms can sustain their current high rates of return. From 2001 to 2004, they produced median gross internal rates of return of 37.3 percent, according to TPG figures. With those numbers, the size of funds being raised by the private equity industry has consistently hit records. More of the investors in private equity funds have signaled that they want exposure to Asia's growth.

BOOKS Nonfiction

Muhammad

A Prophet for Our Time
By Karen Armstrong
249 pages, \$21.95. HarperCollins/Atlas Books.

Reviewed by Laurie Goodstein

The religion with the most adherents on the planet is Christianity, and few people would say they are unfamiliar with the story of its founder and prophet, Jesus. The second largest faith is Islam, and yet there is boundless ignorance among non-Muslims about the story of its founder and prophet, Muhammad, even after Sept. 11 caused unease about whether Islam fuels terrorism.

Since then Muhammad has been defined by his detractors, who have called him a terrorist, a lunatic and most colorfully by the Reverend Jerry Vines, former president of the Southern Baptist Convention — a "demon-possessed pedophile."

Several new biographies picture Muhammad through the lens of a suicide bomber, and ultimately these books reveal more about suicide bombers than Muhammad.

To glimpse how the vast majority of the world's Muslims understand their prophet and their faith, Karen Armstrong's short biography is a good place to start. The volume is part of a series called "Eminent Lives": small profiles of big-name subjects by big-name authors.

Armstrong, best known for "A History of God," is a scholar and a former nun with a genius for presenting religions as products of temporal forces —

like geography, culture and economics — without minimizing the workings of transcendent spiritual forces.

She profiles Muhammad as both a mystic touched by God on a mountain-top and a canny political and social reformer. He preached loyalty to God rather than tribe; reconciliation rather than retaliation; care for orphans and the poor; and in many ways, empowerment of women, which will be a surprise to some. The Koran gave women property rights and freed orphans from the obligation to marry their guardians; radical changes at a time when women were traded like camels.

In a nod to her subtitle, "A Prophet for Our Time," she argues that as of Sept. 11, 2001, we have entered a new historical era that requires an equally thorough re-evaluation.

"This notion that we have entered a new era was one of the reasons that Armstrong decided to revisit a subject she had already covered in 1992 with 'Muhammad: A Biography of the Prophet.'"

Muhammad (570-632) was born in a nouveau riche Mecca. Unlike most Arabs, the Meccans were not nomads but traders and financiers who profited from the caravans that stopped in Mecca for water from its underground spring. The site was holy to the Bedouin because it housed the Kabah, a cub-shaped granite building that was tended by Muhammad's tribe, the Quraysh.

At 25, Muhammad married Khadija, a widow who hired him to manage her caravans. At 40, he declared he had been seized by a terrifying force and commanded by God to recite scripture. Khadija was his first convert. At first he

shared his revelations with a small group of friends and family members, who became his disciples, "convinced that he was the long-awaited Arab prophet."

As Muhammad, who was illiterate, recited new passages, believers wrote them down; a compilation that became the Koran.

The Meccans were offended by Muhammad's preaching that the ideal was submission. ("Islam" means submission.) He taught that the proper way to pray was to bow, forehead to the earth, "a posture that would be repugnant to the haughty Quraysh," Armstrong notes.

Muhammad and his followers were exiled to Medina, 250 miles, or 400 kilometers, north of Mecca. He did not conquer Medina so much as form alliances and win converts. But there were epic battles with the Quraysh and other tribes, and Muhammad was a fighter and tactician. "Muhammad was not a pacifist," Armstrong writes. "He believed that warfare was sometimes inevitable and even necessary."

This is why some passages in the Koran are rules for warfare. Terrorist groups cite these selectively — or contort or violate them.

Armstrong declines to stand in judgment of events that have scandalized other biographers: when Muhammad falls for the wife of his adopted adult son and takes her as his fifth wife.

Muhammad ultimately took back Mecca and reclaimed the Kabah. Armstrong argues that he prevailed by compassion, wisdom and steadfast submission to God. This is the power of his story and the reason more parents around the world name their children Muhammad than any other name.

Angst increases in Thai market

By Wayne Arnold

SINGAPORE: The Thai financial markets resumed their downward slide Thursday as investor concern grew that the financial policies of the government appointed by the military were in disarray.

After imposing capital controls Monday and then lifting most of them the next day when stock prices plunged 15 percent, Thai officials were working to convince markets that the decisions were consistent and that the government had not overruled the central bank.

"This isn't a policy flip-flop," Prime Minister Surayud Chulanont said in Bangkok, speaking for the first time on the issue. Surayud said he supported the Bank of Thailand's decision Monday and that the revisions announced by the finance minister were a modification, not a reversal.

His reassurances, however, only deepened concern about the future of foreign investment in Thailand in the wake of the coup this year that ousted Thaksin Shinawatra, a business executive who was prime minister at the time.

"If Thaksin had been there, this wouldn't have happened," said Song Seng Wun, a regional economist at CIMB-GK Goh Research in Singapore. "Being a business person in charge of listed companies, he would have known what the effect would be."

After rebounding Wednesday by 11 percent, the benchmark Thai stock index dropped Thursday by 15.45 points,

Stocks and baht resume their slide

or 2.2 percent, to close at 676.10, and analysts blamed declining confidence. The Thai currency, the baht, also lost 1.6 percent against the dollar, its biggest drop in three years and its lowest level against the U.S. dollar in a month.

Thailand imposed the capital controls to stem a surge of speculative inflows into the country, particularly into the bond market. Aside from capital controls, though, economists said policy makers in Bangkok and elsewhere in the region had only a few options at their disposal to alleviate the pressure of short-term inflows on currencies.

"The best thing to do is probably to keep doing what the Chinese are doing," said James McCormack, senior director at Fitch Ratings in Hong Kong. To keep its currency pegged to the dollar, China buys dollars coming into the country, paying with newly minted currency, which in turn pushes down the yuan's value. To stem the inflationary effect of the increase in money supply, the central bank issues bonds, borrowing back the yuan it had issued. This process helped swell China's foreign currency reserves to more than \$1 trillion in October.

Other Asian central banks already pursue this policy to some extent as well. Japan has \$897 billion in reserves; Taiwan has \$265 billion; and South Korea has amassed \$234 billion in reserves

as the countries try to keep their own currencies from rising and thus eroding the competitiveness of exported cars and electronics. Foreign exchange reserves in Thailand have risen to \$62.3 billion.

Another solution, economists said, would be to lower interest rates. Indonesia has already begun cutting rates, and economists predicted that other central banks around the region would follow suit so long as oil prices did not rise.

Ultimately, economists have said, the solution for Asia would be to wean itself from too much reliance on exports by liberalizing their economies, thereby stimulating private investment in the domestic economy. This is something Asian governments have been wowing to do since the financial crisis of 1997 and 1998 but have yet to entirely implement.

Economists have said that stimulating this kind of investment would not only bolster imports, reducing the upward pressure on currencies, but also stimulate domestic demand, enabling nations like Thailand to grow economically even if their currencies rise.

"If we do a proper job of investing in ourselves," said Supavut Saicheua, an economist at Patana Securities in Bangkok, "we can live with a stronger baht."

There was evidence Thursday that Thai companies were doing just that: The government said exports rose 20.7 percent in November from a year earlier, for a record monthly surplus of \$1.76 billion.



Olesya Mailyan and six other people share an apartment in St. Petersburg.

Russians catch the bug for owning property

MOSCOW, From Page 10

vacy, residents say. Mailyan raised three daughters in the master bedroom she had moved into with her parents when she was 12.

"When I was young it was fun," she said. Seven families lived in the 2,270-square-foot apartment on the 14 Blokhina Street back then. "There were lots of kids around all the time." Mailyan and her followers were exiled to Medina, 250 miles, or 400 kilometers, north of Mecca. He did not conquer Medina so much as form alliances and win converts. But there were epic battles with the Quraysh and other tribes, and Muhammad was a fighter and tactician. "Muhammad was not a pacifist," Armstrong writes. "He believed that warfare was sometimes inevitable and even necessary."

Recently, the value of such properties reached dizzying heights, particularly compared with low Russian salaries. Apartments of similar size on Blokhina Street have sold for \$600,000 and more, and foreign investors are driving the prices higher.

Investment money is flowing in other ways, too. Russian developers have listed shares on the London Stock Exchange. Systema-Hals raised \$396 million in a London offering this year. Gazprom, the natural gas monopoly, is active in St. Petersburg, real estate speculation through affiliated companies.

This being Russia, though, the risks have not gone away entirely. Residential real estate deals are often accompanied by a peculiarly Russian type of due diligence, where buyers ask doctors to certify at the time of signing, that the seller is sober.

Former owners have returned years later and persuaded judges to void deals on the grounds that they were on a bender at the time of closing. This protection for the inebriated — and risk for the buyer — is written into Russian law.

In these cases, Yulia Matygina, a Moscow real estate attorney, said, "the buyer loses the apartment."

1974, yet decided to sell separately. Asked what prevented a combined sale, which theoretically would leave both with a greater share of the value of the apartment, Savin made a looping gesture around his ear and pointed toward Mailyan's room.

Lisa Kreutz, a real estate agent for Pulford in St. Petersburg, is a practiced hand at the deal-making that untangles communal apartments, eventually putting them up for sale to foreign buyers. A former ballerina with the Fort Worth Ballet in Texas who moved to St. Petersburg a decade ago, she coaxes residents into swapping their rooms for homes of their own, then refurbishes the space.

"For those of us who've been here a while, we know how afraid people were" of these deals, Kreutz said. "It was just an adventure, a dream, before. Now investors are buying."

The business has also straightened out a bit since the chaotic 1990s, she said. Midway through a deal, some communal apartment residents found there was no private apartment waiting for them. Instead "people got killed or bopped on the head," she said.

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Shell cedes control of oil project to Gazprom

SHELL, From Page 1

tiated to swap a stake in Sakhalin-2 for a share of a Siberian natural gas field, Zapolarnoye.

Shell reduced its share of Sakhalin-2 from 55 percent to 27.5 percent. Mitsui's share declined to 12.5 percent from 25 percent and Mitsubishi's fell to 10 percent from 20 percent, according to a statement released by Gazprom.

Gazprom will honor existing contracts for delivery of liquefied natural gas after the project comes online in 2008, but it will control pricing and policies on all future sales, according to the statement.

The agreement surrenders to Gazprom control over one of the most important new sources of energy in Asia, with exports planned to Japan, South Korea and California. Sakhalin-2 will pump oil and natural gas equivalent to 350,000 barrels a day at full capacity, relieving energy-hungry Asian economies of dependence on Middle Eastern oil.

Separately, Gazprom said Thursday that second-quarter profit had more than doubled, partly because of the rise in international fuel prices, Bloomberg News reported. Net income rose to 136 billion rubles, or \$5.2 billion, from 61.2 billion rubles a year earlier, based on international financial reporting standards.

Shell will remain at the Sakhalin-2 project as an operator, according to the Gazprom statement.

Analysts valued Sakhalin-2 reserves at less than \$4 a barrel of oil equivalent, a benchmark in valuing oil and natural gas deals, compared with an average of \$4.90 a barrel at large Russian oil companies like Lukoil and Rosneft. Last year, Roman Abramovich sold 72 percent of Sibneft, a large Russian oil company, to Gazprom for \$11 billion. The valued Sibneft's reserves at \$3 a barrel.

The sale came just two years after the Russian tax authorities confiscated the largest production unit from Yukos and sold 76.6 percent, at an auction widely considered to be rigged, to a newly created shell company, Baikal Finance, for \$9.4 billion, a sum that Yukos executives said was far less than its worth. That asset, now part of Rosneft, is valued by investors now at more than \$60 billion.

"We had always said that this was not a one-off event," said Claire Davidson, a spokeswoman for Yukos International, referring to the effective nationalization of Yukos. "They would be able to undertake it against any investor in Russia."

Steven Lee Myers contributed reporting.

BRIDGE

Frank Stewart

In the spirit of the season, I asked Cy the Cynic what his favorite Christmas carol was.

"Santa Claus Is Coming to Get Me," Cy growled.

Cy's paranoia is well known, but you can see why after results like today's. At an easy-looking grand slam, Cy cashed the ace of trumps at the second trick. When East discarded, Cy took the top diamonds and ruffed a diamond with the jack of trumps. West discarded, and Cy was sunk. If he drew trumps, East would get a diamond trick. If Cy ruffed another diamond, West would overruff with his ten.

Danger

The danger is that West may have three trumps and two diamonds. At Trick Two Cy must lead a trump to the king. If both defenders follow, Cy tests

South dealer
Both sides vulnerable

North
♠ 6
♥ 9
♦ AK J94
♣ K Q 9 6 5 4

West
♠ Q J 9 5
♥ K 7 5 2
♦ 8 3
♣ 10 8 3

East
♠ K 10 7 4 3
♥ Q 10 8 4
♦ Q 10 7 2
♣ None

South
♠ A 8 2
♥ A J 6 3
♦ 6 5
♣ A J 7 2

South West North East
1 ♠ Pass 2 ♠ Pass
2 ♥ Pass 4 NT Pass
5 ♠ Pass 7 ♠ All Pass

Opening lead - ♠ Q

The diamonds next and is a big favorite for 13 tricks.

When East discards the

first trump, Cy takes the top diamonds, ruffs a diamond high, leads a trump to the nine and ruffs a diamond high. He ruffs a spade, draws trumps and claims.

♠ Daily Question
You hold: ♠ A 8 2; ♥ A J 6 3; ♦ 6 5; ♣ A J 7 2.
You open one club, and your partner bids one spade. The opponents pass. What do you say?

♠ Answer
In some systems, you'd have to bid 1NT; a raise to two spades would guarantee four-card support. Most systems are more flexible and allow a single raise with three-card support if that action seems desirable.

With a low doubleton diamond and three decent spades, I'd certainly raise to two spades here.

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The Sunday Times

CHESS

Raymond Keene

♠ Winning Move

White to play. This position is from Nunn-Gheorghiu, Biel, Switzerland, 1983. White clearly has a fierce attack. However, there is only one clear cut way to break through. Can you see it?



♠ Solution
♠ 1. ♠h1-g2 ♠g2-h3 ♠g3-h4 ♠h4-g5 ♠g5-h6 ♠h6-g7 ♠g7-h8 ♠h8-g9 ♠g9-h10 ♠h10-g11 ♠g11-h12 ♠h12-g13 ♠g13-h14 ♠h14-g15 ♠g15-h16 ♠h16-g17 ♠g17-h18 ♠h18-g19 ♠g19-h20 ♠h20-g21 ♠g21-h22 ♠h22-g23 ♠g23-h24 ♠h24-g25 ♠g25-h26 ♠h26-g27 ♠g27-h28 ♠h28-g29 ♠g29-h30 ♠h30-g31 ♠g31-h32 ♠h32-g33 ♠g33-h34 ♠h34-g35 ♠g35-h36 ♠h36-g37 ♠g37-h38 ♠h38-g39 ♠g39-h40 ♠h40-g41 ♠g41-h42 ♠h42-g43 ♠g43-h44 ♠h44-g45 ♠g45-h46 ♠h46-g47 ♠g47-h48 ♠h48-g49 ♠g49-h50 ♠h50-g51 ♠g51-h52 ♠h52-g53 ♠g53-h54 ♠h54-g55 ♠g55-h56 ♠h56-g57 ♠g57-h58 ♠h58-g59 ♠g59-h60 ♠h60-g61 ♠g61-h62 ♠h62-g63 ♠g63-h64 ♠h64-g65 ♠g65-h66 ♠h66-g67 ♠g67-h68 ♠h68-g69 ♠g69-h70 ♠h70-g71 ♠g71-h72 ♠h72-g73 ♠g73-h74 ♠h74-g75 ♠g75-h76 ♠h76-g77 ♠g77-h78 ♠h78-g79 ♠g79-h80 ♠h80-g81 ♠g81-h82 ♠h82-g83 ♠g83-h84 ♠h84-g85 ♠g85-h86 ♠h86-g87 ♠g87-h88 ♠h88-g89 ♠g89-h90 ♠h90-g91 ♠g91-h92 ♠h92-g93 ♠g93-h94 ♠h94-g95 ♠g95-h96 ♠h96-g97 ♠g97-h98 ♠h98-g99 ♠g99-h100 ♠h100-g101 ♠g101-h102 ♠h102-g103 ♠g103-h104 ♠h104-g105 ♠g105-h106 ♠h106-g107 ♠g107-h108 ♠h108-g109 ♠g109-h110 ♠h110-g111 ♠g111-h112 ♠h112-g113 ♠g113-h114 ♠h114-g115 ♠g115-h116 ♠h116-g117 ♠g117-h118 ♠h118-g119 ♠g119-h120 ♠h120-g121 ♠g121-h122 ♠h122-g123 ♠g123-h124 ♠h124-g125 ♠g125-h126 ♠h126-g127 ♠g127-h128 ♠h128-g129 ♠g129-h130 ♠h130-g131 ♠g131-h132 ♠h132-g133 ♠g133-h134 ♠h134-g135 ♠g135-h136 ♠h136-g137 ♠g137-h138 ♠h138-g139 ♠g139-h140 ♠h140-g141 ♠g141-h142 ♠h142-g143 ♠g143-h144 ♠h144-g145 ♠g145-h146 ♠h146-g147 ♠g147-h148 ♠h148-g149 ♠g149-h150 ♠h150-g151 ♠g151-h152 ♠h152-g153 ♠g153-h154 ♠h154-g155 ♠g155-h156 ♠h156-g157 ♠g157-h158 ♠h158-g159 ♠g159-h160 ♠h160-g161 ♠g161-h162 ♠h162-g163 ♠g163-h164 ♠h164-g165 ♠g165-h166 ♠h166-g167 ♠g167-h168 ♠h168-g169 ♠g169-h170 ♠h170-g171 ♠g171-h172 ♠h172-g173 ♠g173-h174 ♠h174-g175 ♠g175-h176 ♠h176-g177 ♠g177-h178 ♠h178-g179 ♠g179-h180 ♠h180-g181 ♠g181-h182 ♠h182-g183 ♠g183-h184 ♠h184-g185 ♠g185-h186 ♠h186-g187 ♠g187-h188 ♠h188-g189 ♠g189-h190 ♠h190-g191 ♠g191-h192 ♠h192-g193 ♠g193-h194 ♠h194-g195 ♠g195-h196 ♠h196-g197 ♠g197-h198 ♠h198-g199 ♠g199-h200 ♠h200-g201 ♠g201-h202 ♠h202-g203 ♠g203-h204 ♠h204-g205 ♠g205-h206 ♠h206-g207 ♠g207-h208 ♠h208-g209 ♠g209-h210 ♠h210-g211 ♠g211-h212 ♠h212-g213 ♠g213-h214 ♠h214-g215 ♠g215-h216 ♠h216-g217 ♠g217-h218 ♠h218-g219 ♠g219-h220 ♠h220-g221 ♠g221-h222 ♠h222-g223 ♠g223-h224 ♠h224-g225 ♠g225-h226 ♠h226-g227 ♠g227-h228 ♠h228-g229 ♠g229-h230 ♠h230-g231 ♠g231-h232 ♠h232-g233 ♠g233-h234 ♠h234-g235 ♠g235-h236 ♠h236-g237 ♠g237-h238 ♠h238-g239 ♠g239-h240 ♠h240-g241 ♠g241-h242 ♠h242-g243 ♠g243-h244 ♠h244-g245 ♠g245-h246 ♠h246-g247 ♠g247-h248 ♠h248-g249 ♠g249-h250 ♠h250-g251 ♠g251-h252 ♠h252-g253 ♠g253-h254 ♠h254-g255 ♠g255-h256 ♠h256-g257 ♠g257-h258 ♠h258-g259 ♠g259-h260 ♠h260-g261 ♠g261-h262 ♠h262-g263 ♠g263-h264 ♠h264-g265 ♠g265-h266 ♠h266-g267 ♠g267-h268 ♠h268-g269 ♠g269-h270 ♠h270-g271 ♠g271-h272 ♠h272-g273 ♠g273-h274 ♠h274-g275 ♠g275-h276 ♠h276-g277 ♠g277-h278 ♠h278-g279 ♠g279-h280 ♠h280-g281 ♠g281-h282 ♠h282-g283 ♠g283-h284 ♠h284-g285 ♠g285-h286 ♠h286-g287 ♠g287-h288 ♠h288-g289 ♠g289-h290 ♠h290-g291 ♠g291-h292 ♠h292-g293 ♠g293-h294 ♠h294-g295 ♠g295-h296 ♠h296-g297 ♠g297-h298 ♠h298-g299 ♠g299-h300 ♠h300-g301 ♠g301-h302 ♠h302-g303 ♠g303-h304 ♠h304-g305 ♠g305-h306 ♠h306-g307 ♠g307-h308 ♠h308-g309 ♠g309-h310 ♠h310-g311 ♠g311-h312 ♠h312-g313 ♠g313-h314 ♠h314-g315 ♠g315-h316 ♠h316-g317 ♠g317-h318 ♠h318-g319 ♠g319-h320 ♠h320-g321 ♠g321-h322 ♠h322-g323 ♠g323-h324 ♠h324-g3