





# WORLD NEWS

## U.S. Assails Russia on Syria as Talks Near

Tillerson said he would urge Russia to rethink country's support for Damascus

BY FELICIA SCHWARTZ  
AND DION NISSENBAUM

WASHINGTON—Top U.S. officials dialed up their criticism of Moscow and blasted Syrian leader Bashar al-Assad, heightening tensions in advance of Secretary of State Rex Tillerson's visit to Russia this week.

Mr. Tillerson said he would urge Russian Foreign Minister Sergei Lavrov and other officials to rethink their support for Mr. Assad and to uphold Russia's commitments to ensure the elimination of Syria's chemical-weapons stockpile following last week's attacks on civilians.

"Why Russia has not been able to achieve that is unclear to me," he said in an interview Sunday on ABC. "Clearly they've been incompetent, and perhaps they've just simply been outmaneuvered by the Syrians."

Nikki Haley, the U.S. ambassador to the United Nations, speaking on CNN, said "regime change is something that we think is going to happen, because all of the parties are going to see that Assad's not the leader that needs to be taking place for Syria."

Mr. Tillerson will travel to Moscow this week to press Russia on why the Syrian regime was allowed to stockpile chemi-

cal weapons nearly four years after Washington and the Kremlin agreed on a plan to eliminate the weapons that put the responsibility for doing so on Moscow.

The U.S.-Russian dispute over Syria is but one of a series of difficult subjects Mr. Tillerson will bring up on a trip that was seen as a potential first step in a rapprochement between the two nations. He also is expected to confront the Russians about alleged election meddling in the U.S. and other Western countries and about its continuing intervention in Ukraine.

The friction over Syria seems to have further dimmed President Donald Trump's hopes for improved ties and greater cooperation with Moscow. U.S. officials had raised expectations for a meeting between Mr. Tillerson and Russian President Vladimir Putin, but such a meeting remains unconfirmed by either side.

After Mr. Trump responded to a suspected Syrian chemical attack last week with a barrage of cruise missiles, the two powers are at sharp odds over the future of Mr. Assad.

Russia continued to stand by him, while top U.S. officials on Sunday outlined a process of "regime change" that would take place through diplomatic processes in the international arena or through elections, not necessarily by force.

Alongside the tougher U.S. line in Syria, the Trump administration flexed U.S. muscle else-



U.S. Secretary of State Rex Tillerson attended a World War II memorial ceremony on Monday in Sant'Anna di Stazzema, about 25 miles from Lucca, where he was attending a G-7 meeting.

that Syria eliminated its entire chemical-weapons stock, but Syria appeared to retain and store some at one base in northwestern Syria currently shared with Russian forces.

Despite the U.S. airstrike on Syria, Ms. Haley, Mr. Tillerson and Lt. Gen. H.R. McMaster, Mr. Trump's national security adviser, said on Sunday news programs that the administration's main goal in the country remains the defeat of Islamic State.

All three administration officials said that the U.S. sees no future for Mr. Assad in Syria, but seemed to point to diplomatic paths to Mr. Assad's eventual removal.

At the G-7, Mr. Tillerson is likely to find a supportive reception. The U.S. airstrike has received "almost surprisingly strong public support," said James Jeffrey, a former deputy national security adviser in the George W. Bush administration. "That is going to box in the Russians significantly when they make their argument that this was illegal aggression," Mr. Jeffrey said.

Experts and former officials have said Mr. Tillerson could use the strike as leverage with Russia to rein in Mr. Assad or revive political talks. Russia might use the military-to-military channel it said it suspended as a bargaining chip as well.

—Ben Leubsdorf  
in Washington and  
Thomas Grove in Moscow  
contributed to this article.

where. The U.S. aircraft carrier Carl Vinson and other ships were redirected from planned port stops in Australia to the Korean Peninsula, amid concerns that Pyongyang was planning new weapons tests.

Following the U.S. strike on Syria, Russia said it was suspending a 2015 agreement with the U.S. on coordinating military operations. Later, however, Russian foreign-ministry spokeswoman Maria Zakharova said

Moscow was open to dialogue with the U.S. and lawmakers, and said the attack wouldn't affect Mr. Tillerson's visit.

On his way to Moscow, Mr. Tillerson was attending a meeting of the Group of Seven leading nations—the U.S., U.K., France, Germany, Japan, Canada and Italy—hosted by Italy. G-7 member nations were largely supportive of the U.S. military action. Russia was ousted from the group in 2014 after moving to annex Ukraine's Crimea region.

U.S. policy on Mr. Assad has remained unclear despite the suspected chemical-weapons attack last week, which killed at least 89 people, including many children. Just days before last

week's U.S. strike, the White House signaled that it wasn't interested in removing Mr. Assad from power.

Now, the U.S. believes Russia's support for Mr. Assad has harmed ties and that further chemical attacks would be "very damaging to U.S.-Russian relations," Mr. Tillerson said.

After using banned sarin gas in a 2013 attack that killed more than 1,000 of his own people, Mr. Assad agreed to destroy his chemical-weapons stocks in the face of threats from then-President Barack Obama to attack. Moscow said it would ensure

## Global Finance Institutions Go to Bat for WTO

BY IAN TALLEY  
AND ANDREA THOMAS

WASHINGTON—Top global finance institutions defended the role of the World Trade Organization on Monday, countering a Trump administration challenge some fear could undermine decades of rules-based order.

"A strong global trading system centered on the WTO remains critical," the International Monetary Fund, World Bank and WTO said in a joint report prepared for the Group of 20 largest economies.

"Trade does not need to be repressed, trade needs to be reinvigorated, trade rules need to be respected, the reinforcement that is the actual amazing phenomenon from the WTO needs to be reinforced, needs to be respected, needs to be complied with," said IMF Managing Director Christine Lagarde at a conference presenting the report.

"If anything, trade needs to be supported."

Trade helps increase productivity as well as competi-

tion, and consumers benefit by lower prices and gives access to a wider variety of products, she said about the report, which had already been commissioned before the U.S. elections in November.

Last month, President Donald Trump's trade team argued the case for disregarding some rulings of the WTO, the Geneva-based body that most of the world has signed up to oversee international trade disputes.

Administration officials say the group has failed to uphold fair-trade principles, overlooking some countries' practices that distort cross-border flows of goods and services at the expense of jobs, industries and economic growth. U.S. officials have also discussed implementing new tariffs and other policies that other countries say might violate WTO agreements, but that Washington sees as necessary to rebalance distorted trade relationships.

The U.S. isn't alone in seeking more-protective policies. Many companies complain that access to China, which is



IMF chief Christine Lagarde defends the WTO at a Berlin conference.

now seeking "market-economy" status among WTO members, has become more difficult in recent years. And trade watchers are documenting a surge in nontariff barriers around the world. Trade worries dominated a recent meeting of the G-20 finance chiefs.

But economies should respond by seeking greater integration to strengthen global growth, the IMF, World Bank

and WTO said.

WTO head Roberto Azevêdo warned individual countries against embracing a unilateral policy that might prompt others to counter them and urged them to instead rely on his organization's toolbox of measures to deal with what some might regard as unfair trade conditions.

"Going unilateral is a danger," he warned at the conference in Berlin. "If you get in

that track, you may get an escalation that you know how and when you get in but you never know how and when you get out."

The disruptive effects of trade have to be addressed, Ms. Lagarde and Mr. Azevêdo said, because some people are negatively affected by them.

"Trade is not the major disrupter, it's actually new technology," Mr. Azevêdo said.

The three global institutions—each facing fights with the Trump administration over their respective roles in the world economy—said the WTO had proved to be a "powerful tool" for ensuring policies don't distort international trade.

"Sustaining the dispute settlement system" and reviving the WTO's negotiating role "is more important than ever," the report said. "Continued efforts in these areas would also discourage all types of protectionism, and further demonstrate that trade agreements provide a system of rules that is evenhanded to all."

That isn't how the Trump

administration sees it, however, saying the WTO has been a weak trade watchdog.

"The American people grew frustrated with our prior trade policy not because they have ceased to believe in free trade and open markets, but because they did not all see clear benefits from international trade agreements," the U.S. Trade Representative's office said in its first report on the president's trade agenda.

The system of rules governing trade hasn't delivered promised gains for U.S. workers or industries, the administration argues, pointing in particular to the massive trade deficits the U.S. maintains with China, Mexico and other major trade partners.

Economists say skepticism of globalization and trade has been a common theme among the different constituents around the world who decided to pull the U.K. out of the European Union, elect Mr. Trump to the White House, and encourage China's government to put the brakes on long-promised market liberalization.

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**GERALD F. SEIB** EXECUTIVE WASHINGTON EDITOR

## The Face of Real News

Gerald Seib's illustrious career covering politics has taken him around the world and put him face-to-face with some of the biggest players on the global stage—but it has also put him in situations of real danger. In 1987, he was kidnapped and imprisoned for four days on suspicion of espionage by Iranian officials while covering the Iran-Iraq War.

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# LIFE & ARTS

BONDS: ON RELATIONSHIPS | Elizabeth Bernstein

## The Kinder, Gentler Intervention

There is new thinking on a traditional therapy; when friends and family gather to confront a loved one with problems, therapists recommend a softer approach and stepping in before someone hits rock bottom

**AT 3 P.M.** on a Saturday, John Shuchart was reading in his study at home in Leawood, Kansas, when he saw something that shocked him: His two adult children, who lived in other states, standing in the doorway.

"Hi Dad, we're here to do an intervention," his son said.

Mr. Shuchart, an insurance-company executive at the time, had been depressed for several years and was not functioning well. He spent most of his time alone at home, often got lost when he did go out, even driving a mile to the grocery, and was bouncing checks. His wife had asked their children to come address him as a family.

For the next seven hours, Mr. Shuchart's wife and children talked frankly and he listened. They told him he had completely disappeared from their lives and that they were worried. And they said they were creating "Team Shuchart" to manage his recovery. He barely got a word in.

"I was raked over the coals, but in a loving way," says Mr. Shuchart, who is 67. Mr. Shuchart started talking to his children at regularly scheduled times, being more careful to take his medicine, making social plans and exercising. He went on to write a book about his experience with depression, and created a foundation for mental-health advocacy.

Are you worried about a loved one?

Maybe he or she is overeating or not following up on important doctor advice, spending too much, smoking excessively, lying or dating the wrong person.

Long used to encourage people with drug or alcohol addictions to get treatment, planned group interventions are increasingly being staged by family members and friends to support loved ones struggling with other issues.

"Whenever a person you care about is acting in a way that diminishes them, an intervention can be appropriate," says Paul Hokenmeyer, a licensed marriage and family therapist based in New York. A group approach can be effective because it magnifies the message—"we are all concerned about you"—and offers the person who is struggling a support network to rely on, he says.

These days, many therapists recommend a gentler, kinder model of intervention that honors rather than shames the person. The family intervenes early, rather than



waiting for their loved one to spin completely out of control. They invite the person they are worried about to the intervention, rather than broadsiding him or her with a room full of concerned people ready for confrontation. That can be traumatizing and risks the person's anger and resentment. And they avoid ultimatums.

People often hesitate to intervene because they believe that if the person hasn't hit rock bottom, or doesn't want to change, the intervention won't be successful. They also worry they aren't equipped to help. These are myths, says Brad Lamm, founder of the Breathe Life Healing Centers, in Los Angeles, and author of "How to Help the One You Love," who has led more than 500 interventions as

a professional counselor.

Once you decide you want to intervene and encourage a loved one to change, you first need to identify the family members and friends who will participate. "You are building a beautiful board of directors who will help this person," says Mr. Lamm.

Everyone should then reflect on three factors: What troublesome behavior have they seen from the person they want to help? What are their fears for the person? And what are their hopes? It may help people to put

these thoughts in writing.

Next, invite your loved one to a family meeting, ideally by asking them in person. Mr. Lamm uses a general script: "We love you and have been really worried. We are having a meeting about this. You are invited and we hope you will come." With the invite, we give the person space to wrap their head around what is happening."

At the meeting, it is important to be supportive and positive. "An intervention is not bullying," says Mr. Lamm. It is the notion of strength in numbers, of applying

group pressure to ask how we can help you change. Let each family member and friend talk about what they see, fear and hope for their loved one. Ask questions that will hopefully elicit a short, affirmative response: "Are you willing to change?" And identify steps the person can take to start to change. The goal is to be supportive, not judgmental, Mr. Lamm says.

"Be ready for the person to say no, but know that there is a yes behind it," says Mr. Lamm. "And that the voices that matter to a person can really help."

*Write to Elizabeth Bernstein at [elizabeth.bernstein@wsj.com](mailto:elizabeth.bernstein@wsj.com) or follow her on Facebook, Instagram or Twitter at [EBernsteinWSJ](#).*

DAVID BAMUNDO/THE WALL STREET JOURNAL

### CIRCUSES

## ELEPHANT PUPPETS TAKE OVER THE BIG TOP

BY JOHN JURGENSEN

**THE FAUX ELEPHANTS** of Circus 1903 don't make a mess or require feeding. They get packed into crates to travel between cities and have no ethical baggage. But they can stir up a crowd like the real thing.

When the big elephant Queenie lumbered onto a stage in Chicago recently, followed by a gamboling baby called Peanut, the audience cooed and clapped for the life-size puppets as much as the six humans operating them.

Controversy over live performing elephants turned the biggest symbol of the circus into a liability for traditional shows. Bowing to pressure from animal-rights groups, the 146-year-old Ringling Bros. and Barnum & Bailey Circus removed elephants from its shows last year. That hastened a decline in ticket sales, the company said, forcing the circus to shut down completely after its final shows in May.

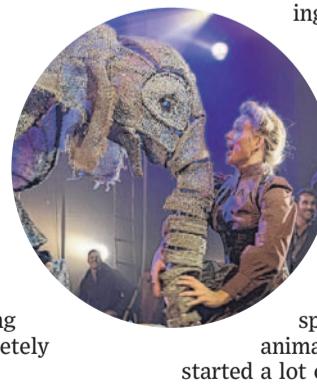
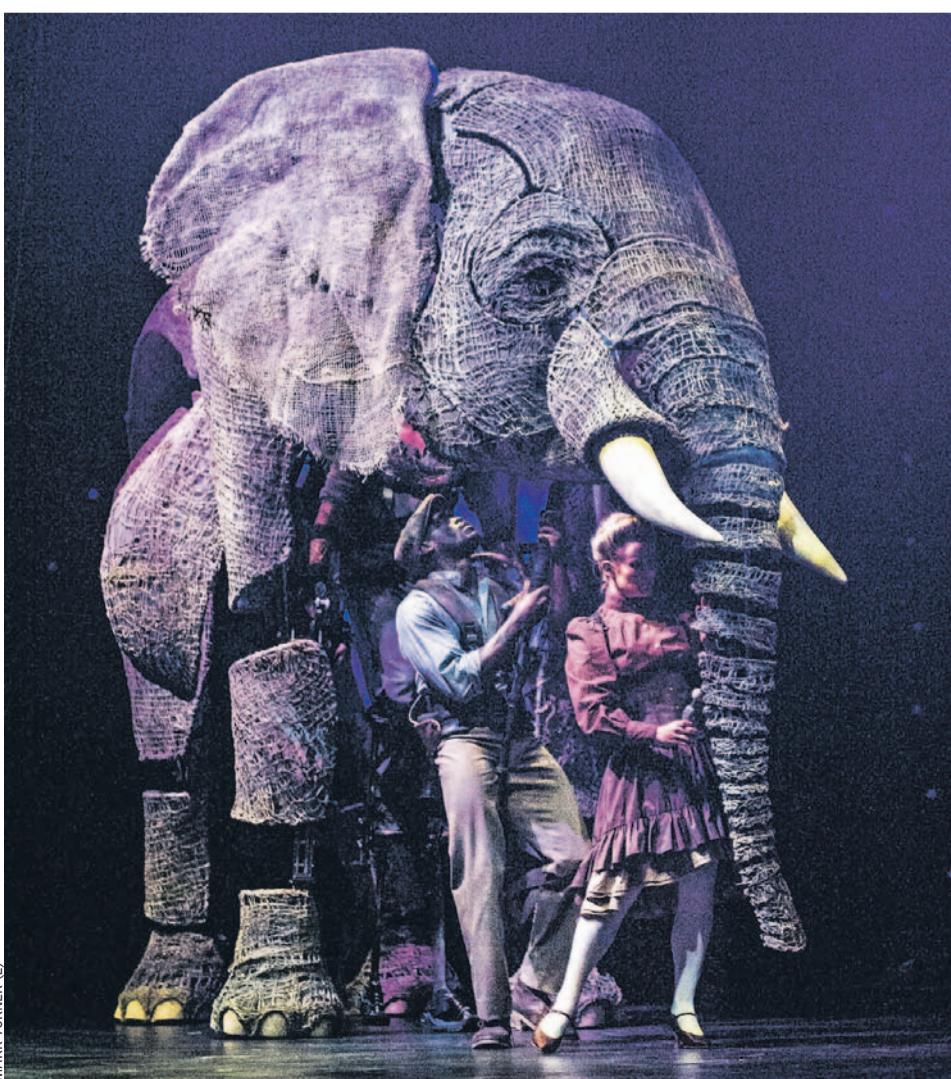
As an alternative to exotic animals, Circus 1903 sent in the puppets. The throwback show now touring the U.S.—in theaters, not tents—features the sorts of acts that flourished in circus's golden age, including a contortionist, tightrope walkers and brothers who juggle each other on their feet. The elephants, however, come to life using modern technology and techniques.

Queenie, modeled on the dimensions of the largest female African elephant on record, is built on a frame of plastic, wood and metal, and covered in woolly rope. Inside, three visible puppeteers control the elephant's movements: two of them walking on stilts as its legs, and one hoisting a pole

that moves its head and ears. A fourth puppeteer plays the elephant's handler and also operates its trunk. Peanut, smaller and friskier, has only one puppeteer inside on stilts, using his hands, feet and abdominal muscles to make the little elephant walk, run and rear up. "There are weekly physiotherapy sessions in the contract," says puppeteer Henry Maynard, describing the bodily stress on the people harnessed into the elephants. In shows, they use breathing to signal each other and simulate elephantine movements, he says. "We're trying to create the illusion of weight."

Made by the U.K. puppet shop Significant Object, the elephants were designed by some of the people who created the equine stars of "War Horse." Launched in 2007, the Tony-winning play used dozens of three-person horse puppets across multiple productions, and spurred demand for big theatrical animals in other shows. "War Horse" started a lot of careers in puppetry," says Mr. Maynard, who operated the head of the stallion Topthorn on London's West End.

The name Circus 1903 refers to a crucial year in circus lore when Barnum & Bailey returned from a four-year tour in Europe and competed with the upstart Ringling Bros. to regain supremacy. Ringling bought its rival in 1907 and combined the outfits in 1919. "Wild animals" were among those traveling shows' most effective promotional tools, a fact that holds true for Circus 1903, whose "magnificent elephants" get top billing on fliers. Says magician David Williamson, who plays the retro show's ringmaster, "You can't tell the story of the circus in America without elephants."



Elaborate puppets stand in for an elephant as well as a baby elephant, inset, at Circus 1903, which is now touring the U.S. The puppets enlist modern technology as well as puppeteers on stilts.





## LIFE & ARTS

### ART REVIEW

# Treasures of Nation-Building

BY LEE LAWRENCE

New York

#### TWO THOUSAND-YEAR-OLD

terra-cotta horses, mustachioed officers, and kneeling archers in suits of armor may be a familiar stand-in for ancient China, yet the sight of them continues to amaze. In "Age of Empires: Chinese Art of the Qin and Han Dynasties (221 B.C.-A.D. 220)," the stately demeanor of six close-to-life-size figures sets the tone for an exhibition whose principal aim is to impress on visitors how the Qin (221-206 B.C.) and the Han (206 B.C.-A.D. 220) cumulatively shaped China. While borders shrank and expanded over the millennia that followed, the template Qin and Han rulers developed during their four centuries in power persisted: a unified—though hardly uniform—state with centralized governance and a shared identity.

This is the second major exhibition this year to capitalize on the seemingly endless excavations of burial complexes over the past 50 years. The first, "Tomb Treasures: New Discoveries From China's Han Dynasty" at San Francisco's Asian Art Museum, delved into the private lives and beliefs of Han royalty. "Age of Empires" broadens the timeline to include the Qin, brings together 160-plus works from 32 Chinese museums and archaeological institutions—an impressive feat even for the Met—and focuses on the dynasties' nation-building.

Reinforcing this theme, the layout's spaciousness and sightlines express solemnity and grandeur. Each dynasty's story begins with military might—note the shift in emphasis from infantry to cavalry—followed by aspects of their administrative apparatuses and an exploration of their art and the kaleidoscopic influences that helped shape it. A headless Qin statue of a man, for example, is arresting for its naturalism—the belly bulges, back and arm muscles tense as the hands grasp a pole, suggesting he portrays the strongman of an acrobatic troupe. Unusual for this period,

CLOCKWISE FROM LEFT: QIN SHIHUANGDI MAUSOLEUM SITE MUSEUM, LINTONG; METROPOLITAN MUSEUM OF ART; HEBEI PROVINCIAL MUSEUM, SHIJIAZHUANG



Clockwise from left: Kneeling Archer (detail), Qin dynasty (221-206 B.C.); Strongman, Qin dynasty (221-206 B.C.); Coffin handle, Western Han dynasty (206 B.C.-A.D. 9)



it probably embodies a response to Hellenistic sculptures created after Alexander the Great conquered parts of Central Asia. At the other extreme, the silver and gold decorations on a pair of Han crossbow holders outline such highly stylized clouds and animals they could be art-deco motifs.

Even though the tools of administration on display are not always visually exciting, they are too important to overlook. The Qin standardized weights, measures and—most important—writing. Since Chinese characters represent the meaning, not the sound, of words,

people who did not share a spoken language could now communicate in writing. And, under the Han, the water clock on display enabled a bureaucrat to record date and time on every piece of correspondence, while a staff topped by a bird-shaped finial marked its owner as over 70, visibly reinforcing the emperor's insistence on Confucian values, which prescribed respect and privileges for the elderly.

Almost as a counterweight, the final section celebrates the dynamics of pluralism. A hanging lamp, for example, melds influences from India and the Mediterranean, while

standing of this period. As the Met's must-read catalog points out, we now know that maritime trade brought technologies, not just goods. The gold granulation on several ornaments are part of a transmission process that archaeologists have traced back to northern Pakistan. Similarly, chemical analyses show that some glass previously thought to have been imported was in fact locally made—see a bowl from the early Han dynasty (206 B.C.-A.D. 9) as well as the glass inlays in a pair of Qin gilt-bronze finials. The bowl is as simple as the finials are elaborate, their winged and beaked four-legged creatures pointing to yet another foreign connection: Western griffins.

We now also know that imperial workshops developed a system of quality control over this 400-year period. It shows. Whether in the decorated vessels devoted to the storing and pouring of wine, the lacquerware and colorful silks, the statuettes of animals both domestic and foreign, or the figures of dancers and musicians, the mastery is stunning. Even death is made beautiful, from painted reliefs on a tomb door to a gilded and silvered coffin handle sporting an animal face flanked by sinuous mythical creatures. And, of course, the deceased's last apparel, a body suit made of jade tiles fastened with gold thread and silk ribbon.

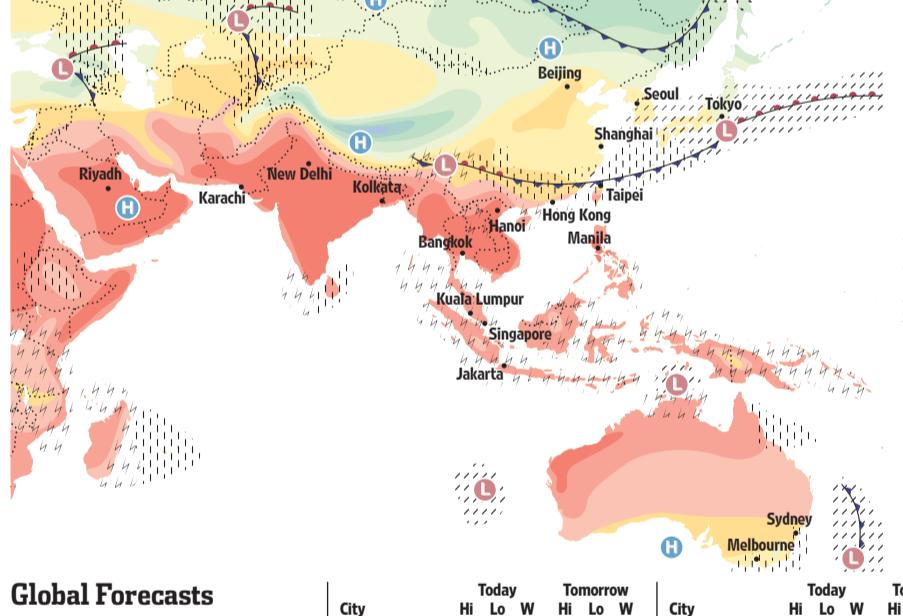
The Chinese had long equated the hardness of jade with immortality, and the similarity to the warriors' armor befits the belief that it would keep the body intact. It didn't. What did survive, as this show clearly demonstrates, is the notion of the Central or Middle Kingdom—as China first came to be called under the Han—and caches of treasures archaeologists are still unearthing.

#### Age of Empires: Chinese Art of the Qin and Han Dynasties (221 B.C.-A.D. 220)

The Met Fifth Avenue, through July 16

Ms. Lawrence writes about Asian and Islamic art for the Journal.

#### Weather



#### The WSJ Daily Crossword | Edited by Mike Shenk



#### INTERNAL MEDICINE | By Maxine Cantor

##### Across

- 1 African nation east of Ghana  
5 Manner  
9 "Pygmalion" playwright  
13 "Rumor has it..."  
15 Cry from a cruiser  
16 Effortlessness  
17 Line of video games including "Super Mario All-Stars"  
20 Fenway team, for short  
21 "Holy smokes!"  
22 Throw caution to the wind  
23 On in years
- 24 Assume as a fact  
25 "Gone With the Wind" producer  
30 Bert's pal on kids' TV  
31 Bombard  
32 Neckline shape  
33 Pauper's wear  
34 Radar screen flashes  
36 Heap  
37 Rink surface  
38 One may be out of stock  
39 Tennis announcer's declaration  
40 35-member body that convenes in Denver
- 44 Oil container?  
45 Painter Holbein  
46 Chachi's love on 1980s TV  
48 Historic stretch  
49 Nabokov novel  
52 Central Florida paper  
56 Shoe strip  
57 Micron, meter or mile  
58 Listless feeling  
59 Get trounced, say  
60 Boston orchestra  
61 Medicine internal to the four longest Across answers

##### Down

- 1 Breath mint holders  
2 Euclid setting  
3 Post-boomer group  
4 Bit for Buttermilk  
5 Managed with the means at hand  
6 "What have we here?"  
7 Half of cuatro  
8 Incredulous reactions  
9 Ushers to the parlor  
10 Website defacer, of a sort  
11 Italian city famed for sparkling wines  
12 Pioneer heading  
14 Slugger Jackson  
18 Obligation  
19 "Mephisto Waltzes" composer  
23 Enterprise rival  
24 Sound from a nest  
25 Foe of Harry and Ron
- 26 Venezuelan attraction with a drop of 3,212 feet  
27 Veep after Hubert  
28 "The Color Purple" protagonist  
29 Penetrating  
30 Rock's Clapton  
34 Returned to the Enterprise  
35 Fill with cargo  
36 Sch. orgs.  
38 Cranium contents  
39 Present from birth  
41 Like Baroque architecture  
42 They may get blanket coverage  
43 Take home  
46 Fleshy cheek  
47 Nabisco treat  
49 \_\_\_ Domini  
50 \_\_\_ ex machina  
51 What Washington couldn't tell  
53 Lennon's love  
54 Tentative taste  
55 Neither Rep. nor Dem.

#### Previous Puzzle's Solution

P	A	R	E	D	C	A	P	O	H	A	R	E
I	V	O	R	Y	O	X	E	N	A	C	A	D
T	O	U	R	N	A	M	E	N	T	P	R	Z
A	N	G	A	S	P	H	I	D	D	E	H	E
S	T	O	R	A	I	S	T	E	N	T	E	N

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## BUSINESS NEWS

# Nigerian Deal Was Worry at Shell

Royal Dutch Shell PLC's top executives last year were worried that a controversial Nigerian oil deal may have violated a U.S. Justice Department agree-

By Sarah Kent in London  
and Eric Sylvers  
in Milan



AARON M. SPRECHER/BLOOMBERG NEWS

**CEO Ben van Beurden and other executives were apparently concerned that the oil pact would trigger a U.S. probe.**

ment with the Anglo-Dutch oil giant and would spark an American probe, according to a recorded phone call between the firm's chief executive and top finance officer at the time.

The company is already under investigation in Italy, Nigeria and the Netherlands for a \$1.3 billion deal in 2011 with Italian oil firm Eni SpA and the Nigerian government for a lucrative Atlantic Ocean oil license known as OPL 245, according to Italian court documents, Nigerian public records and a statement from the Dutch prosecutor. The controversial oil block—believed to contain billions of barrels of crude—is a valuable prize for the two companies, which already pump huge volumes from oil-rich Nigeria.

The Justice Department declined to comment.

Italian prosecutors are pursuing criminal charges against Shell and Eni, saying in court records the companies knew the deal's proceeds would be used to pay bribes in Nigeria. Shell and

Hague in February 2016 as part of an investigation into the deal.

In response to questions about the call, a Shell spokesman said the company notified U.S. and U.K. authorities about the raid and subsequently turned over the results of its own internal investigation into the Nigerian oil deal to them. Shell said it is cooperating with authorities but doesn't believe there is a basis for the Italian prosecution. Shell didn't dispute the recording's authenticity.

On the call, Mr. van Beurden told Mr. Henry that the company's legal team conducting its own investigation had turned up "unhelpful email exchanges" with "loose chatter"

Louisville, Ky., Sunday evening was overbooked.

After agents couldn't attract volunteers to leave the airplane, United apparently chose four passengers at random. "One customer refused to leave the aircraft voluntarily and law enforcement was asked to come to the gate," United said. The airline apologized for overbooking the flight.

Passenger Audra D. Bridges took a video of part of the male passenger's removal from the plane and posted it on Facebook. The brief images show three men heading down

the aisle to remove the passenger, who starts grunting and screaming as they pull him out of the seat.

"Oh my God." "No, oh my God." Other passengers can be heard saying as the man is forcefully removed. "What are you doing?" "No, this is wrong."

Social media explosions over airline transgressions seem to be coming more frequently and at greater cost to carriers. Delta Air Lines Inc. was hit by days of criticism after the airline canceled more than 3,700 flights last week after a thunderstorm caused an

from Shell employees about the Nigeria deal, according to a recording heard by The Wall Street Journal that was provided by a person in possession of the recording. BuzzFeed reported the call on Sunday. Later in the call, Mr. van Beurden said Shell concluded the U.S. wasn't involved in the Dutch raid.

Mr. van Beurden, who took over as CEO in 2014 and wasn't involved in the OPL 245 deal, expressed concern that his predecessors hadn't disclosed enough about the deal to the U.S. Justice Department. The Justice Department had already investigated Shell for Nigeria bribery allegations in a separate case and entered a deferred prosecution arrangement with the company in 2010 requiring a \$30 million criminal settlement and adherence to what the Justice Department called "enhanced corporate compliance and reporting obligations."

The Dutch Public Prosecutor said Sunday it is working on a joint investigation with Italian authorities into whether Shell bribed Nigerian officials, but wouldn't comment on the Shell executives' conversation. Italian prosecutors didn't respond to requests for comment.

—Aruna Viswanatha  
in Washington  
contributed to this article.

# Toyota to Spend Big On Car Plant in U.S.

By ADRIENNE ROBERTS

Toyota Motor Corp. said it is planning to invest \$1.3 billion in its Camry sedan plant in Kentucky and considering adding more U.S. capacity, moves that could thaw the Japanese auto company's relationship with the Trump administration.

The investment plan is long in the making, coinciding with the introduction of revamped products in the U.S. Monday's announcement comes, however, on the heels of Toyota facing high-profile criticism from President Donald Trump this year for plans to build a \$1 billion plant in Guanajuato, Mexico.

Toyota's first rebuke from Mr. Trump came in January. In March, during a visit to Detroit, Mr. Trump revisited the Mexico issue briefly when meeting with Toyota's top U.S. executive, Jim Lentz.

"You have to build plants here," Mr. Trump told him. "I know I gave you a hard time, but you have to build them here."

"I understand," Mr. Lentz replied.

In a statement distributed by Toyota, Mr. Trump said the auto maker's investment is "further evidence that manufacturers are now confident that the economic climate has greatly improved under my administration."

Toyota joins Fiat Chrysler Automobiles NV and General Motors Co. in making big-dol-

lar investment announcements for U.S. factories since Mr. Trump's inauguration.

Auto executives have cited optimism related to tax reform, the potential relaxation of emissions standards and other factors for investing. Toyota President Akio Toyoda said in January that maintaining a good relationship with Mr. Trump is critical.

Mr. Toyoda aims to invest \$10 billion in the U.S. over the next five years. The 8,200 people employed at the plant being revamped in Georgetown, Ky., represent Toyota's largest factory in the world, the company said.

Toyota, however, has shown no appetite for following Ford Motor Co.'s decision to scrap a factory under construction in Mexico. Toyota started construction on a plant south of the border in November where it will soon produce Corolla small cars, which are hard to produce profitably in higher-cost markets such as Canada and the U.S.

Mr. Trump has threatened to slap a border tax on companies moving factory work abroad.

Toyota has said that Mexican production made up less than 7% of its North American output last year. A company spokesman said the auto maker is watching the U.S. market closely and considering ways to increase capacity to meet demand for pickup trucks and sport-utility vehicles in the country.



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## FINANCE & MARKETS

# Junk-Bond Issuance Is Surging

BY RACHEL ROSENTHAL

The world's riskiest companies are borrowing again.

Global issuance of high-yield bonds—commonly known as junk bonds, because they are often issued by companies in some degree of financial difficulty—has more than doubled so far this year. The most dramatic upswing has been in Asia, where issuance jumped to \$16.4 billion from just \$1.7 billion at this point last year.

Global junk-bond funds have logged four straight months of inflows through the end of March—the first time since 2014—totaling \$7 billion, according to data provider EPFR Global.

Such appetite has pushed the extra yield investors demand to own the riskiest bonds above risk-free government bonds—called the spread—to multiyear lows in the U.S. and emerging markets alike. Bond yields fall when their prices rise.

In the U.S., that spread was 3.86 percentage points as of Friday, up slightly from 3.55 percentage points on March 2, the lowest since mid-2014, according to data from the Federal Reserve Bank of St. Louis. In emerging markets, it was at 4.47 percentage points Friday, just shy of its lowest point since before the global financial crisis.

To some, the surge of issuance sends positive signals about the state of the global economy: Corporate earnings are rising, commodities prices are steady and exports in many emerging-market countries are up. These factors have improved the fortunes of deeply indebted firms and opened a window to raise money, much of which has gone toward responsible things, such as refinancing older, more-expensive debts.

But as spreads narrow, some investors are balking at the idea of getting paid less for the risk they're taking on.

"It's kind of a day-to-day battle trying to find value,"



Petrobras, the state-owned Brazilian oil firm, sold \$4 billion of debt in January. Above, a Petrobras oil platform in 2015.

said Swee Ching Lim, a portfolio manager at Western Asset Management in Singapore.

The big winners have been borrowers: the miners, oil-and-gas producers and other energy firms that were shut out of the market last year. As commodities prices recover, defaults on high-yield bonds have been falling, with the U.S. rate at 4.2% at the end of February and forecast to fall below 3% by midyear, according to Fitch. That compares with 5.1% this past July, the highest level in six years. In Asia, Moody's Investors Service forecasts that rate to be at 3.1% by the end of 2017.

"Now we've come full circle," said Bryan Collins, a fixed-income portfolio manager at Fidelity International in Hong Kong. "Growth is good, confidence is back. We're in a real sweet spot within the market."

Half of the top six junk-bond deals by value this year are commodities-linked firms, according to Dealogic, with the biggest a \$4 billion bond sale

in January by Brazil's state-run oil company, Petróleo Brasileiro SA.

A striking example came Friday, when junk-rated Yancoal International Resources Development Co., a unit of China's state-owned Yanzhou Coal Mining Co., priced a \$500 million U.S. dollar perpetual bond at 5.75%—0.5 percentage point tighter than initially marketed. The deal got \$4.5 billion of orders, according to a banker on the deal.

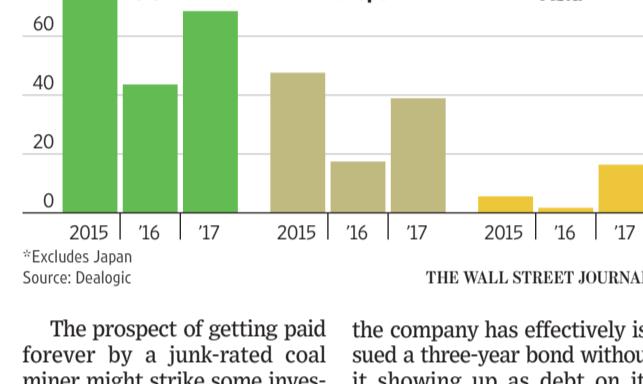
Perpetual bonds are considered one of the riskiest types of debt. They have no maturity date, so the principal amount is never repaid. Instead, investors theoretically get a steady stream of income payments forever.

Perpetual bonds are often considered to behave more like equity—and show up that way on the issuing company's balance sheet. These factors are a primary reason a debt-saddled company such as Yanzhou would raise money this way, said Claire Yuan, an analyst at Standard & Poor's.

### Back to Life

Junk-rated companies are charging back into the bond market.

#### Year-to-date issuance of high-yield debt, in billions of dollars



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The prospect of getting paid forever by a junk-rated coal miner might strike some investors as a sure money loser.

That is why Yanzhou's bond has a 4-percentage-point "step up" feature: If the company doesn't redeem its bonds in three years, it will add 4 percentage points to the coupon payment. The steep consequences make it more likely Yanzhou will redeem the bonds, Ms. Yuan says, meaning

the company has effectively issued a three-year bond without it showing up as debt on its balance sheet.

Yanzhou Coal didn't respond to a request to comment.

While things are looking up for now, there is still room for concern. In Asia, Moody's warns that the metals and mining sector will remain under pressure, with a default rate of 7.6% for the 12 months through December.

# Indexes Are Steady Ahead of Earnings

BY ALEXANDER OSIPOVICH AND CHRISTOPHER WHITTALL

Shares of U.S. energy companies and industrials were higher Monday, but major indexes were little changed as investors looked ahead to the corporate-earnings season.

The Dow Jones Industrial Average was down five points, or less than 0.1%, at 20651. MONDAY'S MARKETS around midday.

The S&P 500 and the Nasdaq Composite were nearly unchanged.

In Asia, Japan's Nikkei Stock Average closed up 0.7% at 18797.88. The Shanghai Composite Index dropped 0.5%, and Hong Kong's Hang Seng Index was down less than 0.1%.

Australia's S&P/ASX 200 index climbed 0.9%. Mining heavyweight BHP Billiton added 4.6% after activist investor Elliott Management said Monday it had written a letter urging the company to spin off its U.S. petroleum assets and unify its dual U.K.-Australia structure to unlock shareholder value.

In the U.S., oil producer Hess Corp. was among the biggest gainers in the S&P 500, jumping 3.8%. Construction-equipment maker Caterpillar gained of 1.6%.

U.S. oil futures were up 1.2% at \$52.85 a barrel in mid-day trading, the latest in a string of gains tied to last week's U.S. airstrike in Syria and ongoing civil conflict in the oil-rich nation of Libya.

The main focus this week is likely to be the U.S. corporate earnings season.

S&P 500 companies are forecast to report earnings growth of around 9% from the first quarter last year, according to FactSet.



GEOFFREY A. FOWLER & JOANNA STERN

TECHNOLOGY COLUMNISTS

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# MARKETS

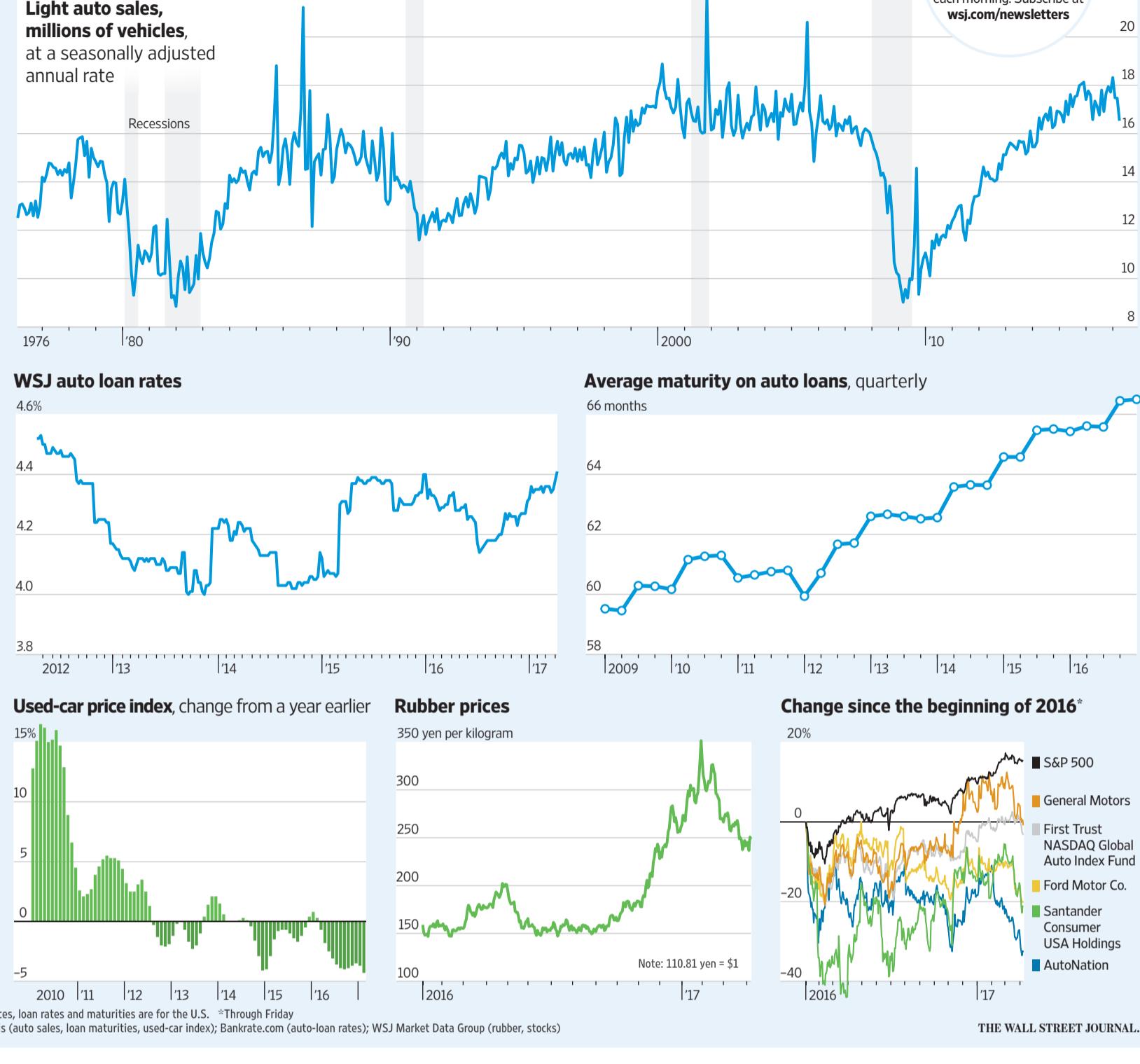
## THE DAILY SHOT

### The Car Biz Hits the Skids

Slowing auto sales are forcing a reassessment of a key contributor to U.S. economic growth.

The slowdown, which follows a long expansion, reflects in part the impact of rising interest rates and the stretched finances of many borrowers, who are extending loans to maturities rarely seen before the financial crisis.

Used-car prices are falling as demand softens and the industry adds to incentives on new purchases and leases. The price of rubber, used primarily in tires, had been rising fast before a recent slump. Shares of car makers and finance firms have been hit hard.



Note: Figures for auto sales, used-car prices, loan rates and maturities are for the U.S. \*Through Friday  
Sources: Federal Reserve Bank of St. Louis (auto sales, loan maturities, used-car index); Bankrate.com (auto-loan rates); WSJ Market Data Group (rubber, stocks)

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## HEARD ON THE STREET

### FINANCIAL ANALYSIS & COMMENTARY

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## The Biggest Threat to Advertising Agencies

### OVERHEARD

Silicon Valley likes to take credit for most business disruption, particularly in the media sector. But for advertising giants like **WPP** and **Omnicon**, the immediate worry isn't Google and Facebook but the lean, acquisitive operating model pursued by consumer-goods companies like Kraft Heinz.

WPP shares plunged briefly last week when **Unilever**, one of the advertising giant's top five clients, published a strategic review. The Anglo-Dutch group said it would commission 30% fewer ads and drastically consolidate its use of agencies. This cost-cutting drive forms part of the company's self-defense strategy following a takeover offer, almost immediately withdrawn, from Kraft Heinz.

Investors were also spooked by WPP's decision last month to downgrade its organic-growth forecast from 3% to 2% for 2017—a decision that looks prescient in light of Unilever's review. The

#### Ad Men

##### Ebitda\* margins

Kraft Heinz	32%
Reckitt	30%
Colgate	29%
P&G	27%
L'Oréal	22%
General Mills	20%
Nestlé	19%
Unilever	18%
Mondelez	18%
Danone	17%

\*Earnings before interest, taxes, depreciation and amortization  
Sources: FactSet; Reuters (photo)

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WPP Chief Executive Martin Sorrell

though not its precise demands. Nestlé, the world leader by sales whose vast portfolio includes KitKat and Nespresso, signaled a fresh approach last summer by hiring its first chief executive from outside the group in almost a century.

The pressure from investors is partly a response to slow growth in a disinfla-

tional era, and to the gradual decline of the packaged-foods industry as consumers increasingly prefer fresh foods. But it has received fresh urgency in light of the success of Brazilian private-equity house 3G and its co-investor Warren Buffett in raising margins at Heinz—and then at Kraft, acquired by Heinz in 2015—to unprecedented highs.

Consumer goods, including food and beverages, accounted for 31% of WPP's sales last year, according to brokerage Macquarie. Few big groups can avoid wondering who Kraft Heinz—or activists with similar agendas—will buy next. Management teams know their best defense is to show shareholders they can boost returns without outside help.

Ad agencies do face the threat of digital disruption. Google and Facebook are increasingly dominant platforms for advertising, accounting for virtually all

incremental ad spending in the U.S., and they have automated systems designed to help clients efficiently allocate budgets. This threatens the core "planning" competency of traditional agencies.

Yet this threat remains somewhat theoretical. Reports of ads placed next to offensive content on Google's YouTube service have stirred the latest controversy, laying bare the problems of automated advertising.

And the whole environment is developing so quickly and confusingly for brand owners that the likes of WPP, which has vacuumed up small digital agencies in recent years, can convincingly sell themselves as invaluable advisers as much as agents.

Fears that Silicon Valley will "disintermediate" ad agencies are currently looking somewhat overblown. For now, investors should worry more about the impact of 3G and its admirers in New York.

—Stephen Wilmot

This story doesn't improve with retelling. **DryShips**, a Greek owner of dry bulk carriers and tankers, announced late Thursday that it will execute a reverse stock split, effective April 11. Every four shares outstanding will be combined into one share of common stock.

DryShips stock closed 32% lower Friday. This will mark the second reverse split of the year and the fifth time since August 2016. Meanwhile, the latest reverse split comes less than a month after the firm completed a \$200 million share offering, in which the company raised net proceeds of \$198 million.

DryShips shares have experienced extraordinary volatility, including a more than 1,500% rise immediately after the election. But the company is worth a small fraction of its value from several years ago.

That is enough to make investors and day traders seasick.

## Coal's Recovery Isn't Because of Trump

Coal should have been one of the most obvious beneficiaries of the Trump trade. But investors looking to cash in on the president's pledge to rejuvenate the coal industry didn't have many places to put their money. Until now.

The coal industry is returning as fundamentals are moving in its favor, a more important factor than Mr. Trump's cuts in regulations.

The two largest U.S. coal producers, Arch Coal and **Peabody Energy**, have left bankruptcy. Peabody relisted last week, the same day that another company, **Warrior Met Coal**, filed for an initial public offering, mentioning Mr. Trump several times in its prospectus.

The industry that has returned is a shadow of its former self. Coal production in

#### Coal Goes Cold

##### U.S. coal production



Source: Energy Information Administration

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newables also have gained at coal's expense.

Yet there are reasons for hope. U.S. natural-gas futures were at \$3.33 on Friday morning in the U.S., and Arch Coal reckons that at prices above \$3.00, coal from the Powder River Basin in Montana and Wyoming, where they and Peabody have enormous reserves, is competitive with natural gas almost anywhere in the contiguous 48 states.

Then there is metallurgical coal for steelmaking, a smaller but more lucrative category centered in Appalachia. Floods in Australia have cut supply, forcing customers to turn to U.S. producers to fill the void.

Coal is in a deep hole, but savvy investors can see daylight.

—Spencer Jakab

## BHP Must Prove Oil and Iron Mix Well

Drilling for oil and digging up minerals are different businesses, and companies should stick to what they do best.

So argues hedge fund **Elliott Management**, which proposed Monday that BHP Billiton, the world's largest mining company, should spin off its U.S. oil assets.

Elliott has a point: BHP shares have underperformed those of rival Rio Tinto since the commodity crash in 2011. Stocks of some pure-play North American oil firms such as **Anadarko Petroleum** have also held up better. But the hedge fund's claim of gains as high as 51% for shareholders look rosy.

BHP and Rio Tinto both produce iron ore, but Rio is much more of a pure iron-ore play. Nonetheless, BHP's shares fell nearly 80% in dol-

lar terms from mid-2011 to early 2016 when commodities bottomed out, while Rio's shares fell around 70%. Both have seen their stock prices nearly double as commodities have roared back.

The main issue with Elliott's analysis appears to be optimistic projections for BHP's valuation after the reorganization. Elliott notes that after BHP's 2015 spinoff of most of its coking coal and manganese assets into **South32**, the new firm's shares dramatically outperformed—Elliott puts shareholder returns at nearly 40% since the spinoff, against a 17% fall for BHP itself.

Coal, however, isn't oil. Coking coal was the best-performing industrial commodity of 2016, with futures on China's Dalian exchange

nearly tripling. Oil prices, meanwhile, have already nearly doubled since early 2016. Higher oil prices, in other words, may already be baked into BHP's share price, meaning the kind of gains South32 saw after its listing could prove elusive. And BHP gets other benefits from exposure to oil. In its most recent assessment, Moody's noted the firm's diverse product base, including oil as one important factor supporting its rating.

The onus is ultimately on the firm to prove that being in oil is really enhancing shareholder value for a big mining company. But investors watching BHP's shares head higher Monday should take Elliott's projections with a healthy grain of salt.

—Nathaniel Taplin