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As of 12 p.m. ET DJIA 22016.97 ▲ 0.73% NIKKEI 19537.10 ▼ 0.98% STOXX 600 376.16 ▲ 1.08% BRENT 51.33 ▼ 1.48% GOLD 1281.40 ▼ 0.49% EURO 1.1777 ▼ 0.39% DLR \$109.53 ▲ 0.31%

What's News

Business & Finance

Merck CEO Frazier resigned from an advisory council to the Trump administration in protest of the president's failure to condemn in stronger terms the white supremacists in Charlottesville. A1

◆ **A push to establish** the Communist Party in Chinese state enterprises in Hong Kong is raising corporate-governance concerns. B1

◆ **Netflix signed** a top TV producer as it seeks to create more content and battles Disney for entertainment-industry supremacy. A1

◆ **Vanguard launched** a target-date fund geared to investors 18 to 22 years old who would be in line to retire in about 50 years. B5

◆ **Investors are snapping** up a new type of security sold by Fannie and Freddie, powering the entities' revamp after almost a decade of government control. B1

◆ **JD.com plans to open** a luxury platform on its retail website. The firm posted a quarterly loss nearly double that of a year ago. B4

◆ **Uber was suspended** from operating in the Philippines for one month after allegedly failing to stop accepting new drivers. B4

◆ **European companies** stepped up the sale of securities directly to investors as they seek to diversify their funding. B8

◆ **VF said it reached** a deal to buy Williamson-Dickie for \$820 million. B3

World-Wide

◆ **China is banning** imports of North Korean coal, iron and seafood, which could assuage U.S. demands while enforcing new U.N. sanctions targeting Pyongyang's nuclear-weapons program. A1

◆ **President Trump**, facing pressure to break with white supremacists who marched and waged violence in Virginia, condemned these groups as "repugnant" on Monday. A1

◆ **The Justice Department** launched a civil-rights investigation into the car-crash that left a woman dead. A7

◆ **Israeli authorities** detained billionaire Benny Steinmetz for questioning in an international corruption investigation. A4

◆ **Suspected Islamic** militants attacked a Turkish restaurant in the capital, killing at least 18 people. A4

◆ **Argentina's Macri** got an unexpectedly strong show of support in a primary election, dealing a setback to Kirchner's plans for a comeback. A5

◆ **Canada will enter** talks to renegotiate Nafta with a goal to seek exemptions from Washington's Buy America directives. A5

◆ **The pace of Chinese** industrial output, retail and housing sales, and fixed-asset investment decelerated in July, data showed. A3

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President Donald Trump spoke Monday at the White House about the Charlottesville violence.

China Bans Key North Korean Imports

By CHUN HAN WONG
AND LINGLING WEI

part Donald Trump on how to deal with North Korea's advances in developing nuclear weapons and missiles.

Beijing disclosed the ban days after the Trump administration said it would order a formal probe into China's alleged theft of U.S. intellectual property—a move some Chinese observers saw as an attempt to push Beijing into ramping up economic pressure on its impoverished ally.

China is by far North Korea's biggest trading partner, accounting for more than 80% of North Korea's external trade

for the past five years. Mr. Trump has said he would cut Beijing slack over trade issues if he felt the Chinese were being helpful in reigning in Pyongyang.

Beijing had been expected to disclose steps to comply with new economic sanctions passed unanimously by the U.N. Security Council this month. The measures announced Monday don't go beyond the U.N.-approved curbs,

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◆ Gerald F. Seib: Two major roles in North Korean drama..... A2

Netflix Signs Star Producer As Rivalry Intensifies

By JOE FLINT

Netflix Inc. has recruited prolific television producer Shonda Rhimes, the creator of ABC hits such as "Scandal" and "Grey's Anatomy," the clearest sign yet of an arms race for talent between new and old entertainment industry giants.

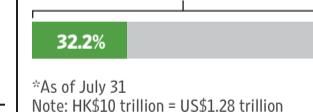
Under the terms of the multi-year exclusive agreement, Netflix said Ms. Rhimes, whose credits also include "How to Get Away with Murder," would develop new shows for the streaming service. She will move her production company ShondaLand from its current base at Walt Disney Co.'s ABC Studios to Netflix, though she will continue to be involved in her ABC shows currently on the air or in development.

Ms. Rhimes's signing is part of Netflix's effort to create and own more of its content and become less reliant on Hollywood studios and production companies to supply programming. It also is the latest twist in a battle between Disney and Netflix for entertainment-industry supremacy: Just last week, Disney announced that it wasn't renewing a deal that provided many of its movies to Netflix to stream after their theatrical run, and was launching its own streaming service.

Netflix also faces increased competition from the likes of Amazon.com Inc., which on Friday announced a development

Beijing Tightens Grip on Firms

NUMBER OF COMPANIES WITH COMMITTEES



*As of July 31
Note: HK\$10 trillion = US\$1.28 trillion

Sources: Hong Kong Exchanges and Clearing (total market cap); Thomson Reuters (companies' market cap)

THE WALL STREET JOURNAL.

GUIDANCE: More Chinese state companies listed in Hong Kong are adding Communist Party committees, raising corporate-governance concerns in one of 2017's top stock markets. B1

Early Peeks at Drug Trials Can Give Investors Whiplash

By PETER LOFTUS
AND DENISE ROLAND

Roche Holding AG shares jumped 6.5% on a single day in early March when the drugmaker said its new breast-cancer treatment, Perjeta, helped prolong average patient survival in a clinical study.

But the stock gave up nearly all those gains three months later, when the Swiss company disclosed full details of the trial at a medical conference. The study, dubbed Aphinity, showed what some doctors said was only a marginal benefit for Perjeta, and investors, initially hopeful of a

big sales boost for the drug, lowered their expectations.

"The stock-market reaction was not joyful for shareholders," said Denise Anderson, vice president of research and investment management at Sit Investment Associates, a Minneapolis firm that owns Roche shares.

The episode throws light on the peculiar drip-feed way drug companies often disclose the results of clinical trials.

To comply with securities requirements of timely disclosure of material information, companies often issue brief "top line" news releases stating whether a study has met a

goal, such as prolonging life in cancer patients or preventing heart attacks. Weeks or months later, however, companies often reveal the full details—such as the magnitude of a new drug's benefit—in medical-journal articles or at medical conferences.

If positive top-line results aren't borne out in the subsequent details, investors sometimes lash out. In the Roche case, the disconnect triggered a shareholder lawsuit, filed in New Jersey federal court in June, claiming Roche misled investors and violated securities laws when it didn't im-

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Did the CEO Actually Get Fired? There's a Decoder for That

* * *

Firm creates algorithm to gauge how likely a manager was ousted; 'Push-Out Score'

By VANESSA FUHRMANS

Companies that undertake major leadership changes tend to engage in one of the more cryptic rituals of expression known to humankind.

They issue a CEO-departure press release.

In often clichéd and convoluted language, they say executives decided to leave to pursue other opportunities or to spend more time with their families, statements that are sometimes taken as code for firings. When a release waxes poetic, it can sug-

gest a CEO quit by choice.

Because company boards and communications teams rarely disclose details about what happened—whether for legal or face-saving reasons—investors have become accustomed to being left in the dark.

Daniel Schaub had a different reaction. As an amateur linguist who researches corporate communication changes, he didn't just throw up his hands. He wrote an algorithm. The 46-year-old German, who founded a Frankfurt-based

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WORLD NEWS

Mattis-Tillerson Show Is Key to North Korea



CAPITAL JOURNAL

By Gerald F. Seib

BANGOR, Wash.—Defense Secretary Jim Mattis was wrapping up a talk a few days ago to sailors of the submarine Kentucky, which carries two dozen nuclear-tipped intercontinental ballistic missiles, when he sent them off with this sober message: "If we've got to turn something off in a hurry," he said, "we're counting on you to turn it off in a hurry."

Mr. Mattis didn't specifically mention North Korea and its nuclear program, but nobody on the pier here in Washington state, facing the Pacific Ocean, was in doubt. After all, the defense secretary had just issued a stern formal statement warning North Korea to "cease any consideration of actions that would lead to the end of its regime and the destruction of its people" and declaring it "would lose any arms race or conflict it initiates."

Meantime, far across that Pacific Ocean, Secretary of State Rex Tillerson was sounding a different tone as he headed toward the U.S. island territory of Guam, which had just been threatened by North Korea.

"I think Americans should sleep well at night, have no concerns about this particular rhetoric of the last few days," Mr. Tillerson said. The Trump administration,



his own administration had worked hard to open.

The second problem is that the administration hasn't been clear how it wants to pursue that opening. What is the goal of its combination of bluster and diplomacy?

If North Korea's way to escape international pressure is, as Mr. Tillerson said last week, through "talks," what does that mean exactly? Is the goal a resumption of the six-party talks held periodically between 2003 and 2008 with the U.S., South Korea, Japan, China and Russia sitting down with North Korea?

Or is the administration open to direct talks with the North? Remember that just three months ago, Mr. Trump himself said he'd be "honored" to meet with North Korean leader Kim Jong Un "under the right circumstances."

Nominally, the American goal remains to roll back entirely the North Korean nuclear program, leaving a "nuclear-free Korean Peninsula." It's less and less clear that goal is attainable, though, absent North Korean regime change, which Messrs. Mattis and Tillerson say isn't the goal.

The sliver of good news in all this lies in the fact that Russia and China finally seemed suitably concerned about North Korea to act. Indeed, U.S. officials say the Chinese have begun doing more to pressure Mr. Kim than is commonly realized.

On Monday, China announced it is banning imports of North Korean coal, iron and seafood.

The situation remains tense and dangerous, and there are more moving parts than are apparent. To track them, keep a close eye on the Tillerson-Mattis show.

Defense Secretary Jim Mattis spoke with the crew of the ballistic missile submarine USS Kentucky in Washington state last week.

he said, was engaged in "a very active, ongoing diplomatic effort, most of which is behind the scenes because that's where diplomacy is most effective."

Mixed messages? Yes and no. Messrs. Mattis and Tillerson talk almost every day, usually share their comments with each other beforehand, and have met jointly with their Chinese counterparts to discuss North Korean strategy. They are engaged in a classic good-cop-bad-cop approach.

That was reflected in a joint op-ed piece they wrote for Monday's Wall Street Journal, in which they asserted that "diplomacy is

our preferred means of changing North Korea's course of action" but that the approach is "backed by military options."

The real message to North Korea's leaders, officials say, is that if they don't like the tough message they are hearing from the American defense chief, they need to start listening more closely to America's top diplomat, Mr. Tillerson. And what he is saying, as he did that day in the Pacific, is that the way out of the current tense standoff over the Korean nuclear program is "talks," adding that "diplomatically, you never like to have someone in a corner without a way for them to get out."

Indeed, if you listened

closely to Mr. Mattis on his West Coast tour last week, he said on a couple of occasions that the approach to North Korea is "diplomatically led" and that the U.S. had just scored a giant diplomatic success by persuading Russia and China to join it in enacting new United Nations economic sanctions on North Korea.

So there are, in fact, mixed messages, and intentionally so. Still, there are two problems with this method-to-the-madness approach.

The first is that, while Messrs. Mattis and Tillerson coordinate with each other, they have a much harder time coordinating messaging with the commander in chief, President

Donald Trump. They aren't sure exactly what he's going to say on North Korea, in tweets and off the cuff, or precisely what kind of tone he will strike.

They often are left in reactive mode, either compelled to fall in behind his message or to subtly counter it.

Last week, the combined effect was to create almost a state of global alarm, and a sense that conflict with North Korea was closer than it really is. The impression was that the president was rushing blindly past the diplomatic opening the U.N. sanctions resolution had provided him and his administration, failing to walk through a door

KOREA

Continued from Page One
and China has long shied away from severe punitive steps—such as cutting off fuel and food supplies—that it fears could trigger the collapse of the North Korean regime.

The timing of China's disclosure, though, was aimed as a response to Mr. Trump's plans for a trade probe, according to people with knowledge of the leadership's thinking. "This action on North Korea should help ease the renewed trade tensions," a government adviser involved in making policy said.

In an online statement, the Chinese government said it was acting to comply with the new U.N. sanctions—proposed by the U.S. and endorsed by China—which are aimed at slashing about \$1 billion off North Korea's annual foreign revenue.

"The North Korean nuclear issue and the China-U.S. trade issue are totally different and it is not appropriate to use

one as a tool to keep pressure on the other issue," Chinese Foreign Ministry spokeswoman Hua Chunying said Monday. She said China has been improving its regulations on intellectual property rights, while boosting social awareness of the issue.

North Korean state media didn't immediately comment on China's announcement.

President Trump has repeatedly questioned China's willingness to ratchet up pressure on North Korea. In recent months, his administration moved toward unilaterally tightening sanctions.

Beijing has resisted Washington's suggestions that it isn't doing enough to pressure Pyongyang, saying the U.S. must directly engage North Korea to curb its nuclear ambitions.

In July, Beijing reported a 10.5% rise in trade with North Korea in the first half of this year, an increase Chinese officials defended as part of a normal economic relationship in areas not covered by U.N. sanctions.

China's new import ban

covers North Korean coal, iron and iron ore, lead and lead ore, and seafood products, according to a government statement.

The measure conforms with the latest U.N. resolution and expands an existing suspension of North Korean coal imports, announced in February and due to last the rest of this year.

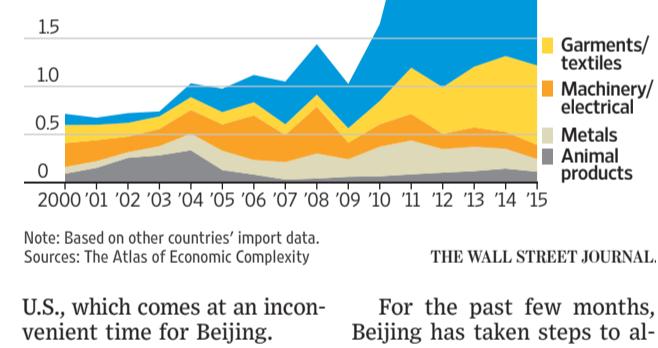
Some analysts are skeptical of the ban's potency, even if it is strictly enforced. Anbound Consulting, an independent economics think tank in Bei-

jing, said signs of resilience in North Korea's economy suggest that it will be able to endure the new U.N. sanctions.

"The effectiveness of the sanctions policy shouldn't be overestimated," Anbound said in a report dated Sunday. "North Korea will still persist with its policy of nuclear-weapons and ballistic-missile development after making some tactical adjustments."

It also remains to be seen whether China's gesture will help avoid heightened economic confrontation with the

The country's top five exports by product type



Note: Based on other countries' import data. Sources: The Atlas of Economic Complexity

THE WALL STREET JOURNAL.

For the past few months, Beijing has taken steps to allow U.S. beef producers, credit-rating companies and others greater access to the Chinese markets. On Monday, the Commerce Ministry said in a faxed statement that it wouldn't force foreign investors to transfer technology to China—reiterating official rhetoric on an issue that some U.S. companies have expressed concern about in recent months.

—Liyan Qi
contributed to this article.



Imported iron ore at the dock in Rizhao, China, in 2015.

NETFLIX

Continued from Page One
ment pact with Robert Kirkman, the creator of the massive AMC Network hit "The Walking Dead."

Signing up a superstar "showrunner" like Ms. Rhimes—whose work for ABC has generated over \$2 billion in revenue from advertising, rerun sales and international licensing, according to people familiar with the matter—underscores that Netflix intends to poach the best talent from traditional studios, whether in front of or behind the camera.

In the past week alone, Netflix announced signing movie directors Joel and Ethan Coen to make a Western series and lured former late-night star David Letterman out of retirement to make new shows. It also acquired the comic book publisher Millarworld and intends to use its characters to create new franchises.

"We have continued to move up the food chain in terms of getting into the creation of content earlier," Netflix Chief Content Officer Ted Sarandos said in an interview.

When Netflix first entered the original programming arena, it relied mostly on out-

side suppliers for shows such as "House of Cards" and "Orange is the New Black." More recent shows including last year's surprise success "Stranger Things" have been wholly owned by Netflix.

In an interview, Ms. Rhimes said she is going to Netflix to get "new fresh creative energy." Unlike broadcast television, where networks want shows to run at least five years and require anywhere from 18 to 24 episodes per season, there is more flexibility for creators at platforms such as Netflix or even Time Warner Inc.'s HBO to do fewer episodes.

"I'm thrilled by the idea of a world where I'm not caught in the necessary grind of network television," Ms. Rhimes said. In addition, since Netflix doesn't have advertising, Ms. Rhimes doesn't need to worry about language and nudity. Netflix, she said, provides "larger creative freedom."

Other producers echo Ms. Rhimes's desire to be free of the demands of broadcast television. David E. Kelley, whose broadcast resume includes the hits "The Practice" and "Ally McBeal," has more recently produced for HBO and Amazon Prime and said he has no desire to go back to a broadcast or basic cable network.

"At this point in my career, I love the limited series format. I have no interest in doing 100 episodes of anything," Mr. Kelley said.

"We want to give creators a place to stretch out their muscles and have the environment do the best work of their lives," Mr. Sarandos said.

Ms. Rhimes's departure is a significant loss for Disney and ABC, which she has called home for 15 years. Her pact with ABC Studios had almost a year left on it, but the company agreed to release her early.

Ms. Rhimes will keep producing the shows still running on ABC, as well as a new legal drama debuting this upcoming season called "For The People," but Netflix will have the rights to new programs she creates.

In a statement, ABC Entertainment President Channing Dungey said, "I'm proud to have given a home to what have become some of the most celebrated and talked about shows on television." ABC Studios President Patrick Moran added, "The ShondaLand imprint will always be an important part of ABC Studios."

Terms of Ms. Rhimes's deal with Netflix weren't disclosed. Her production deal with ABC is worth more than \$10 million a year to produce shows, people

familiar with the pact said. On top of that, she is a profit participant in her shows, meaning she gets a cut of rerun and international sales. Ms. Rhimes's longtime producing partner Betsy Beers will also go to Netflix, along with approximately 30 ShondaLand employees.

Netflix's heavy spending continues to raise eyebrows in Hollywood. It often doubles salaries to lure talent away from traditional players. The company's spending on new and acquired programs is expected to be more than \$6 billion this year, compared with \$5 billion a year ago. That is more than twice what HBO spends and five times as much as 21st Century Fox's FX or CBS Corp.'s Showtime.

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CORRECTIONS & AMPLIFICATIONS

Primland resort is in southern Virginia. An Off Duty article in the Friday-Sunday edition about spa getaways for men incorrectly said the resort was in northern Virginia.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com.

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Netflix Inc. has recruited television producer Shonda Rhimes.

RICHARD SHOTWELL/INVISION/ASSOCIATED PRESS

WORLD NEWS

U.S., South Korea Debate Pyongyang Risk

Top U.S. military officer says U.S. must take threats from North Korea seriously

BY GORDON LUBOLD
AND JONATHAN CHENG

SEOUL—Gen. Joe Dunford, chairman of the U.S. Joint Chiefs of Staff, said the U.S. must take threats from North Korea seriously, despite fresh skepticism from South Korea that Pyongyang has the ability to reliably deliver an intercontinental ballistic missile to the U.S.

"I honestly think it's an academic issue whether it can happen today or happen tomorrow," Gen. Dunford told reporters Monday in Seoul after wrapping up meetings with South Korea's president and other defense officials.

Gen. Dunford noted that North Korea had conducted missile and nuclear tests "at a historic rate"—at least 15 tests in the past year.

But uncertainty remains about the North's ability to endanger the American homeland or even the U.S. territory of Guam, which North Korean leader Kim Jong Un threatened last week with an "enveloping fire" of intermediate-range missiles.

Those doubts were underscored Sunday by a senior South Korean defense official, who said that both Seoul and Washington had concluded Pyongyang lacks the missile re-entry technology to successfully launch an intercontinental ballistic missile at the



Gen. Joe Dunford, the Pentagon's top military officer, met with South Korean Defense Minister Song Young-moo in Seoul on Monday.

of the ICBMs used a so-called lofted trajectory, firing the missile at a far steeper angle than it would use in an actual military scenario, preventing analysts from being able to properly assess if the re-entry technology would work in practice.

South Korea's latest assessment of the North's capabilities comes as Gen. Dunford met with South Korean President Moon Jae-in and defense officials. Gen. Dunford emphasized the use of diplomatic and economic pressure to achieve denuclearization, while reserving the use of a military option in the event that that pressure failed, said a spokesman for South Korea's presidential Blue House.

Mr. Moon urged North Korea to cease its provocations and quickly return to dialogue, the Blue House spokesman added, while both men vowed a stern coordinated response from Washington and Seoul in the event of further North Korean missile and nuclear tests.

In a separate meeting Gen. Dunford held with Song Young-moo, South Korea's defense minister, and with Gen. Lee Sun-Jin, Gen. Dunford's counterpart, the U.S. general sought to reassure South Korea of the U.S.'s "ironclad commitment" to the alliance between the two countries, according to Capt. Darryn James, a military spokesman.

Gen. Dunford also reiterated calls for Seoul and Tokyo to work together to counter the dangers posed by North Korea.

—Min Sun Lee contributed to this article.

continental U.S.

The remarks by Suh Choo-suk, Seoul's vice defense minister, during an interview with Korea Broadcasting System, added another voice of skepticism about whether North Korea has attained a critical capability central to his missile ambitions.

In order for a long-range nuclear missile to reach the continental U.S., the missile would exit the earth's atmosphere, and the warhead would have to be able to survive the punishing journey

back through the atmosphere.

"Both the United States and South Korea do not believe North Korea has yet completely gained re-entry technology in material engineering terms," Mr. Suh said.

"We don't feel they've reached that point yet, but it's true that they are approaching it," he added. "We can't pinpoint the exact timing, but it will take at least one to two more years."

Gen. Dunford declined Monday to comment on what Mr. Suh said.

The assessment wouldn't affect the North's threats to lob missiles at Guam, which is animating current tensions, because targeting the Western Pacific island wouldn't require an ICBM that requires re-entry technology.

Even so, the U.S. hasn't been sanguine about the threat that Pyongyang poses to the U.S. homeland, sticking to the position that any threat made by the North Korean leader must be taken seriously.

Scott Snyder, an expert on North Korea at the Council on

Foreign Relations, said Monday that while Pyongyang advances its capabilities, the threat from North Korea has become "a political issue rather than a technical issue" for the U.S.

Thus far, the U.S. has hinted that the North's ICBMs haven't demonstrated the re-entry technology critical to an effective launch, but it takes the position that the way in which the North launches its ICBMs doesn't allow them to assess it properly.

The North Koreans' launch

KIM HONG-JI/ASSOCIATED PRESS

China's Growth Slowed in July

BELJING—Chinese economic data indicated a slowdown in July as Beijing's crackdown on property speculation and rising debt levels started to filter through into the world's second-largest economy.

The pace of industrial output, retail and housing sales, and fixed-asset investment decelerated in July from June, according to official data Monday. All were lower than economists' forecasts.

Together, the figures illustrate the dilemma for the central government in achieving economic growth targets while clamping down on risky lending.

"The soft numbers for July seem to confirm that, despite the strong first half, China's economic growth will cool in the second half of this year on less accommodative monetary policy and slower growth in real estate," said Louis Kuijs, an economist with Oxford Economics.

Value-added industrial out-

put, a rough proxy for economic growth, rose by 6.4% in July from a year earlier, compared with a 7.6% increase in June, the National Bureau of Statistics said. July's figure was the slowest pace in five months.

Fixed-asset investment, which includes expenditure on roads, new apartments and factories, grew 8.3% in the first seven months of 2017 from a year earlier, slowing from a pace of 8.6% over the January-June period.

Retail sales, meanwhile, increased 10.4% in July from a year earlier, slowing from an 11.0% gain in June.

Property investment, which slowed to 7.9% expansion in the January-July period from 8.5% in the first six months, was one of the major forces that weighed on growth in July, economists said.

In an effort to rein in a property bubble, Chinese poli-

cies imposed new mea-

sures this year to restrict home purchases in big cities and to raise interest rates charged for buyers. These moves are widely believed to put the economy on a healthier footing, economists say, but are also expected to hurt growth:

The real-estate sector, including construction and home furnishings, now accounts for almost one-third of China's gross domestic product.

The property market is cooling and housing speculation is being curbed, said Mao Shengyong, a spokesman for the statistics bureau. The latest data showed property sales and construction starts decelerating in July.

Economists have anticipated a broad slowdown as China's leaders signaled they would continue to tackle rising debt levels and curb home speculation. The economy has heavily relied on borrowed money and government-led investment

since Beijing launched a stimulus package amid plummeting external demand in the wake of the global financial crisis.

Government officials and economists have said the debt-fueled growth model is hard to sustain and has left the economy increasingly overleveraged while delivering a diminished effect on growth.

"The so-called financial deleveraging has already affected the real economy as borrowing costs climbed across the board," said Tommy Xie, an economist at OCBC Bank. China's central bank said on Friday that the average lending rate in the economy continued to pick up in the second quarter of the year.

He Yimin, a saleswoman for Xin Gang Cheng Stainless Steel Wares Co. based in southern Chinese city of Yunfu, said her company doesn't have any plan to expand production or investment in coming months.



A worker walks through a building construction site in Beijing.

JASON LEWIS/REUTERS

"The operating costs, especially labor costs, have been rising every year. We still hold a wait-and-see attitude toward the market and the economy," she said. Ms. He's company sells steel cutlery and kitchenware to Europe and the U.S. as well as in the domestic market.

Despite the slowdown, many economists believe China can meet its growth target for 2017 of at least 6.5%, after higher-

than-expected growth of 6.9% in the first half.

"July's data showed that growth momentum will ebb in the months ahead amid a cooling home market and rising funding costs for companies. But the slowdown will not pose any risk for the government to meet its growth target this year," said Liu Xuezhi, an economist with Bank of Communications.

—Grace Zhu and Liyan Qi

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WORLD NEWS

Kiwi Dairy Growth Fuels Pollution Fear

Environment damage threatens the clean image New Zealand projects to tourists

By BEN COLLINS

CHRISTCHURCH, New Zealand—This South Pacific country markets itself to international tourists as “100% pure,” but a rapid expansion of its dairy industry is endangering its clean, green image.

The shift threatens to pit the nation’s No. 2 export, tourism, against dairy, its No. 1.

“Agriculture is the major cause of issues we have with freshwater,” said John Quinn, chief freshwater scientist at the National Institute of Water and Atmospheric Research. “Dairying is part of that.”

Seven out of 10 of New Zealand’s monitored rivers—mostly in lowland areas—are now potentially unsafe for swimmers, according to a government report this year on freshwater quality, which highlighted increased nitrogen levels and algal blooms.

Some in the tourism industry, and some scientists, fear the pivot by New Zealand, long recognized for its sheep and wool, to producing milk from cows to take advantage of soaring demand from Asia is contributing to the problem. Rising incomes in the region, notably in China and India, have lifted millions into the middle class and driven up appetite for protein, including milk and other dairy products.

Global milk prices have surged as a result, prompting

Tourist Trail

Tourism is among New Zealand’s top export earners.

Visitor arrivals by country of citizenship in 2016

Australia*	922,960
China	374,176
U.S.	273,840
U.K.	205,968
Japan	94,112
Germany	87,184
South Korea	82,000
Canada	57,904

*Australians and New Zealanders have free movement between their respective countries under a bilateral agreement.

Source: Statistics New Zealand

THE WALL STREET JOURNAL.

some New Zealand farmers to switch from sheep to dairy cattle. In the decade through 2016, the number of dairy cows rose 28% to 6.6 million while the sheep flock shrank 45% to 2.76 million, official data show.

Cattle produce more waste than sheep, and some of it gets into rivers during heavy rain or over-irrigation of pastures. The Tourism Export Council of New Zealand, a trade lobby, said it fears the country is “heading down a path where freshwater quality could lead to reputational damage to our ‘clean, green’ marketing promise we share with the world.”

Nowhere is the environmental challenge greater than in the Canterbury region, which includes Christchurch, on New Zealand’s South Island. Seven out of 10 of New Zealand’s monitored rivers—mostly in lowland areas—are now potentially unsafe for swimmers, according to a government report this year on freshwater quality, which highlighted increased nitrogen levels and algal blooms.

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land. Dairy used to be a bit player here, with sheep and crops dominating agriculture.

Between 2002 and 2016, the number of dairy cows in Canterbury more than doubled to 1.27 million, according to official data.

Over roughly the same period, water quality deteriorated. About half of 56 water-testing sites on farmed land in Canterbury showed signs of rising nitrogen levels between 2004 and 2013, the most recent national data available, with levels improving in just three. A trend couldn’t be established in the others.

“Fifteen years ago, when I started to guide in the region, there was not a river where I would hesitate to have a drink of the water,” said Serge Bonnafoux, a fly-fishing guide. “Nowadays there are only rivers in remote areas, where I know there are no cows above me, where I will drink.”

Scientists say dairy has played a big part in fouling waterways, though it isn’t the only cause: clearance of native vegetation and population growth are contributing factors, as are other agriculture. The dairy industry acknowledges it is part of the problem and says farmers are addressing environmental concerns.

Besides fencing off rivers, dairy farmers have been planting vegetation along river banks, which can help reduce the volume of bacteria and sediment running into the water, said Theo Spierings, chief executive of Fonterra Cooperative Group Ltd., the world’s largest dairy exporter.

“In some areas, intensive



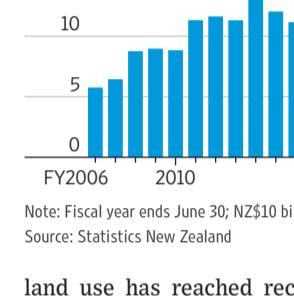
Calves graze next to waterways on a farm in South Waikato, New Zealand.

Cash Cows

New Zealand’s dairy exports have grown rapidly; some farmers have switched from sheep to cattle.

Value of total exports of milk powder, butter and cheese

NZ\$20 billion

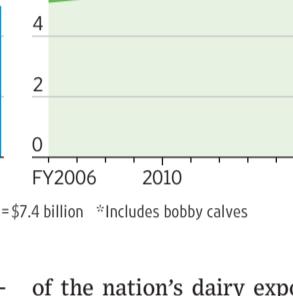


Note: Fiscal year ends June 30; NZ\$10 billion = \$7.4 billion *Includes bobby calves

Source: Statistics New Zealand

Total number of dairy cattle*

8 million

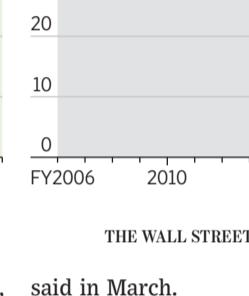


Note: Fiscal year ends June 30; NZ\$10 billion = \$7.4 billion *Includes bobby calves

Source: Statistics New Zealand

Total number of sheep

40 million



Note: Fiscal year ends June 30; NZ\$10 billion = \$7.4 billion

Source: Statistics New Zealand

said in March.

Lawmakers are reluctant to criticize the dairy industry, which dominates many rural towns. Taxes paid by farmers help to pay for schools and hospitals, these lawmakers say, while booming dairy exports have helped New Zealand’s economic growth to outpace much of the developed world, including the U.S.

Land use has reached recognized environmental limits, but in others that’s not the case,” Mr. Spierings said. “Many of the Fonterra farms have been passed down through families, and our farmers feel a huge sense of responsibility to ensure land and water are protected for future generations.”

Fonterra accounts for much

of the nation’s dairy exports, which in the year through June 2017 were worth 12.5 billion New Zealand dollars (US\$9.1 billion).

New Zealand’s reliance on exporting commodities is pushing the country close to its environmental limit and threatening its biodiversity, the Organization for Economic Cooperation and Development

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WORLD NEWS

Pence Cools Talk Of Military Action Against Venezuela

BY LOUISE RADNOFSKY
AND JUAN FORERO

CARTAGENA, Colombia—Vice President Mike Pence tamped down President Donald Trump's threats of U.S. military intervention in Venezuela amid growing regional concerns that such comments have strengthened that country's president, Nicolás Maduro.

Mr. Pence spoke Sunday night in neighboring Colombia, two days after Mr. Trump jolted the region by saying he was considering a military operation to resolve a growing political crisis over Mr. Maduro's regime, which the U.S. and Colombia have both characterized as increasingly dictatorial.

Colombian President Juan Manuel Santos, speaking before Mr. Pence at a joint press conference, said he had told the American frankly, as a friend, that such a move shouldn't be considered.

"Every country in Latin America would not favor any form of military intervention," Mr. Santos said. "A transition in the Venezuelan regime toward democracy must be a peaceful transition. It must be hopefully a democratic transition. And it must be done quickly."

Mr. Pence replied that the U.S. was confident that peaceful solutions could be found, and that Mr. Trump's remarks on Friday had merely reflected his resolve to address the situation.

"We have many options for Venezuela, but the president also remains confident that working with all of our allies across Latin America we can achieve a peaceable solution," Mr. Pence said. "We will continue to act together."

The president sent me

here to continue to marshal the unprecedented support of countries across Latin America to achieve by peaceful means the restoration of democracy in Latin America, and we believe it is achievable by those means," Mr. Pence said in a response to a subsequent question.

The vice president, on the first stop of a six-day tour of Latin America, also said the U.S. was committed to escalating diplomatic and economic sanctions against the Venezuelan regime as needed, and that the "full range of additional economic sanctions" was still under consideration.

He didn't make specific announcements on Sunday.

Colombia, which shares a porous 1,400-mile border with Venezuela, is particularly interested in working with Washington on a policy to hold Venezuela out of its economic and political crisis.

Mr. Trump caused a stir when he told reporters on Friday from his Bedminster, N.J., golf resort that: "Venezuela is not very far away and the people are suffering and they're dying....A military operation, a military option, is certainly something we could pursue."

While some opponents of the Venezuelan regime welcomed Mr. Trump's tough talk, others saw it as unhelpful because it bolsters the narrative that the U.S. is preparing to invade, which Mr. Maduro and other Venezuelan officials have pushed for years with little evidence.

The coalition of parties opposed to Mr. Maduro, Democratic Unity, on Sunday said it rejects "the use of force or threats of applying the same in Venezuela on the part of any country."



Former President Cristina Kirchner waved an Argentine flag in Buenos Aires Monday after her quest for a Senate seat was dealt a setback.

Argentina Primary Hurts Ex-Leader's Comeback Bid

BY TAOS TURNER
AND ALBERTO MESSER

BUENOS AIRES—Argentine President Mauricio Macri got an unexpectedly strong show of support in a primary election, dealing a setback to former President Cristina Kirchner's plans for a political comeback.

Sunday's nonbinding primary is essentially a nationwide poll that is likely to predict the results of a nearly identical midterm congressional election in October.

With votes at most polling stations counted, Mr. Macri's Let's Change coalition was on track to outpoll opponents in half of Argentina's 24 provinces, including in Buenos Aires, where Mrs. Kirchner is seeking a Senate seat. The coalition was also set to pick up seats in both houses of Congress, where no party or coalition has a majority.

The vote will likely be viewed positively by investors who feared Mrs. Kirchner would win big and weaken support for Mr. Macri's pro-business policies. Mr. Macri's candidates were beating opponents in Santa Cruz, Mrs. Kirchner's home province.

"The Argentine peso has been depreciating over the past two months, leading the Central Bank of Argentina to sell almost \$2 billion. Most

probably that trend will revert this week," said Rafael Di Giorno, director of Proficio Investment Management, a Buenos Aires-based asset-investment firm.

"Bonds and stocks will recover losses," Mr. Di Giorno said.

Pre-election polls indicated Mrs. Kirchner would beat Mr. Macri's top Senate candidate in Buenos Aires province, Esteban Bullrich, by several points. But by early Monday morning, with votes tallied at about 90% of the province's polling stations, Mr. Bullrich was slightly ahead of Mrs. Kirchner with 34.27% versus 34.01%.

Analysts said that even if Mrs. Kirchner pulled ahead, she wouldn't be able to claim an authoritative role in the Peronist political movement that has dominated Argentina since its founding by Juan Domingo Perón in the 1940s.

"The margins will get closer as the votes are counted, but the former president needed a better performance to give herself a bigger role in the future," said Juan Cruz Díaz, managing director of Cefideas, a risk-advisory firm.

"From now on, the government can begin pursuing additional reforms that it has been planning," Mr. Díaz added, citing broad-based national support for Mr. Macri and his congressional candidates.

Though Mrs. Kirchner has a solid base of support in Buenos Aires province, she is deeply unpopular elsewhere in the country. Pollsters say she has little chance of returning to the presidency in 2019.

Mrs. Kirchner left office with double-digit inflation and rising poverty but also with a loyal following among the urban poor. Corruption scandals

The nonbinding poll showed strong backing for Mauricio Macri's government.

have also dogged her and many officials in her administration. She has been indicted in several federal corruption, money laundering and fraud cases.

Mrs. Kirchner claims the accusations against her are a conspiracy by Mr. Macri and federal judges to prevent her return to power.

Let's Change candidates won not only in Buenos Aires but also in Argentina's four other most-populated provinces, including the capital city, Cordoba, Mendoza and Santa Fe. They also won in San Luis, which has for decades been dominated by the Per-

onist Saa family.

Mr. Macri's coalition is benefiting from an economy that began growing in the second half of last year. In May, output expanded 3.3% from a year earlier. Inflation, which soared past 45% a year ago, has decelerated to about 23%.

The percentage of people living below the poverty level soared past 32% after Mr. Macri devalued Argentina's currency days after taking office, has begun to decline. Wages are also beginning to rise. These positive trends appear likely to improve and could further benefit Mr. Macri in the October midterms.

"At a national level Macri is clearly winning," said Juan Germano, a political analyst at pollster Isonomia.

But Mr. Germano cautioned that the Let's Change coalition will have to achieve much more, and keep the economy humming, to maintain support from voters who are proving to be more unpredictable than in previous elections.

Mr. Macri, in a speech at his campaign headquarters, asked voters to keep supporting his effort to gradually overhaul Argentina's economy.

"Anything that's worthwhile can't be done from one day to the next. We have to take our time, day by day," Mr. Macri said.

WORLD WATCH

JAPAN

Economic Growth Outpaces Forecasts

The economy grew at a faster-than-expected pace of 4% in the April-June period, with strong spending by consumers and businesses driving the sixth straight quarter of growth under Prime Minister Shinzo Abe.

The figure gave the world's third-largest economy its longest expansion streak since 2006 and was faster than 2.6% growth in the U.S. in the same quarter.

Japan's pace of expansion, its quickest since January-March 2015, was also faster than the 2.5% growth expected by econo-

mists polled by The Wall Street Journal.

Unlike recent quarters, strong private spending was the key factor in the April-June period. Household spending grew at an annualized 3.7% pace.

The improvement is a welcome sign for Mr. Abe, whose ruling party suffered a defeat in Tokyo elections in July.

—Yoko Kubota

GREECE

Lower Spending Fuels Budget Surplus

The country registered a primary budget surplus of €3.05 billion (\$3.6 billion) for the first

seven months of the year, finance ministry data showed, beating the target of €2.1 billion because of lower spending.

Total revenue in the period reached €27.3 billion, exceeding its target by about €600 million, the ministry said.

—Nektaria Stamouli

EUROZONE

Industrial Output Declined in June

Activity at the eurozone's factories, mines and utilities fell at its sharpest pace in 2017 during June, an indication that the economy may be settling down after an acceleration in growth

during the first half of the year.

The European Union's statistics agency said industrial production was 0.6% lower in June than in May, while being 2.6% higher than June 2016. The decline in output was the largest since December 2016, and more than the 0.4% forecast by economists.

Industrial production can be highly volatile from one month to the next, and the June fall still leaves it significantly higher during the second quarter than it was in the first.

Partly as a result of that pickup, the eurozone economy grew at a quarter-to-quarter rate of 0.6% in the three months through June. —Paul Hannon

KENYA

Leader Moves to Ease Postelection Crisis

The re-elected president urged the country's opposition leader to order his supporters off the streets and to take his claims of vote-rigging to the courts.

President Uhuru Kenyatta's appeal came after a weekend of election-related violence in some of Nairobi's poorest areas and a death toll that by Monday had reached 17, according to the Kenyan Red Cross.

Street battles between riot police and supporters of the opposition leader, Raila Odinga, began escalating on Friday, just hours after the election commission declared Mr. Kenyatta the winner of the Aug. 8 vote by a wide margin.

Mr. Odinga refused to accept the result, claiming the computer system tallying the vote had been hacked.

—Matina Stevis



GREEK FIRE: A plane tried to extinguish a blaze in a pine forest north of Athens on Monday.

Canada Lays Out Plan For Nafta Negotiations

BY PAUL VIEIRA

in World History. I am changing that fast!"

Ms. Freeland said among the country's objectives would be a freer market for government procurement across the continent. This could run into opposition from the Trump administration's push to put more teeth into Buy America directives, which preserve them as part of a revamped Nafta.

She said local-content provisions, such as Buy America, "are political junk-food—superficially appetizing, but unhealthy in the long run."

Ms. Freeland said Canada also wants to make Nafta more "progressive," through tougher labor and environmental standards.

She added Canada would continue to defend the need for an independent dispute-resolution system. The Trump administration wants the system scrapped.

Canada also plans to defend its agricultural policies, in which production and prices in dairy and poultry, for instance, are controlled through a quota system, and foreign competition is thwarted through high tariffs.

For Canada's Liberal government, the fate of Nafta is expected to be its major preoccupation for the remainder of the year given how crucial trade with the U.S. is to the country's economy.

Earlier Monday, President Donald Trump tweeted that U.S. lawmakers over the years "have given us (or not fixed) some of the worst trade deals

we all do need to be prepared for some moments of drama. That's inevitable," she told the crowd. Still, "the reality is, at heart, our American partners are very aware that this is an economic relationship that works."

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U.S. NEWS

Former Trump Aide Concedes Mistakes

Scaramucci says he didn't act enough like a political operative, cites enemies' strength

By BOB DAVIS

WASHINGTON—The Mooch says he saw himself like The Wolf, but he couldn't clean up the mess at the White House.

Anthony Scaramucci, the former White House communications director, tried to set the record straight on ABC, in his first interview after quickly losing his job for criticizing his White House colleagues profanely—and openly—to a reporter with a tape recorder.

"The odds were stacked against me in the job," Mr. Scaramucci said. "And so, there were leaks and there was a repetitive process to try to dislodge me. I made an unforced error. That made it easy to dismiss me."

The colorful former Wall Street financier, who calls himself the Mooch, says he pictured himself like the character Winston Wolf in the film "Pulp Fiction"—the clean-up-the-mess guy who provides a variety of services, including getting rid of corpses.

"I really did get a directive from the president," Mr. Scaramucci explained. "I had a mutual understanding with him. And I was probably running too hard and acting more like a corporate CEO than I was, say, a political operative, and that is my mistake. And I have to own that."

Mr. Scaramucci was fired as White House communications director 10 days after his appointment.

In response to questioning from George Stephanopoulos, Mr. Scaramucci backed off some claims he made in the ill-fated talk with New Yorker writer Ryan Lizza. In that interview, he said he had obtained

"digital fingerprints" from the Federal Bureau of Investigation of administration officials who had leaked to the press.

Not so, Mr. Scaramucci says now. "That was totally misconstrued," he said. "I was just implying that, at some point, the Department of Justice would be able to figure out who the leakers are inside the national security system."

Mr. Scaramucci said he thought his conversation with Mr. Lizza was off-the-record, though he acknowledged that he didn't ask the reporter for those ground rules.

Fundamentally, Mr. Scaramucci said, he didn't recognize the strength of his enemies. He says the president may underestimate them too.

"The president is not a representative of the political-establishment class," Mr. Scaramucci said. "And so for whatever reason, people have made a decision that they want to eject him."



Anthony Scaramucci, center, the former White House communications director.

JIM LO SCALZO/EUROPEAN PRESSPHOTO AGENCY

"It's almost like he's opened up the door now for America's CEOs and America's billionaires to enter the Washington political system," which is prompting a backlash among the Washington establishment.

Mr. Scaramucci did have one area of disagreement with the president. He says Mr. Trump should have been

clearer in denouncing white supremacists in Charlottesville, Va., after weekend violence. "It's actually terrorism," he said. "Whether it's domestic or international terrorism, with the moral authority of the presidency, you have to call that stuff out."

Mr. Scaramucci suggested that some White House offi-

cials are afraid to tell the president he made a mistake by not condemning the white-supremacist protesters.

The White House didn't respond to a request to comment. On Sunday, a White House statement said the president condemned extremist groups including white supremacists.

U.S. WATCH

ILLINOIS

Senate Overrides School-Funding Veto

The Democratic Illinois Senate voted to override Republican Gov. Bruce Rauner's veto of a school-funding bill, rejecting changes the governor made to the measure that would have stripped hundreds of millions of dollars from the hard-pressed Chicago Public Schools district.

A supermajority of the Senate disagreed with the governor's amendments, voting Sunday to send the bill to the Democratic House. If House Speaker Michael Madigan can muster a three-fifths majority to override Mr. Rauner's veto, the funding pro-

posal would become law in its original form and the governor would be dealt his second repudiation by both chambers of the General Assembly in a little over a month.

If the House is unsuccessful in achieving an override, the bill dies and funding for all state schools would be paralyzed just weeks before the start of the new school year.

A failure could also have implications for the city of Chicago, which has promised to pay for any shortfall in funding from the state, including help with a big pension payment.

School funding has become the most recent flashpoint in a clash between Mr. Rauner and the General Assembly that re-

sulted in \$14.6 billion in unpaid bills and the longest state financial crisis since the Great Depression. The General Assembly passed a \$36 billion budget package in July over the veto of the governor.

—Quint Forgy and Douglas Belkin

TEXAS

Immigrants Found Locked in Truck

Police in Texas acting on a tip found 17 immigrants locked inside a tractor-trailer parked at a gas station about 20 miles from the border with Mexico, less than a month after 10 people died in the back of a hot truck with little

ventilation in San Antonio. Edinburg Assistant Police Chief Oscar Trevino told KGBT-TV that the immigrants from Mexico, Honduras and other countries may have been locked inside the truck in Edinburg for at least eight hours before being freed by officers Sunday.

None of the people inside the tractor-trailer required medical attention. A man and woman who Chief Trevino said are Cuban nationals were in charge of the rig and have been detained.

The discovery comes three weeks after 10 people died in a sweltering rig parked at a Walmart in San Antonio. Immigration officials say survivors estimated 100 people had been packed into the back of the 18-wheeler at

one point. Officials said 39 people were inside when rescuers arrived.

Nearly 20 of those rescued from the rig were hospitalized in dire condition, many suffering from extreme dehydration and heatstroke. The driver of that rig remains in federal custody, charged with illegally transporting immigrants for financial gain, resulting in death.

—Associated Press

DRUG TRAFFICKING

'El Chapo' Lawyers Not Assured Payment

A judge in New York refused to guarantee that private lawyers seeking to represent Mexican

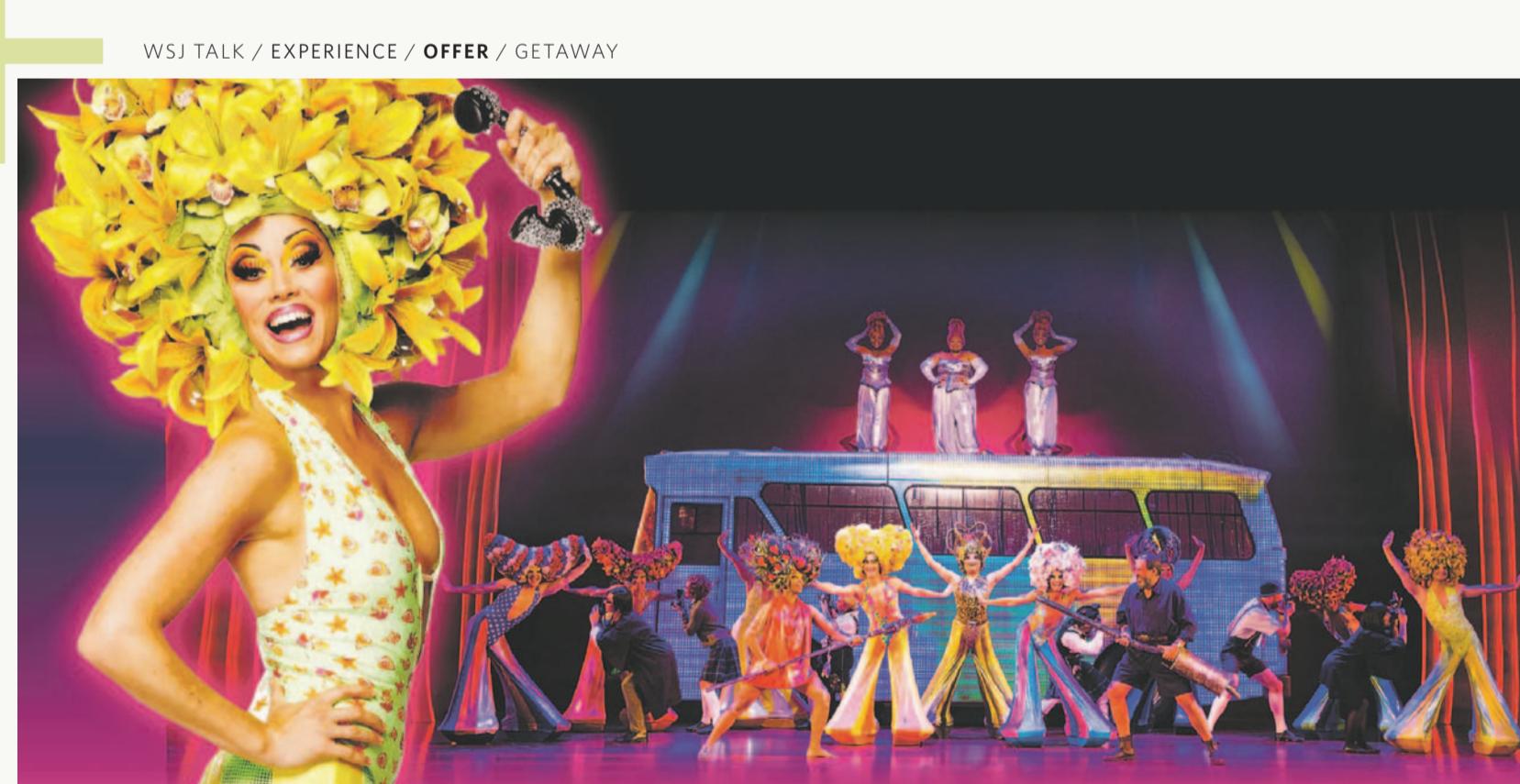
drug lord Joaquin "El Chapo" Guzman would get paid.

The lawyers had sought assurances that if they came into the case, the government wouldn't later seize their fees because they were paid with drug money.

U.S. District Judge Brian Cogan told them at a hearing in federal court on Monday that they would have to take that risk if they wanted to represent him.

Afterward, the lawyers told reporters they still want to find a way to represent Mr. Guzman. He has pleaded not guilty to charges of running a drug-trafficking cartel that laundered billions of dollars and oversaw murders and kidnappings.

—Associated Press



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U.S. NEWS

Trump Denounces Extremist Groups

Attorney general says he expected president to condemn white supremacists

BY ARUNA VISWANATHA

WASHINGTON—Attorney General Jeff Sessions said that he expected President Donald Trump to explicitly condemn white supremacists, in the wake of deadly violence at a weekend rally in Virginia and growing pressure on Mr. Trump to break decisively with nationalist groups that backed his campaign and presidency.

"He will say what he believes is appropriate, I think he probably will," Mr. Sessions said in an interview early Monday morning on ABC's "Good Morning America," when asked if he believed Mr. Trump would condemn the groups by name.

Later Monday, President Trump spoke at the White House after meeting with Mr. Sessions and FBI director Christopher Wray, and he said "racism is evil" and he condemned the KKK, neo-Nazis and white supremacists as "criminals and thugs."

A Saturday rally in Charlottesville initially planned in protest of the removal of a statue of Confederate Gen. Robert E. Lee erupted in violence, and a woman was killed when a driver allegedly mowed down a group that had



BRENDAN SMIALOWSKI/AGENCE FRANCE PRESSE/GETTY IMAGES

Attorney General Jeff Sessions called the car attack on a demonstration against supremacists the 'definition of domestic terrorism.'

gathered to counter messages from the white nationalists, some of whom were self-described Nazi sympathizers. Later, two state troopers monitoring the demonstrations were killed when their helicopter crashed.

The president initially said the Saturday altercations came from "many sides" of

the event, which leaders from both political parties said seemed to improperly spread blame equally between the white nationalists and the counterprotesters.

Then on Sunday the White House issued a statement saying Mr. Trump "condemns all forms of violence, bigotry and hatred and of course that includes white supremacists, KKK, neo-Nazi and all extremist groups."

Mr. Sessions took to three networks—ABC, NBC and CBS—on Monday morning defending Mr. Trump's statement and the White House response, and said the Justice Department would move swiftly in investigating the events.

"He is appalled by this," Mr. Sessions said on the NBC's "Today" show. "I'm sure he'll talk about it soon."

On Monday afternoon, Mr. Trump sent a clear message to the country about the weekend's racial violence in Virginia, singling out white-nationalist groups for con-

demnation after having stopped short of doing so two days earlier.

Mr. Sessions told ABC the alleged attack meets the "definition of domestic terrorism," and said the Justice Department was aggressively pursuing the investigation to bring "the most serious charges that can be brought." He added that he was planning to meet with the FBI and Mr. Trump later Monday.

In the Monday television appearances, Mr. Sessions said Mr. Trump's initial statement "roundly and unequivocally condemned hatred and violence and bigotry, he called on our people to work together in community and in love and affection, and not in hatred and violence."

Over the weekend, the Justice Department launched a civil-rights investigation into the car-ramming attack.

Local police arrested the suspected driver and identified him as James Alex Fields Jr., a 20-year-old Ohio resident. Mr. Fields, who was charged with second-degree murder and counts of malicious wounding, is being held at a local jail.

The investigation so far appears to be focused on what led to the death of 32-year-old Heather Heyer, a Virginia paralegal, and others injured in the crash. Such an investigation would initially focus on whether Mr. Fields committed a hate crime in crashing into the demonstrators.

Profile Emerges of Virginia Suspect

James Alex Fields Jr., the 20-year-old man arrested and charged for driving a Dodge Challenger into a crowd of demonstrators in Charlottesville, Va., on Saturday and kill-

By Jon Kamp,
Scott Calvert and
Melanie Grayce West

ing 32-year-old Heather Heyer, was remembered as a quiet student by a school principal and a fellow classmate, but a former teacher said he also espoused white-supremacist views.

Mr. Fields attended high school in northern Kentucky and eventually settled near Toledo, Ohio. Michael Wilson, principal at Randall K. Cooper High School in Union, Ky., confirmed that Mr. Fields graduated from the school in 2015. He said he could share only limited details for confidentiality reasons.

"From what I remember, he was a quiet and reserved student," Mr. Wilson said in an email. "Our thoughts and prayers are with those in Charlottesville, Virginia. Hatred and violence is never a viable solution to any problem."

Mr. Fields joined the Army shortly after high school and reported to basic training in August 2015. "He was, however, released from active duty due to a failure to meet training standards in December of 2015," Lt. Col. Jennifer Johnson, an Army spokeswoman, said in an email. She didn't elaborate on how he failed to meet standards.

"As a result he was never awarded a military occupational skill nor was he assigned to a unit outside of ba-



James Alex Fields Jr. is accused of driving a car into a crowd of demonstrators and killing a woman.

sic training," she said.

Mr. Fields's mother, Samantha Bloom, couldn't be reached for comment on her son's arrest. She told the Associated Press on Saturday night that she knew her son was attending a rally but thought it was for President Donald Trump and not for white supremacists.

Mr. Fields's father died in a car accident while Ms. Bloom was pregnant, according to David Young, a former neighbor who said he knew Ms. Bloom and her son in Florence, Ky., when Mr. Fields was a young boy.

Mr. Fields was charged with one count of second-degree murder, three counts of malicious wounding and one count

of hit and run, according to local police. He was being held at the Albemarle-Charlottesville Regional Jail, a spokesman for the jail said. A judge assigned Mr. Fields a court-appointed attorney on Monday.

A former history teacher, Derek Weimer, said Mr. Fields was a bright, mature student who espoused white-supremacist beliefs throughout his high-school years.

As a freshman, the student turned in an assignment to another teacher that expressed views that "the Nazis were good, their policies were good, Adolf Hitler was a great leader," Mr. Weimer recalled in an interview. "In a nutshell, the white race is superior—that was the

general thrust," he said.

During Mr. Fields's junior and senior years, Mr. Weimer taught him two classes: world civilization and a course on modern U.S. wars. Mr. Fields chose to study the Waffen SS—the military wing of the Nazi Party—for an in-depth research paper, Mr. Weimer said. While Mr. Fields did well on the assignment, it was "hard-core pro-German," his former teacher said.

One high-school classmate wrote in a blog post Sunday that he remembered Mr. Fields as a "gentle giant" who was kind and shy when spoken to. Tanner Coleman, 21, graduated a year ahead of Mr. Fields and said in an email that he didn't know him well.

ment.

Almost an hour later, Mr. Trump posted on Twitter: "Now that Ken Frazier of Merck Pharma has resigned from President's Manufacturing Council, he will have more time to LOWER RIPOFF DRUG PRICES!"

Mr. Frazier was one of 28 business and union leaders the president named to an advi-

CEO to step down from a role advising the White House. In June, Elon Musk of Tesla Inc., and Walt Disney Co. CEO Robert Iger resigned from advisory roles after Mr. Trump said the U.S. would pull out of the Paris climate accord.

Mr. Musk tweeted at the time: "Leaving Paris is not good for America or the world."

sory council in January aimed at helping him boost U.S. manufacturing jobs. It has been known variously as the American Manufacturing Council and the Manufacturing Jobs Initiative, and is led by Dow Chemical Co. CEO Andrew Liveris.

A Dow Chemical representative couldn't be reached for comment.

Mr. Frazier is the latest

Mr. Iger said at the time that he was resigning from the president's business advisory council as "a matter of principle."

Travis Kalanick, then Uber Technologies Inc.'s CEO, stepped down from Trump's Strategic and Policy Forum in February after calls by users to delete the ride-hailing service's app.

Mr. Frazier, a Merck veteran and its CEO since 2011,

has met with Mr. Trump at the White House, including a meeting of pharmaceutical CEOs in January when Mr. Trump told them drug prices were too high.

Meanwhile, on Monday, a judge in Charlottesville General District Court denied bail to James Alex Fields Jr., the man accused of ramming the crowd of people with his car and killing one during the protests over the weekend.

At a brief arraignment, Judge Robert Downer assigned a court-appointed attorney to the 20-year-old Ohio man who faces a murder charge and other counts.

In a packed district court, Mr. Fields appeared by a video link, and sat in a black-and-white striped shirt, head bowed and occasionally looking up at the camera before the hearing began.

Mr. Fields testified he makes \$650 every two weeks and can't afford his own lawyer and needs to have one appointed.

—Ben Kesling contributed to this article.

Justice Launches Rights Probe Into Attack on Protest

BY DEL QUENTIN WILBER

The Justice Department has launched a civil-rights investigation into the car-ramming crash on Saturday that left a woman dead and nearly 20 injured during a day of clashes at a white-nationalist rally in Charlottesville, Va., federal officials said.

"The violence and deaths in Charlottesville strike at the heart of American law and justice. When such actions arise from racial bigotry and hatred, they betray our core values and cannot be tolerated," Attorney General Jeff Sessions said late Saturday in announcing the probe.

After a night and morning of protests in the normally quiet city, home to the University of Virginia, a car slammed into a crowd of people demonstrating against the white nationalists who came to the city for the "Unite the Right" rally.

Mr. Sessions said the probe will have "full support of the Department of Justice" and pledged that "justice will prevail."

The investigation so far appears to be focused on what led to the death of 32-year-old Heather Heyer, a Virginia paralegal, and others injured in the crash. Such an investigation would initially focus on whether the car's driver, James Alex Fields Jr., committed a hate crime in crashing into the demonstrators.

Some civil-rights advocates said the Justice Department's actions aren't aggressive enough. Vanita Gupta, the leader of the Justice Department's Civil Rights Division in the Obama administration, said Mr. Sessions "should name this as a hate-crimes and domestic-terror investigation."

"White supremacists were

the original domestic terrorists in this country," Ms. Gupta said, adding that such a designation would give prosecutors and agents more investigative tools.

Ms. Gupta, president and chief executive officer of the Leadership Conference on Civil and Human Rights, added that the Justice Department should broaden the inquiry to include other allegations of violence by white supremacists in Charlottesville.

Mr. Sessions has been dogged by criticism over his commitment to civil-rights enforcement since he was nominated in the 1980s to be a federal judge. He was accused at the time of improperly targeting civil-rights advocates for prosecution on voter-fraud charges and making racially insensitive comments. Those accusations, made by fellow Justice Department attorneys at the time, helped torpedo his judicial nomination.

"These are damnable false charges," Mr. Sessions testified this January at his confirmation hearing to be attorney general.

Mr. Sessions has made overtures in recent months to his critics in the civil-rights community by emphasizing his support for prosecuting hate crimes, including those targeting the transgender and Muslim communities.

At a hate-crimes summit in June, Mr. Sessions said he was dedicated to protecting individual rights and cited approvingly case against a Mississippi man who last month was sentenced to 49 years in prison for murdering a transgender woman. Begun under the Obama administration, it was the first case prosecuted under the 2009 law involving gender identity.



The car allegedly driven by James Alex Fields Jr. into protesters in Charlottesville, Va., on Saturday. One person was killed.

SPORTS

OLYMPICS

The Harshest Hangover in Sports

BY JASON GAY

We need to talk about the Olympics. Again.

A year ago, Rio was popping. The Summer Games were entering their second week, and despite anxieties about preparation, environmental hazards, security and Zika, the Olympics did that thing the Olympics tend to do, which is to push back against all the bad press with a stirring wave of athletic greatness. There was plenty of it last August: Michael Phelps, Katie Ledecky, Usain Bolt, Simone Biles, Monica Puig, the host country's men's soccer team, and on and on.

There were still traces of skepticism and protest, and of course, Ryan Lochte's daffy service station imbroglio, but by fortnight's end, Rio 2016 mostly got the headline it coveted: it rose to the challenge. Once more, the Olympics seemed flawed but undeniable.

It's barely a year later, and any lingering good feeling appears to have crumbled. Literally. A staggering new report from ESPN's Wayne Drehs and Mariana Lajolo found the 2016 host country's Olympic legacy racing toward ruin—vacant stadiums, decaying infrastructure and a sprawling athlete village that is effectively a ghost town. Plans to convert properties into schools and housing have been ditched. A solicitation to manage the country's suburban Olympic Park drew zero bids. The Rio Olympic Committee is still \$40 million in the hole.

"Well what did you think would happen?" is likely what you're saying, and you're far from alone. Critics both inside and outside Brazil saw this disaster coming long before the Games arrived—cash-strapped, environmentally fragile Rio declared a "State of Public Calamity" prior to the torch lighting—and they are not the first host to see a gargantuan investment go to rot. The 2014 Winter Games in Sochi were a punch line from the beginning—remember all the groaning about busted doorknobs and toilet handles—and much of the lavish Pu-



An aerial view of the Velodrome, right. Its roof partially burned in a fire at Rio's Olympic Park.

tin-ordered development is in similar decay, a Russian white elephant with a reported cost of \$51 billion.

The Games claim to be wising up. As Rio 2016 kicked off, the Journal's Matthew Futterman and Will Connors reported that a regretful International Olympic Committee planned to steer clear of awarding another Games to an unstable host. The romantic notion of using the Olympic flame as a beacon in the developing world—as an alleged signal of future prosperity; Brazil was betting on itself here, too—was effectively kaput. Recently, the 2024 and 2028 Summer Games were awarded to Paris and Los Angeles, with the presumption both cities will be impeccable hosts.

The queasy feeling lingers, however. Is a migratory, multibillion-dollar, two-week sporting event an egregiously wasteful idea in these (supposedly) conscientious times? The Summer Games maintain an appeal, but you can barely give the Winter Games away—the winter host after Pyeongchang 2018 is Beijing, a former summer host which emerged to take on 2022 after other cities panicked and skated away. Closer to home, Boston won the right to make the U.S. bid on the 2024 Summer Games, only to bow out after public outcry over spending and traffic. It was embarrassing—but maybe, prudent.

Paris and L.A. make sturdy cases that they'll be ready, partly because they already have a lot of

the necessary facilities, and are not trying to do this from scratch. The hazard of shiny new hosts, however, is how easy they make it to move on from the fiascos. Rio feels like a crisis on top of a crisis. ESPN's Drehs and Lajolo describe a defeated host city that has already turned its back on the pledges it sold its Games on. Budgets for athletic development programs have already been slashed; the idea of the 2016 as a powerful launchpad is too depressing to be funny. "We missed the opportunity to transform sports in Brazil, to grow all of the sports to a professional level, and to engage children...to build the next champions," the Brazilian silver medal-winning shooter Felipe Wu told ESPN. "It's all so disappointing."

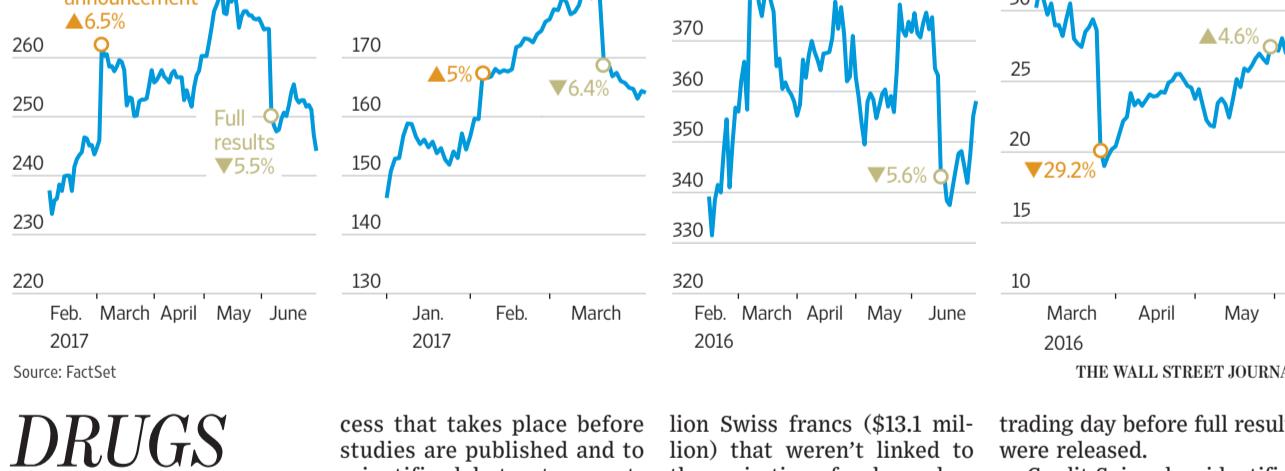
I admit I'm a bit of a sap for the Olympics—despite the repeated corruption and headaches (and we haven't even touched the doping scandals), I am habitually moved by its stories of athletic perseverance. The Olympics can be ugly behind the scenes, but in the arena, they are theater like nothing else in sports. Still, it's difficult to not feel they need a drastic reimaging. Count me as another person who'd like to consider permanent Summer and Winter hosts, or at least a much smaller rotation. At the same time, there must be consequences for a post-Games mess like Rio. The Olympics may be a circus, but they cannot simply move on, putting out the flame, then turning a back on the promises left behind.

FROM PAGE ONE

Stock-Price Seesaw

Shares might rise after a drugmaker reveals basic 'top line' results of a clinical trial—and then sink when full results are disclosed...

Share price and changes after clinical trial announcements



Source: FactSet

DRUGS

Continued from Page One

imedately disclose that Perjeta's benefit was only modest. The suit seeks class-action status on behalf of investors who bought Roche shares during the three months between the top-line and full reports.

Spokesman Nicolas Dunant said Roche releases key information as soon as possible to comply with Swiss stock market requirements and would defend itself "vigorously" in any lawsuit. He said the company holds back details of clinical trials to satisfy medical journals' and associations' restrictions against making full reports until publication or presentation to the medical community.

A company that released full data ahead of a medical meeting could face less prominent positioning of its study, said Richard Schilsky, chief medical officer at the American Society of Clinical Oncology, whose medical conference featured the full report of Roche's Perjeta trial. Confidentiality is critical both to the peer-review pro-

cess that takes place before studies are published and to scientific debate at a meeting, he said.

Meanwhile, a buzzworthy presentation of trial results and reprints of journal articles can be critical to a new drug's marketing.

The window between top-line report and full disclosure is a risky time for drug-company insiders to trade shares. "To the extent that the executives are in possession of more material information regarding the clinical study that has not been disclosed yet to the investing public, then trading during that interim period is perilous," said Daniel Sommers, a securities-litigation attorney with Cohen Milstein Sellers & Toll in Washington. He said the two-step disclosure process runs counter to the logic of disclosure principles in federal securities law.

Several Roche insiders profited on trades between the top-line Aphinity trial results announcement and the full report, according to Swiss stock market disclosures. In that period, there were 10 Roche insider stock sales with a combined value of 12.8 mil-

lion Swiss francs (\$13.1 million) that weren't linked to the expiration of a share plan, and four insider purchases valued at a combined 1.8 million francs (\$1.85 million). In the same period a year earlier, there was one insider sale valued at around 2 million francs and one insider purchase of 304,200 francs.

The disclosures don't specify if executives or board members made the transactions nor whether they knew details of the clinical trial.

Roche's Mr. Dunant said the level of insider activity wasn't unusual. Some stock sales can appear as multiple transactions when an individual exercises options and then sells shares, or sells a mix of voting and nonvoting shares. Roche restricted executives who had knowledge of the Aphinity results from trading shares immediately before the top-line results were made public and lifted the restrictions as soon as the top-line results were published, according to Ulrike Engels-Lange, a Roche spokeswoman.

Roche's American depositary receipts traded recently at \$31.53, about 8% below the close of \$34.37 on the last

trading day before full results were released.

Credit Suisse has identified since 2015 at least nine instances of drugmakers issuing top-line results followed by full data where the stock price moved significantly on both events.

In some cases, companies initially released negative top-line study news, followed by full results that were viewed more positively. In March 2016, shares of Portola Pharmaceuticals Inc. plunged 29% after the company said its experimental anti-coagulant betrixaban didn't meet a main goal of reducing risk of blood clots in heart patients. But in late May 2016, full results showed the drug benefited a patient subset in the study, and the stock rose 4.6%.

Guy Wilkes, a financial regulation lawyer at Mayer Brown LLP and former regulator at the U.K.'s Financial Conduct Authority, said if the second report about a clinical trial triggers a significant price swing, "there's a good argument that those details were also price-sensitive and should have been published initially."

CEO

Continued from Page One

based research firm, Exchange, has emerged as a cryptologist of top executive departures. By analyzing company announcements and other data, his proprietary formula produces a "Push-Out Score" ranging from zero to 10. A zero indicates a completely voluntary departure, and a 10, an explicit ouster.

In April, when Arconic Inc. announced that then-CEO Klaus Kleinfeld was stepping down by mutual agreement after he sent an unauthorized letter to an activist investor that the board determined showed poor judgment, Mr. Schauber's formula gave his exit a maximum score of 10.

Arconic declined to comment on the score, and Mr. Kleinfeld couldn't be reached to comment.

On the other end of the scale, Rex Tillerson's decision to leave Exxon Mobil Corp. to become secretary of state in Donald Trump's administration generated a Push-Out Score of zero.

More often, the score ends up somewhere in between, suggesting some signs of pressure on an executive to go. Therein lies Mr. Schauber's challenge.

Mr. Schauber says he became interested in the subject during his university years studying linguistics and literature. While examining the works of Goethe, among others, he started collecting and poring over seemingly formulaic corporate announcements.

"I was fascinated," says Mr. Schauber, who has analyzed thousands of corporate announcements and their patterns. "It looks like boilerplate language, but if you look really closely at each word and how the words are weighed, each corporation has its own code. If there are deviations from that norm, there may be information there."

Mr. Schauber, who also is

an editor at the German financial newspaper Börsen-Zeitung, says Exchange's clients include executive recruiters and investors—particularly those interested in smaller companies whose management changes get little or no press coverage.

Fuzzy language such as "decided to leave the company," or omissions, such as words of appreciation but no praise for concrete successes, add to the Push-Out Score. So does quick departure timing, such as "effective next week," or statements that don't mention a permanent successor. If a departing CEO is under 60 and no concrete plans or new job is mentioned, that also adds to the score.

Mr. Schauber acknowledges that executives sometimes

'Each corporation has its own code... There may be information there.'

step down for different reasons altogether, despite a high number of possible push-out factors. The reverse also is possible.

At times, companies and executives have disputed his analysis or asked him to remove it from his website. He says he has never changed a score and would do so only if it had been based on incorrect data.

Some CEO departures need no decoding. In 2013, Groupon's then-CEO Andrew Mason announced his ouster in a staff memo. "I've decided that I'd like to spend more time with my family. Just kidding—I was fired today," he wrote.

Mr. Schauber says he often thinks about how his own departure statement might read. He isn't sure how clear-cut he would want to be. "Of course, I'd like to be sitting in the driver's seat in making the announcement," he says.

LIFE & ARTS

WEEKEND CONFIDENTIAL | By Alexandra Wolfe

Phil Hellmuth's Game Face

The 'poker brat' on the ups and downs of life as a professional player

PROFESSIONAL poker player Phil Hellmuth says that he got out of a slump eight years ago when he changed his email address. His luck turned, he explains, when he switched from the aspirational email moniker "tryingtobethegreatest" to the more self-assured "beingthegreatest." "I just wasn't winning anything," but then "I just started smashing," he says. "I'm a big believer in the power of your own words."

Over the course of his career, Mr. Hellmuth has won a record 14 World Series of Poker championships and more than \$21 million in prize money from live tournaments (as opposed to online gambling). His earnings from those tournaments currently place him in the all-time top 10 of professional poker players.

Last month, he released a new

autobiography, "Poker Brat"—which is his nickname because of his many animated temper tantrums in nationally televised tournaments. When he loses, the 6-foot-6

player sometimes spirals into profanity-laced tirades, berating dealers, his opponents or himself. He threw a fit recently when he was eliminated on the second day of the main event at this year's World Series of Poker.

Now 53, Mr. Hellmuth grew up in Madison, Wis., where his father was a college dean and his mother a sculptor. He got bad grades in high school and preferred playing games such as Scrabble, Monopoly and poker with his grandmother to studying. While a student at the University of Wisconsin-Madison, he started playing cards with local doctors and lawyers for money.

After three years of college, he told his father that he wanted to drop out and play poker professionally. His father, who has a Ph.D., a J.D. and an M.B.A., didn't react well. "There's no such thing as being a professional poker player," he told his son. "That's like being a drug dealer."

Nevertheless, Mr. Hellmuth dropped out in 1985 and started

playing in bigger games in Las Vegas. He found that he could make \$10,000 in a single night and was able to support himself with his poker winnings. Four years later, at age 24, he became the youngest person to win the World Series of Poker's main event. After that tournament, his father came around to his profession, and Mr. Hellmuth bought him a new Mercedes with his winnings. His parents now go to Las Vegas to watch him in at least one World Series of Poker event each year, Mr. Hellmuth says.

Much of his talent, he says, comes from his ability to detect patterns of behavior and read people. He often plays private, high-stakes poker games on the side. Sponsors have helped to fund him in some tournaments, but he says he's paid his own way for most of the 30-some years he's played in

the World Series of Poker. The fees add up: Players must buy into each event (a seat at the main event, Texas Hold'em, costs \$10,000) and cover travel and living expenses during the series, which can last up to two months.

Mr. Hellmuth says that he is always thinking about the reasons behind a mistake so that he can avoid making a similar one the next time. "Did I drink too much that night? Did I do this? Did I do that?" he says. "There are rules and lines and limits, and you struggle to negotiate and figure that out."

The stress of making big errors, as well as the ups and downs of making an income from tournaments, can dramatically affect poker players, he says. Some get depressed, while others have panic attacks. Mr. Hellmuth says that he has a panic attack roughly every four years. It's been three years since his last one.

Mr. Hellmuth and his wife, a doctor, have two grown sons and live in Palo Alto, Calif. When he's not playing poker, Mr. Hellmuth likes playing golf and watching basketball games. He's a big fan of the Golden State Warriors. He



Mr. Hellmuth says much of his talent comes from his ability to detect patterns of behavior and read people.

plays poker with some of the team members, though he won't reveal which ones.

His day-to-day schedule is unpredictable. He spends about half of his time traveling to poker games and to appearances at events, where he may be paid \$50,000 a night. He generally plays five or six tournaments a year outside of the World Series of Poker. He often plays late into the night and then sleeps in.

He'd like to improve his poker

brat behavior, though not everyone wants him to. Twenty years ago, when games weren't televised as often as they are now, poker officials used to tell him to work on his temper. But when the games started attracting more viewers on television, producers told him just to be himself. "What do you mean?" Mr. Hellmuth asked. "We need you to be the poker brat," they told him. He says his behavior isn't a strategy to throw off his opponents; he just can't help it.

Mr. Hellmuth accepts that people find his rants entertaining (as YouTube videos like "Top 5 Phil Hellmuth Meltdowns" attest), even though he insists that they don't show who he really is. "That's less than 1% of my life," he says. He thinks he's succeeded in becoming calmer, in part by focusing on the game in front of him rather than what happened earlier. But he knows he could do better. "I talk about how I've changed," he says, "but then I still lose it."

FILM

'HITMAN'S BODYGUARD': A SHOT AT THE TITLE

BY MICHAEL SALFINO

WHOM WOULD YOU TAKE in a box-office brawl: the preacher's wife or the devil's advocate?

Those are two of the most famous examples of how filmmakers have leaned on possessive titles repeatedly, if not always successfully, over the years. Call them "The Someone's Something" movies.

Up next: Ryan Reynolds and Samuel L. Jackson in Lionsgate's action comedy "The Hitman's Bodyguard," which opens Friday. Mr. Reynolds plays Michael Bryce, a bodyguard who has risked his life protecting clients from Darius Kincaid, an assassin played by Mr. Jackson. Bryce reluctantly agrees to protect Kincaid as he prepares to testify against a dictator.

The filmmakers can only hope the title proves a better marketing tool than others of its type. Earlier this year, "The Zookeeper's Wife" pulled in only \$17 million. That's nearly 10 times as much as the prior eight iterations dating back to the one blockbuster on the list, "The King's Speech," which hauled in \$139 million while winning the Oscar for Best Picture.

"The Hitman's Bodyguard" is the 61st example of this type of title for a feature film in the IMDb database, according to a search by Darin Hawley of the website HugeQuiz.



Samuel L. Jackson and Ryan Reynolds in 'The Hitman's Bodyguard,' the latest example of a possessive title.

"The General's Daughter," released in 1999, also grossed over \$100 million. That's one of 14 instances where the title character is identified as a child or spouse of a man whose occupations include preacher, bishop and farmer. Male characters have been identified this way in titles just twice in re-

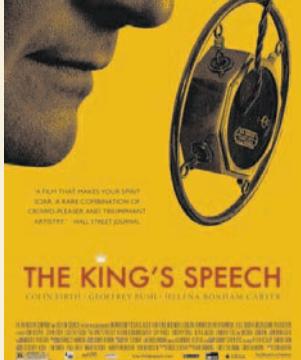
cent history, both in French films: "The Grocer's Son" (2007) and "The Hairdresser's Husband" (1990).

Then there's the devil, who's in the details of movie titles going back to the 1933 Laurel and Hardy comedy "The Devil's Brother." The biggest winner there? His lawyer.

"The Devil's Advocate," starring Al Pacino and Keanu Reeves, grossed \$61 million in 1997.

Mr. Jackson has been down this road before. "The Caveman's Valentine" flopped in 2001, taking in \$1.1 million. BoxOfficePro forecasts an opening weekend for "Bodyguard" in the \$19 million range.

'The Someone's Something' Movie Hall of Fame



The King's Speech (2010)
\$139 million

The General's Daughter (1999)
\$103 million

The Emperor's New Groove (2000)
\$89 million

The Time Traveler's Wife (2009)
\$63 million

The Sorcerer's Apprentice (2010)
\$63 million

The Devil's Advocate (1997)
\$61 million

Source: BoxOfficeMojo

OPINION

REVIEW & OUTLOOK

The Poison of Identity Politics

As ever in this age of Donald Trump, politicians and journalists are reducing the violence in Charlottesville, Virginia, on Saturday to a debate over Mr. Trump's words and intentions. That's a mistake no matter what you think of the President, because the larger poison driving events like those in Virginia is identity politics and it won't go away when Mr. Trump inevitably does.

The particular pathology on display in Virginia was the white nationalist movement led today by the likes of Richard Spencer, David Duke and Brad Griffin. They alone are to blame for the violence that occurred when one of their own drove a car into peaceful protesters, killing a young woman and injuring 19 others.

The Spencer crowd courts publicity and protests, and they chose the progressive university town of Charlottesville with malice aforethought. They used the unsubtle Ku Klux Klan symbolism of torches in a Friday night march, and they seek to appear as political martyrs as a way to recruit more alienated young white men.

Political conservatives even more than liberals need to renounce these racist impulses, and the good news is that this is happening. The driver has been charged with murder under Virginia law, and Attorney General Jeff Sessions opened a federal civil-rights investigation and issued a statement condemning the violence: "When such actions arise from racial bigotry and hatred, they betray our core values and cannot be tolerated." Many prominent conservatives also denounced the white-nationalist movement.

Mr. Trump was widely criticized for his initial statement Saturday afternoon that condemned the hatred "on many sides" but failed to single out the white nationalists. Notably, David Duke and his allies read Mr. Trump's statement as attacking them and criticized the President for doing so.

The White House nonetheless issued a statement Sunday saying Mr. Trump "includes white supremacists, KKK, Neo-Nazi and all extremist groups" in his condemnation. As so often with Mr. Trump, his original statement missed an opportunity to speak like a unifying political leader.

Yet the focus on Mr. Trump is also a cop-out because it lets everyone duck the deeper and growing problem of identity politics on the right and left. The politics of white supremacy was a poison on the right for many

decades, but the civil-rights movement rose to overcome it, and it finally did so in the mid-1960s with Martin Luther King Jr.'s language of equal opportunity and color-blind justice.

That principle has since been abandoned, however, in favor of a new identity politics that again seeks to divide Americans by race, ethnicity,

gender and even religion. "Diversity" is now the all-purpose justification for these divisions, and the irony is that America is more diverse and tolerant than ever.

The problem is that the identity obsessives want to boil down everything in American life to these categories. In practice this means allocating political power, contracts, jobs and now even salaries in the private economy based on the politics of skin color or gender rather than merit or performance. Down this road lies crude political tribalism, and James Damore's recent Google dissent is best understood as a *cri de coeur* that we should aspire to something better. Yet he lost his job merely for raising the issue.

A politics fixated on indelible differences will inevitably lead to resentments that extremists can exploit in ugly ways on the right and left. The extremists were on the right in Charlottesville, but there have been examples on the left in Berkeley, Oakland and numerous college campuses. When Democratic politicians can't even say "all lives matter" without being denounced as bigots, American politics has a problem.

Mr. Trump didn't create this identity obsession even if as a candidate he did try to exploit it. He is more symptom than cause, though as President he now has a particular obligation to renounce it. So do other politicians. Yet the only mission of nearly every Democrat we observed on the weekend was to use the "white supremacist" cudgel against Mr. Trump—as if that is the end of the story.

It isn't, and it won't be unless we confront this underlying politics of division. Not long ago we were rereading Justice Clarence Thomas's prophetic opinion in *Holder v. Hall*, a 1994 Supreme Court ruling on dividing voting districts by race.

"As a practical political matter," he wrote, "our drive to segregate political districts by race can only serve to deepen racial divisions by destroying any need for voters or candidates to build bridges between racial groups or to form voting coalitions." Writ large, Justice Thomas was warning that identity politics can destroy democratic trust and consent.

A Lesson in Soda-Tax Economics

The best laid plans of politicians often go awry, and then there's Philadelphia's soda tax. A new Tax Foundation report finds that the 1.5-cent-announce levy that took effect in January is hurting low-income workers and producing less revenue than promised, but at least it's helping beer sales. Allow us to explain.

Mayor James Kenney and the City Council sold the tax as a revenue boon that would finance universal pre-K education. But the Tax Foundation reports that only 49% of the revenue is going to pre-K in practice in the first five years while the rest is going to fund government-worker benefits and other city programs. Actual soda-tax collections in the first six months were already \$6.9 million below the city's estimate of \$46.2 million.

This is no surprise to anyone who knows the iron economic law that when you tax something you get less of it. In this case that means fewer soda sales. Daniel Grace, secretary-treasurer of Teamsters Local 830, estimates that soft-drink sales within the city are down by as much as

45%. His truck drivers earn money based in part on how many cases of soda they deliver, and he says the tax has halved their income. As bode-

gas, supermarkets and gas stations struggle to make up the lost sales of a core item, 165 of his members are out of work. Several ShopRite stores slashed employee hours this spring, and in March Pepsi announced it was laying off about 20% of its local workforce. Both blamed the soda tax.

The oddest twist is the beer boon. Pennsylvania's excise tax for beer is eight cents a gallon, but in Philadelphia the tax on the same unit of soda amounts to \$1.92, including on diet drinks. That means low-cost beer has a slight price advantage over soda for the thirsty.

This is also no surprise given that a 2013 Cornell study, "From Coke to Coors," examined a small-town soda tax and concluded that while long-term soft-drink consumption didn't diminish, ale purchases increased. We'll await a future report on whether these trends continue, but other cities might note that excise taxes don't repeal the laws of economics.

Fewer jobs, lower revenues, but a boost for beer sales.

Dan Loeb's Political Offense

Most of the world knows Daniel Loeb as the activist hedge-fund investor who sometimes shakes up complacent corporate managers. But he's also a disrupter of the status quo in New York education as a major supporter of charter schools. This explains why he has become a target of progressive politicians for a single ill-phrased Facebook post.

Mr. Loeb donates to New York politicians of both parties who support charter schools, including Governor Andrew Cuomo. Most Albany Democrats are beholden to the teachers unions, including Senator Andrea Stewart-Cousins, who is opposed by a group of independent Democrats led by Jeffrey Klein who sometimes join with Republicans on education policy.

Mr. Loeb responded with a Facebook post. "Thank God for Jeff Klein and those who stand for educational choice and support Charter funding," Mr. Loeb wrote. "Meanwhile hypocrites like Stewart-Cousins who pay fealty to powerful union thugs and bosses do more damage to people of color than anyone who has ever donned a hood."

The hood reference was unfortunate, not least because it gave unions and the left a chance to pounce. Mayor Bill de Blasio, who tries to undermine charters at every opportunity, demanded that Mr. Loeb resign as chair

of Success Academy schools. Randi Weingarten, the union chief who recently said the school-choice movement has its roots in "racism, sexism, classism, xenophobia and homophobia," also piled on. Mr. Loeb took down his Facebook post and apologized by saying "I regret the language I used in expressing my passion for

educational choice."

But Mr. Loeb has the right enemies, and no one should think their main objection is his Facebook post. Mr. Loeb's real offense is that he donates his time and money to providing children, especially poor and minority children, a path out of the dead end that is so many failing New York public schools.

Union leaders and their political subsidiaries know they can't defend their school record on moral grounds, so they seek to label anyone who favors choice as racists. That's the point of Ms. Weingarten's recent speeches.

Ms. Weingarten has also bullied government pension funds to stop investing in Mr. Loeb's Third Point hedge fund and other funds whose owners donate to charters. Mr. Loeb has the investing track record to withstand such a boycott, and to his credit he has remained a public supporter of charters. The shame is that so few other rich Americans are willing to stand up to political bullies on behalf of poor children.

The investor is a target because he supports charter schools.

Imperialists Invade Venezuela



AMERICAS
By Mary Anastasia O'Grady

Asked on Friday about the deteriorating situation in Venezuela, President Trump said "I'm not going to rule out a military option." But he has yet to articulate the geopolitical dimension of the Venezuelan crisis.

An Aug. 5 rebel raid on a weapons arsenal at Fort Paramacay, Valencia, suggests that factions of the armed forces are ready to break with strongman Nicolás Maduro. This is logical since rank-and-file military from middle-class families have been hit hard by food shortages. And some soldiers are constitutional loyalists. They have kept silent to preserve their careers, but they are surely unhappy.

Venezuela's civilian population, particularly in rural areas, is well-armed. With 80% of the country opposed to the Maduro regime, a fracture inside the military raises the odds that a popular rebellion might succeed.

But the opposition has an uphill climb. Some of the army's would-be rebels oppose Mr. Maduro only because they believe he sold out the revolutionary values of Hugo Chávez. If they prevail, the democrats get nowhere.

Consider also that although a counterrevolution threatens the status quo, it also presents opportunities for the dictatorship. The regime is likely to respond to an uprising by unleashing unprecedented repression.

The opposition to Mr. Maduro also is up against an array of international antidemocratic forces. The cabal is run by Cuba on the ground but backed financially and strategically by Iran, Russia and Syria. These countries have been preparing for many years for a conflict that would establish Latin America's "new world order." They would also welcome the inevitable refugee crisis.

The key to understanding the danger is to assess properly Venezuela's vice president, Tarek El Aissami. He is close to Raúl Castro but also to Iran and Syria.

Back in 2014 he was governor of the state of Aragua, where two companies owned by the Iranian military were engaged in secretive joint ventures with the Venezuelan military industry.

Mr. El Aissami's immigrant father is from Syria's As-Suwaidya governorate, a stronghold of Bashar Assad. The younger Mr. El Aissami maintains close ties to the area.

In 2003, before Mr. El Aissami was a governor, Chávez assigned him to work with Cuban intelligence to overhaul the Venezuelan immigration agency. Earlier this year I interviewed Misael López Soto, a former legal attaché in the Venezuelan Embassy in Iraq. He told me he left the job in 2015 because he objected to selling Venezuelan documents to people suspected of membership in foreign terrorist organizations.

The regime pushed back against that claim, but CNN reported in April that six Venezuelans had been arrested for selling passports to Syrians.

A former director of Venezuela's immigration agency, Vladimir Medrano Rengifo, has asserted that Mr. El Aissami turned the office into a passport mill for Middle Easterners. Mr. Medrano told the Miami Herald in April that when he tried to detain and deport Syrians with irregular documents, Mr. El Aissami wouldn't allow it: "He pressured us in an excessive manner so that these procedures would not be carried out and to let his 'cousins,' as he called them, pass."

Mr. Medrano estimated that within one year Venezuela issued some 10,000 illegal passports. "Today we don't know where these people are, nor what they are doing," he said. "They could be anywhere in the world, traveling with Venezuelan documentation."

Maduro depends on Russia, Iran and Syria for financial and strategic backing.

During Mr. El Aissami's 2007 stint as vice minister of the interior and then as minister of the interior from 2008 to 2012, he created the Bolivarian National Police and took charge of training law enforcement. Joseph Huimire, executive director of the Washington-based Center for a Secure Free Society, says field research suggests a high probability that Mr. El Aissami places his imported Middle Eastern extremists in Hezbollah-style training camps around the country.

"Hezbollah/Iranian operatives turned Venezuelan police and military instructors" conduct arms, internal defense, and specialized technical training, he says. They also travel between Venezuela and the Middle East.

The ideology of Venezuela's minister of defense, Vladimir Padrino López, is captured in a 2015 photo of him kneeling before Fidel Castro. But he is reputed to be even closer to the Kremlin. In January, Venezuela launched a series of civil-military exercises around the country, dubbed Plan Zamora, under the guidance of advisers from Iran, Russia and Cuba.

Russia supplies arms to Venezuela. In November the Kremlin sent new aviation and air-defense technology to Caracas. Reuters reported in May that Venezuela now has 5,000 Russian-made MANPADS surface-to-air weapons,

"referring to the shoulder-launched missiles. This represents the largest known stockpile in Latin America."

Venezuelan democrats are ready to rebel. But they are starving, and also confronting an invasion by some of the world's most experienced dictators. Perhaps the place for the free world to begin a rescue is to name the enemy.

Write to O'Grady@wsj.com.

Qatar Will Not Be Intimidated

By Mutlaq Al-Qathani

As the Gulf crisis enters its third month, it is clear the blockade against Qatar has not succeeded.

If Saudi Arabia and the United Arab Emirates—the countries driving the confrontation, despite the appearance of a unified bloc—hoped to bring Qatar to its knees, they have failed. If they hoped to damage Qatar's reputation and improve their own, they have failed. If they hoped to enhance their relationship with the U.S. at Qatar's expense, again, they have failed.

Instead, the anti-Qatar smear campaign has put a spotlight on the shameful history and unsavory practices of the Saudis and Emiratis themselves.

Saudi Arabia justifies the blockade by alleging that Qatari authorities "support extremists and terrorist organizations." But the accusation only reminds observers that the Saudis have consistently failed to prevent the radicalization of their citizens.

Fifteen of the 19 hijackers in the 9/11 attacks were Saudis. Thousands of Saudi citizens have taken up arms to join Islamic State and other radical groups. Saudi textbooks are used in Islamic State schools. Many of the five dozen groups that the U.S. State Department designates as terror organizations are funded by Saudi nationals.

The Emiratis have taken a similarly hypocritical stance. While the U.A.E. falsely portrays itself as America's best ally in the region, its track record is no better than Saudi Arabia's. Two Emiratis participated in the Sept. 11 hijackings, and the staff report to the 9/11 Commission revealed that much of the funding for the attacks flowed through the U.A.E., which was a world hub for money laundering.

The U.A.E. has fared no better with regard to freedom of speech and

press. In 2014 authorities arrested a man for plotting a terrorist attack on a Formula One racetrack in Abu Dhabi. But the Emiratis prohibited international media outlets from reporting on the trial.

The U.A.E.'s recent clampdown on free speech has been widely condemned, especially after the country's Justice Ministry said in June that supporting Qatar on social media could be punishable by fines and even prison time.

It's time to resolve the dispute, which is driven by Saudi and Emirati hypocrisy.

Meanwhile, leaked emails show that Emirati officials were conspiring with a variety of interest groups and lobbyists on a campaign to slander Qatar long before the blockade was imposed. Now intelligence experts and Qatar's cybersecurity services have identified the U.A.E. as the perpetrator of the hacking of Qatar News Agency, which set the entire Gulf crisis in motion.

Surely this kind of publicity can't be what the Saudis and Emiratis hoped for when they instigated this crisis. Yet the longer the blockade goes on, the more damaging information the world will learn about them—and the more difficult it will be to resolve their differences with Qatar.

It's time to abandon the public-relations campaigns, the blockade, the ultimatums and the pressure tactics and meet at the negotiating table, so we can broker a fair and just resolution to the Gulf crisis.

Mr. Al-Qathani is special envoy for Qatar's foreign minister for counterterrorism and mediation of conflict resolution.

OPINION

We're Holding Pyongyang to Account

By Jim Mattis
And Rex Tillerson

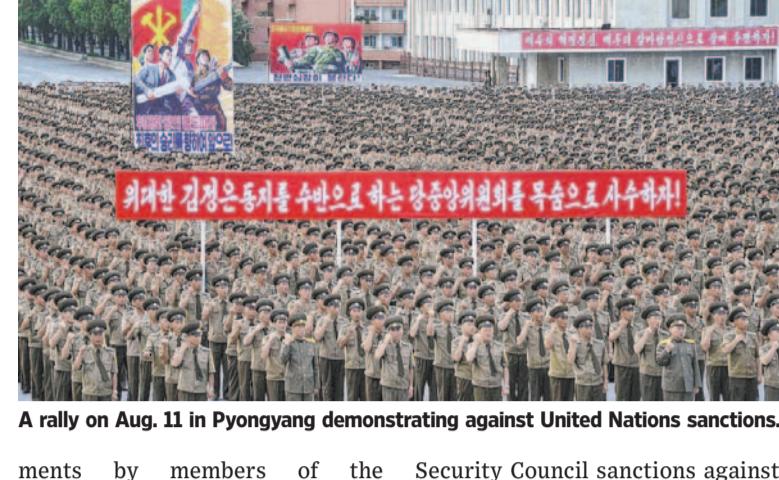
In the past few months, multiple illegal North Korean ballistic-missile and ICBM tests—coupled with the most recent bellicose language from Pyongyang about striking the U.S., Guam, our allies and our interests in the Asia-Pacific region—have escalated tensions between North Korea and America to levels not experienced since the Korean War.

In response, the Trump administration, with the support of the international community, is applying diplomatic and economic pressure on North Korea to achieve the complete, verifiable and irreversible denuclearization of the Korean Peninsula and a dismantling of the regime's ballistic-missile programs. We are replacing the failed policy of "strategic patience," which expedited the North Korean threat, with a new policy of strategic accountability.

The U.S., its allies and the world are united in our pursuit of a denuclearized Korean Peninsula.

The object of our peaceful pressure campaign is the denuclearization of the Korean Peninsula. The U.S. has no interest in regime change or accelerated reunification of Korea. We do not seek an excuse to garrison U.S. troops north of the Demilitarized Zone. We have no desire to inflict harm on the long-suffering North Korean people, who are distinct from the hostile regime in Pyongyang.

Our diplomatic approach is shared by many nations supporting our goals, including China, which has dominant economic leverage over Pyongyang. China is North Korea's neighbor, sole treaty ally and main commercial partner. Chinese entities are, in one way or another, involved with roughly 90% of North Korean trade. This affords China an unparalleled opportunity to assert its influence with the regime. Recent state-



A rally on Aug. 11 in Pyongyang demonstrating against United Nations sanctions.

ments by members of the Association of Southeast Asian Nations, as well as other regional and global voices, have made clear the international community holds one view regarding North Korea's provocative and dangerous actions: They must stop. Pyongyang must stand down on those actions.

China has a strong incentive to pursue the same goals as the U.S. The North Korean regime's actions and the prospect of nuclear proliferation or conflict threaten the economic, political and military security China has worked to build over decades. North Korea's behavior further threatens China's long-term interest in regional peace and stability.

If China wishes to play a more active role in securing regional peace and stability—from which all of us, especially China, derive such great benefit—it must make the decision to exercise its decisive diplomatic and economic leverage over North Korea.

Our diplomatic approach also proceeds through the United Nations. The Security Council's recent unanimous vote imposes new sanctions on North Korea and underscores the extent to which the regime has chosen to isolate itself from the international community. This vote, which also had Russia's support, reflects the international will to confront the North Korean regime's continuing threat to global security and stability.

We urge all nations to honor their commitments to enforce U.N.

Security Council sanctions against North Korea and to increase diplomatic, economic and political pressure on the regime, specifically through the abandonment of trade, which finances the development of ballistic and nuclear weapons. The U.S. continues to consolidate international unity on the North Korean issue through increased engagement at the U.N., at regional diplomatic forums, and in capitals around the world.

While diplomacy is our preferred means of changing North Korea's course of action, it is backed by military options. The U.S. alliances with South Korea and Japan are strong. But Pyongyang has persistently rebuffed Seoul's attempts to create conditions whereby peaceful dialogue can occur, and has instead proceeded on its reckless course of threats and provocation.

As a result of these dangers, South Korea's new government is moving forward with the deployment of U.S. Terminal High-Altitude Area Defense against the threat. We commend South Korea's decision to deploy this purely defensive capability.

Installing Thaad launchers on the Korean Peninsula and conducting joint military exercises are defensive preparations against the acute threat of military actions directed against the U.S., our allies and other nations. China's demand for the U.S. and South Korea not to deploy Thaad is unrealistic. Technically astute Chinese military officers under-

stand the system poses no danger to their homeland.

Absent China using its influence to show the world how a great power should act to resolve such a well-defined problem as North Korea's pursuit of nuclear weapons and long-range missile capability, others in the region are obliged to pursue prudent defensive measures to protect their people. China's Security Council vote was a step in the right direction. The region and world need and expect China to do more.

The U.S. is willing to negotiate with Pyongyang. But given the long record of North Korea's dishonesty in negotiations and repeated violations of international agreements, it is incumbent upon the regime to signal its desire to negotiate in good faith. A sincere indication would be the immediate cessation of its provocative threats, nuclear tests, missile launches and other weapons tests.

The U.S. will continue to work with our allies and partners to deepen diplomatic and military cooperation, and to hold nations accountable to their commitments to isolate the regime. That will include rigorous enforcement of sanctions, leaving no North Korean source of revenue untouched. In particular, the U.S. will continue to request Chinese and Russian commitments not to provide the regime with economic lifelines and to persuade it to abandon its dangerous path.

As always, we will embrace military preparedness in the defense of our homeland, our citizens and our allies, and in the preservation of stability and security in Northeast Asia. And we will say again here: Any attack will be defeated, and any use of nuclear weapons will be met with an effective and overwhelming response.

North Korea now faces a choice. Take a new path toward peace, prosperity and international acceptance, or continue further down the dead alley of belligerence, poverty and isolation. The U.S. will aspire and work for the former, and will remain vigilant against the latter.

Mr. Mattis is U.S. secretary of defense. Mr. Tillerson is U.S. secretary of state.

Business Rivals Agree On Policy

By David Abney
And Frederick W. Smith

At a time when the U.S. needs unity and bold reforms, American businesses must be partners in building the future. While the business community has diverse interests, every company should agree on basic policy priorities if we want to be globally competitive. That's why we are speaking out together—two fierce competitors, UPS and FedEx, who battle daily in the global marketplace but stand shoulder to shoulder on the need to make government policies more equitable, growth-oriented and simple.

The U.S. is at an inflection point as we experience an explosion of technological innovation and urban population growth. But we aren't seizing the opportunity to grow our economy fast enough. From our discussions with diverse audiences—entry-level workers to fellow CEOs, from city councils to the highest levels in Washington—we believe that business and government can forge a consensus on policies that work for America.

Simplify taxes, invest in transport infrastructure, and expand international trade while keeping it fair.

Broadly, we need to embrace ambitious targets for growth in our national economy. The 2% annual growth of recent years isn't enough. Thinking bigger will encourage company planners to innovate and unleash productivity. Both UPS and FedEx are competing to stay ahead of the booming e-commerce market by expanding and launching new technologies. With the right policies in place, everyone can prosper:

• *Simplify taxes.* The principles of simple, fair and progressive taxation are vital. If you lower rates, eliminate loopholes and otherwise simplify the code, you create opportunity for growth. Studies show that permanently lowering the corporate rate by even 10 percentage points would increase GDP by 1% to 2% without lowering tax revenue. That means our government could still fund programs critical to success while allowing individuals and businesses to invest more for growth.

• *Invest in infrastructure.* We must expand and modernize our roads, bridges, airports, seaports and other modes of transportation. China, India, and others are investing big in infrastructure while the U.S. lags. We need a long-term national approach with accountability and multiple funding mechanisms, including user fees and innovative partnerships with the private sector.

UPS and FedEx are major users of the transportation system, and we are prepared to pay our share for the use of new roads, bridges and aviation systems. But we also believe those funds should be dedicated specifically to transportation infrastructure. And the time is now to find new ways of encouraging productivity, such as longer combination vehicles and safety enhancements.

• *Free and fair trade.* In a globally interconnected world, trade is vital to every American. With 95% of the world's consumers located outside the U.S., we need to lead globalization through negotiation of high-standard free-trade agreements. Similarly, policies like Open Skies have enabled companies like ours to serve a global marketplace.

The effort to negotiate new, modern trade deals, like the renegotiation of the North American Free Trade Agreement, will be game-changers in moving beyond tariff barriers to enable U.S. export and e-commerce growth. Establishing the right framework for commercial ties with all countries is an essential part of American competitiveness. U.S. companies don't fear competition, but we need policies that keep it fair.

Some may think that American business and the administration are out of sync on trade. We're not. We all agree on the need to grow and reach new markets, and we recognize the importance of not just making but enforcing fair and objective rules. If we can all play by the same rules, competition will thrive, and so will innovation, entrepreneurship and growth.

Now is the time for Americans to think and act boldly. By coming together and rallying around these key initiatives, we can increase global prosperity. If fierce competitors can agree on these fundamental policy priorities, can't we all?

Mr. Abney is chairman and CEO of UPS. Mr. Smith is chairman and CEO of FedEx Corp.

White Nationalists Give Up Trying to Be Respectable

By Benjamin R. Teitelbaum

Amid the chaos of Saturday's "Unite the Right" rally in Charlottesville, Va., one white nationalist, Daniel Friberg, walked the streets with relative ease. Dapper in a smart suit and sunglasses, and speaking to camera crews calmly with a Johnny Cash bass voice, he stood out from the howling, baton-wielding masses that surrounded him.

Mr. Friberg, 39, has been a central figure of radical anti-immigrant activism in his native Sweden for more than two decades, and he is no stranger to confrontation. Still, his appearance in Charlottesville was a surprise. Virtually all of his projects from the early 1990s until recently have focused on moderating and mainstreaming the white-nationalist cause—on countering the stereotypes of brutishness and chauvinism that were on display in Charlottesville.

His participation in the rally reflects a shifting zeitgeist within organized white nationalism, which is moving from accommodating critics to ignoring them. Although the media coverage of Saturday's events focused on its scenes of violence, the appearance of figures like Mr. Friberg has the most to teach us about the current state and future of this movement.

More so than the careers of sensationalized figures like David Duke and Richard Spencer, Mr. Friberg's path shows the broader trends and transformations of latter-day white nationalism in the West. He grew up during the 1990s, when skinhead subculture attracted waves of disgruntled young white men.

Despite its mobilizing power, skinhead subculture rarely led to much beyond petty violence and rabble-rousing, especially in Mr. Friberg's home country. By 2000, Sweden had an oversize nationalist skinhead scene with a world-leading white-power music industry but no serious anti-immigrant political party in Parliament to show for it.

And while Mr. Friberg had entered activism through neo-Nazi skinhead—shaving his head and doing most of his political networking at concerts—he quickly began cultivating alternatives, striving, like many of his reformist-minded colleagues, to be everything skinheads were not.

He co-founded newspapers, book wholesalers, blog portals, publishing houses and an online encyclopedia. Whereas he once staged music-centered festivals, he gradually turned toward organizing seminars.

He likewise sought to transform the rhetorical and ideological content in these channels. Some of his early projects voiced Third Reich nostalgia and demonized nonwhite minority groups, but anti-Semitism and racial supremacy later were replaced with calls for a purportedly nonchauvinistic ethnic separation. His campaign of reform even trafficked in fashion: Throughout these years he moved from looking like a skinhead, to an "average Joe" in jeans and sneakers, to a sharp banker.

Mr. Friberg's assumption—that a white nationalism cast in this methodological, ideological and stylistic mold would be more politically formidable—seemed validated. By 2015 his portfolio of projects included Arktos Publishing and the Wikipedia-inspired site Metapedia, both of which command a considerable

global following. His ideas and the language featured in his initiatives have shaped the activism of anti-immigrant causes, both mainstream and fringe.

Daniel Friberg, a media-savvy Swede, stood there in Charlottesville alongside the hooligans.

Then came the alt-right and Donald Trump's candidacy. The movements of 2016 suggested to white nationalists that major political advance was possible even when striking an unrefined and unapologetic posture. The alt-right, after all, doesn't project the erudite, upstanding and inoffensive image to which people like Mr. Friberg once aspired.

Nor did Mr. Trump. The alt-right's true distinguishing features aren't ideological but methodological and stylistic—its tactics of vulgar antagonism waged in the lowbrow, juvenile arenas of online trolling and

From "Is Charlottesville What's Really Going on in the USA?" by Roger Simon, PJMedia.com, Aug. 12.

Being a Jewish fella, I don't hold much brief for white supremacists and neo-Nazis. But until this Saturday, I hadn't seen a lot of them around lately. And I've been going about the country quite a bit for the last couple of years, hitting roughly half the states, including some like Mississippi where the Klan was once riding high.

I'm happy to report that on my visit to the black-owned Two Sister's Kitchen in the capital of that state, Jackson, blacks and whites were both equally, and contentedly in my eyes, braving the criticism of their cardiologists for what is reputed to be the best fried chicken in town. I recommend it wholeheartedly (no pun intended).

Nevertheless, the types who surfaced in Charlottesville on Saturday are certainly human beings of the most repellent and disgusting sort, murderous too—pretty much violent, evil sociopaths. I wouldn't mind if they were all rounded up, put in a space ship, and sent on a one-way trip to Alpha Centauri.

But how many of them are there really in this land of ours and is this an epidemic?

meme culture. Sympathetic spectators were also able to witness Mr. Trump challenge feminist and multiculturalist dogma with unabashed swagger while vying for power in the liberal West—and win.

All this is poised to change white nationalists' calculation that only accommodation and covert infiltration of the mainstream can lead to success. Perhaps now they will move about the public square as their true selves, whatever that may mean.

While they may be wrong to draw such conclusions—overestimating the acceptance of explicit white identity politics in Western society—figures like Mr. Friberg seem to be acting on what they see as a newfound freedom to appear wherever and however they like.

Don't expect to see them at their rallies with shaved heads and swastika armbands. But do expect to see them walking next to the hooligans, now unashamed.

Mr. Teitelbaum is a professor of ethnomusicology at the University of Colorado, Boulder, and author of "Lions of the North: Sounds of the New Nordic Radical Nationalism."

Notable & Quotable: A Fringe

From "Is Charlottesville What's Really Going on in the USA?" by Roger Simon, PJMedia.com, Aug. 12.

Well, it's hard to tell because statistics are scant and various organizations have their reasons for inflating or deflating the numbers. But we could start with the History Channel... which informs us that the Klan, at its height in the 1920s, had four million members. Since the population then was just over one hundred million, that's close to four percent of the country....

By the 1990s, however, the same source tells us the Klan was down to a paltry 6,000-10,000... nationwide. Has it gone up since then? Hard to say, but if so, not much.

Well, okay, the Klan, although it's the most famous and features the ever-popular David Duke, is not the only organization of wretched white supremacists. There are a number of others. So for the sake of argument, let's say there are as many as 100,000 white supremacists in America today. (This is undoubtedly a vast exaggeration, but let's use it, as I said, for the sake of argument.)

Meanwhile, since the 1920s, our population has more than tripled to some 325 million. Using the figure of 100,000 white supremacists (not many of whom made it to Charlottesville, fortunately), this puts the percentage of white supremacists in the U.S. at a puny 0.03%. Terrible people, yes, but no epidemic by any stretch of the imagination.

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LIFE & ARTS

ART

An Artist's Moment in the Sun

A new exhibit focuses on Charles Burchfield's strikingly precise depictions of weather

BY SUSAN DELSON

LIKE EVERYONE ELSE, Charles Burchfield couldn't do much about the weather. But he could paint it—which he did, gloriously, imaginatively and, according to Stephen Vermette, quite accurately.

Dr. Vermette, a professor at Buffalo State College, is the rare climatologist who has also co-curated an art exhibition: "Charles E. Burchfield: Weather Event," opening Sept. 16 at the Montclair Art Museum in Montclair, N.J.

Burchfield (1893–1967) was "one of the great visionary modern artists of the 20th century," said Montclair's chief curator, Gail Stavitsky. He was also a link between 19th-century naturalists like Henry David Thoreau and the modern environmental movement, said the show's other co-curator, Tullis Johnson of the Burchfield Penney Art Center at SUNY Buffalo State, where the exhibition originated. Drawn almost entirely from the center's collections, the show's 40-some watercolors, sketches and other works reflect both the visionary quality of Burchfield's art and his precision in depicting meteorological phenomena.

Raised in Salem, Ohio, in the eastern part of the state, Burchfield studied at the Cleveland School of Art before briefly serving in the Army—where he designed camouflage for tanks and other objects—in 1918. He painted and sketched throughout the late 1910s, depicting nature and weather in an outpouring of detailed, imaginative landscapes.

In 1921 he moved to Buffalo, N.Y. There Burchfield worked as a wallpaper designer before quitting in 1929 to paint full-time, in a style that reflected the rise of realism in the Depression era. Along with his friend Edward Hopper, he quickly established a reputation as an interpreter of American life, with paintings that depicted

downtown Buffalo, industrial scenes and the like. In 1936, Life magazine named Burchfield one of America's 10 greatest painters.

A few years earlier, in 1930, the newly established Museum of Modern Art gave Burchfield a show—its first one-person exhibition since opening the previous November. But the art that caught MoMA director Alfred Barr's eye was his earlier landscapes—his most modern work up to that point, said Dr. Stavitsky. In the mid-1940s Burchfield returned to the themes of that earlier work, continuing to explore landscape, nature and weather until his death in 1967. Those bookended chapters of his creative life are the basis of "Weather Event."

Loosely chronological, the show opens with a sustained look at Burchfield's youthful output in Salem before jumping to the later years in Buffalo. Within those two sections, the works are grouped by theme—cloud studies, seasonal transitions, haloed moons and more. The accompanying wall and label texts highlight not only art-related themes but meteorological aspects as well.

Take, for example, the drawings that Burchfield called "all-day sketches." In 1915, he did dozens of them, each a timeline of the changing weather on a specific day. "Looking at the dates and the actual weather data," said Dr. Vermette, it was possible to confirm that "yes, this is a visual depiction of what the data says is happening."

For some of the works, visitors can listen on their cellphones to a simulated weather broadcast for the date and location being depicted—a touch of verisimilitude that the artist himself might have



In Burchfield's 1952 'July Sunlight Pouring Down,' shafts of light appear to become nearly solid.

appreciated.

Two 1915 works, both titled "Flaming Orange Northern Sky at Sunset/V-4," seemed far too vividly colored to be accurate—until Dr. Vermette discovered that Lassen Peak, a volcano in California, had erupted in May 1915, two months earlier. "Brilliant sky colors, especially at sunset, often occur after volcanic eruptions," he noted. While it isn't possible to make a definitive connection between the eruption and Burchfield's fiery sunsets, "it makes sense," he said. "It fits."

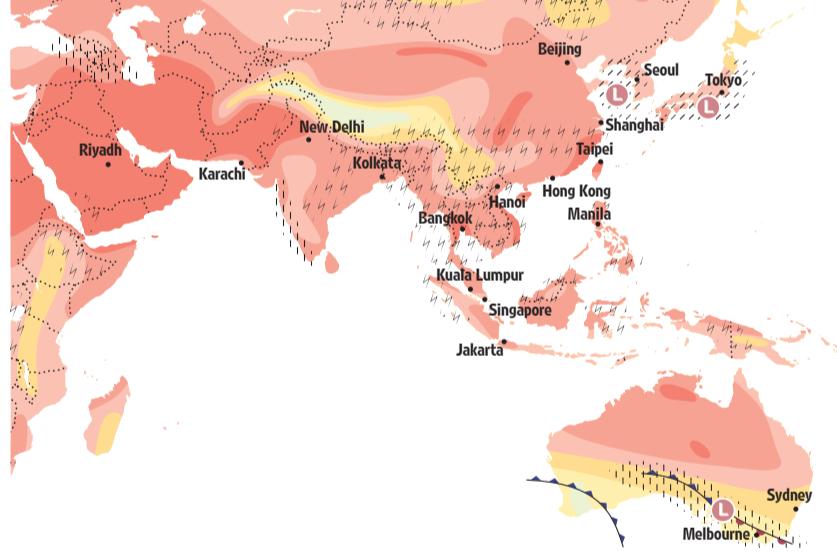
Beyond weather conditions, Burchfield's works convey a deeper sense of what he experienced in nature. As early as 1917,

he began developing a vocabulary of symbols to visually represent emotions, and some of them "are not so dissimilar from the ways a meteorologist might represent the weather," said Mr. Johnson. One such symbol appears in "Clearing Sky," a watercolor dated July 1, 1917. A strong wind, blowing right to left, is indicated by curved chevrons pushing across the picture—for Burchfield, emblems of movement and change that, in simplified form, might not appear out of place on a weather map.

Burchfield continually looked for ways to depict non-visible aspects of nature, including sound and energy. The shafts of yellow light in the 1952 watercolor "July Sunlight Pouring Down" become nearly solid as they reach the ground, while the tree at the center bends under its burden of light as if under a heavy snowfall, and the vegetation below appears to release heat in undulating waves. In the 1950 drawing "Sun Over Wheatfield," a vista of ripe, heavy grain undulates with the heat, but the sun itself—small, dark and canopied with free-form, abstract rays—dominates the composition.

Burchfield's concern for nature extended beyond simply painting it. Even as a young man, said Mr. Johnson, "he would often write about the sulfur leaching out of the coal mines in Salem, and lament the loss of the fish from the streams there." He was a member of the Nature Conservancy, and had he lived another 10 years, Mr. Johnson added, "he would have probably fit into the role of an environmentalist." As it is, Burchfield fits elegantly into the role of visionary artist and interpreter of the natural world. And as "Weather Event" demonstrates, he's not a bad meteorologist, either.

Weather

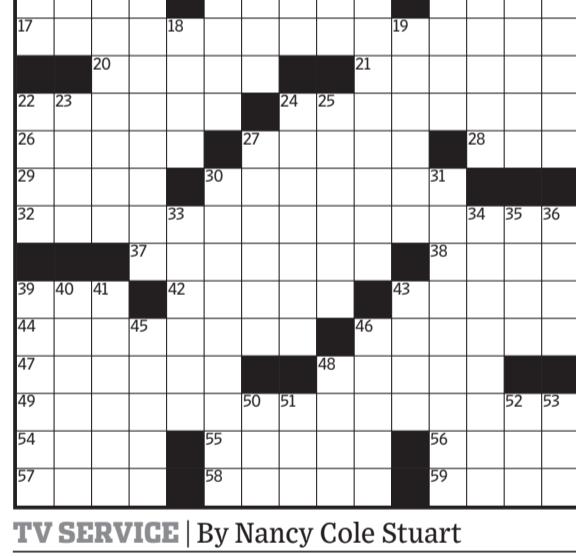


Global Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	23	14	t	23	15	pc
Anchorage	17	11	pc	14	10	r
Athens	33	26	s	34	26	s
Atlanta	31	23	t	32	24	t
Bahrain	45	28	s	46	32	s
Baltimore	29	19	pc	32	21	pc
Bangkok	35	26	t	33	26	t
Beijing	31	22	pc	29	20	t
Berlin	28	18	pc	24	15	pc
Bogota	20	9	c	20	9	t
Boise	30	15	s	31	15	s
Boston	27	20	pc	29	17	s
Brussels	25	13	t	24	16	pc
Buenos Aires	20	6	s	16	5	s
Cairo	34	25	s	34	25	s
Calgary	22	9	pc	25	10	pc
Caracas	32	25	pc	32	26	t
Charlotte	33	22	pc	33	22	t
Chicago	28	20	pc	28	23	t
Dallas	36	26	pc	37	26	s
Denver	29	13	pc	26	13	t
Detroit	30	18	t	31	21	t
Dubai	43	34	s	40	33	s
Dublin	18	12	sh	17	12	r
Edinburgh	18	9	sh	18	13	r
Frankfurt	29	16	t	25	16	pc

The WSJ Daily Crossword | Edited by Mike Shenk



TV SERVICE | By Nancy Cole Stuart

Across		
1 Dudley's "Arthur" co-star	24 False show	44 0° Celsius
5 Radar screen flashes	26 Radiant circles	46 Rubber
10 Appendectomy reminder	27 Angora and cashmere	47 Hawaiian "thankyou"
14 Reply from the congregation	28 ___ Lingus (Irish carrier)	48 Kitchen gadget
15 1966 hit "Walk Away ___"	29 Tel ___,	49 ABC medical drama from 2007 to 2013
16 Bull, in Barcelona	30 Rabies vaccine developer	54 Tackle box item
17 CBS kids program from 1955 to 1984	32 ABC soap opera from 1963 to the present	55 Perfect
20 Spotted horse	33 Dog deliveries	56 Kite attachment
21 Begin a journey	38 Pundit	57 River of Flanders
22 Perfumery products	39 Service address	58 Keeps in check
	40 Hybrid	59 Brand with Regenerist skin products
	43 Staff markings	

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

Down	
1 Lancelot du ___,	25 Helicopter parts
2 " ___ little teapot..."	27 1978 NBA MVP Bill
3 The Hindenburg, for one	30 Like country fans?
4 Convention-defying read	31 Operatic jester
5 Yanks' allies	33 Swiss cough drop brand
6 Carson's successor	34 Helpful software feature
7 Calligrapher's need	35 Brother of Athena
8 Casserole tidbit	36 Thick with vegetation
9 Lacking purpose	39 Just
10 Put into words	40 Ill-fated flyer
11 Radiant circle	41 Put back on the payroll
12 Kindle	43 Traffic cop?
13 Enthusiastic fan	45 One who makes a lot?
18 Kitchen invaders	46 Net results?
19 Avoids a knockout	48 Zodiac animal
22 Carpet type	50 End of a coll. address
23 Lair for a bear	51 According to
24 Most upscale	52 MI6 counterpart
	53 English cathedral city

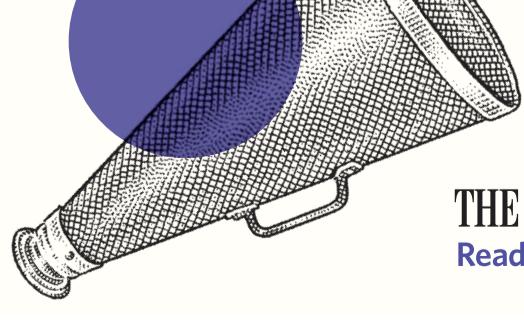
Previous Puzzle's Solution

B A R B Y A W L I I G O R
I D I O M A L L O E N O A H
K I D N A P P I N G H E R O
E V E N S O D U D E S
D E R C U B R E P O R T E R
R O A R N I O B E
M I R S O O T O U T S E T
A W E P U P T E N T E R
G I M L E T I V E S A T O
I S A A C G N A T
C H I C K M A G N E T E M T
N O S I R R O A M E R
A D D S C A L F M U S C L E
S U E T A G E E T I E O N
H E R E H E E D S E N D

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BUSINESS & FINANCE

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Tuesday, August 15, 2017 | B1

Yen vs. Dollar 109.5270 ▲ 0.31% **Hang Seng** 27250.23 ▲ 1.36% **Gold** 1281.40 ▼ 0.49% **WTI crude** 48.20 ▼ 1.27% **10-Year JGB yield** 0.055% **10-Year Treasury yield** 2.211%

Beijing Tightens Governance Grip

Many state firms listed in Hong Kong put boards under guidance of Communist Party

BY GREGOR STUART HUNTER AND STEVEN RUSSOLLO

A push to establish the Communist Party in Chinese state enterprises is rolling through Hong Kong, raising corporate-governance concerns in one of the year's best-performing stock markets.

Since 2016, at least 32 Chinese state-owned companies or units listed in Hong Kong have proposed changes to their corporate structures to install Communist Party committees

that advise their boards of directors. The moves, most coming in recent months, are prompting questions from market participants about who holds power at these companies, and whether they will be run for the benefit of investors.

The changes follow directives from Beijing, which has been pushing to establish the Communist Party's role in corporate charters on the mainland. They make explicit what many had already assumed: that China's ruling party—the country's sole governing authority despite the existence of several other political parties—keeps a tight grip on the country's state-owned firms. Those firms now make up the bulk of Hong Kong's market.

For the past two decades, Beijing has listed the stocks and bonds of its state-owned enterprises in Hong Kong—the offshore finance center with a separate business-friendly legal system—as a means of raising capital from global investors to fuel China's economic expansion.

The companies now placing their boards under party guidance include some of the biggest listed in Hong Kong, with a combined market capitalization of 9.7 trillion Hong Kong dollars (US\$1.2 trillion)—almost a third of the total value of stocks listed on the city's exchange.

They include China's biggest bank, **Industrial & Commercial Bank of China**, its largest bro-



Logo for Citic Securities.

kerage, **Citic Securities**, and oil-and-gas giant **China Petroleum & Chemical Corp.**, better known as Sinopec.

Many of the companies have passed amendments to

their corporate structures and others are being put to shareholder vote in the next few weeks.

"When making decisions on significant matters, the Board shall seek advice from the Party committee of the Company," reads the amended article of association of Beijing-based engineering contractor **China Machinery Engineering Corp.** Not all big state-owned enterprises have changed their charters. **PetroChina Co.**, the listed unit of China's biggest oil company, whose shares trade in Shanghai, Hong Kong and New York, hasn't done so. Petro-China declined to comment.

So far, the Hong Kong stock market has largely ignored the

Please see MARKET page B2

Fannie, Freddie Sell Off Risk

BY SAM GOLDFARB

Investors are snapping up a new type of security sold by **Fannie Mae** and **Freddie Mac**, increasingly assuming the risks of mortgage defaults from taxpayers and powering a quiet transformation of the housing giants after almost a decade of government control.

Fannie and Freddie have sold roughly \$48 billion of the securities since 2013 to a broadening group of buyers, including asset managers and insurance companies. Sales are expected to reach a fresh high of \$15 billion this year, up from the previous record \$13 billion last year, according to J.P. Morgan Securities.

The sales mark an early step toward reducing the government's role in the \$14.4 trillion U.S. mortgage market. The amount of mortgage debt funneled through Fannie and Freddie and other taxpayer-backed entities roughly doubled after the financial crisis, to around 70%.

The progress has come despite a long-running stalemate in Congress, which has stumbled in its effort to design a replacement for the decades-old housing-finance system that centers on Fannie and Freddie.

It may not be happening as people anticipated, but "the government's footprint in the mortgage market is receding quickly and significantly," said Mark Zandi, chief economist at Moody's Analytics.

The market for the so-called credit-risk transfers has boomed even as the one for privately issued mortgage-backed securities has remained mostly dormant, a sign that investors have greater comfort in the standards and transparency of these deals than in those issued by Wall Street banks that performed so poorly after the housing bust.

Fannie and Freddie don't make loans, but buy them from lenders and bundle them into securities. Those bonds typically carry a guarantee that Fannie and Freddie will pay investors if the underlying mortgages default, leaving investors with only the risk that the bonds will lose value if interest rates rise.

The credit-risk transfers don't carry that guarantee. Nevertheless, they have proved popular with investors, who have concluded that the yields they offer are worth the added risk. As the market has developed, banks have been willing to trade them, easing concerns that they would need to offer premium yields because they would be difficult for buyers to unload.

Reflecting the strong interest, the average yield that investors have demanded to hold one version of the instrument has fallen by more than half in just two years, to roughly 1.5 percentage points on top of a benchmark floating interest rate, according to J.P. Morgan Securities.

Please see BONDS page B2

Cycling-Apparel Firm Speeds Up

Rapha, an upscale British retailer, prepares to expand in U.S. after attracting new investment



CHRIS RATCLIFFE/BLOOMBERG NEWS

A cyclist used a climatic simulation chamber to test cycling gear at a Rapha outlet in London last year. Rapha plans to add stores.

By SAABIRA CHAUDHURI

LONDON—A bike-apparel retailer favored by Britain's cycling elite is hoping the grandsons of Wal-Mart Stores Inc.'s founder can help it pedal into the big leagues in the U.S. and beyond.

London-based **Rapha** said last week that it had sold a majority stake to a U.S. investment firm founded last year by the grandsons of Wal-Mart founder Sam Walton in a deal valuing the business at over \$225 million, said a person familiar with the matter.

The investment by Bentonville, Ark.-based **RZC Investments**, backed by Tom and Stewart Walton, comes as the 13-year-old apparel brand looks to accelerate in the U.S. to tap Americans' seeming willingness to pay top dollar for upmarket cycling clothes and accessories.

The weakness revealed by Monday's numbers was broad-based—with the exception of the steel sector, where growth continues to accelerate after capacity cuts, which have helped to boost margins. Real-estate and infrastructure investment weakened, with the former growing at its slowest pace since June 2016. Growth in China's information-technology sector—a good indicator of export strength—also slowed, in line with July's PMI, which showed growth in new export orders weakening.

Combined with the weak retail-sales data, this isn't encouraging news. There are, however, two big reasons to expect a mild rather than sharp slowdown. The first and most important is credit growth, which nearly always leads the overall growth trajectory in China. Here the news is good: In contrast to past tightening cycles in 2010 and 2013, the slowdown in credit growth has been mild. Growth in total debt-and-equity finance outstanding for households and nonfinancial firms, including local government bonds, has only slowed by about 2 to 3 percentage points since its early 2016 peak. By contrast, at this point in the previous tight-

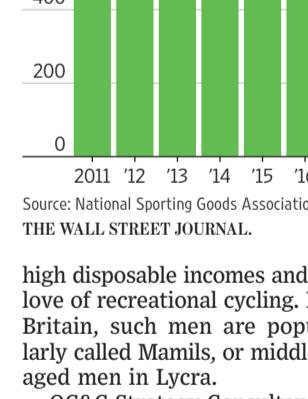
Through its stores, which it calls "clubhouses," Rapha aims to foster a sense of community—and sell memberships—that will keep customers coming back for its \$295 cycling glasses and \$385 bib shorts. It is a strategy that has been deployed successfully in recent years by other luxury athletic brands, such as Lululemon Athletica Inc.

Rapha and other upscale bicycle-apparel retailers such as Pearl Izumi and Assos are looking to exploit a U.S. cycling-apparel market that climbed 15% between 2000 and 2016 to hit \$757 million, according to the National Sporting Goods Association, despite adult ridership numbers staying flat over the past decade at 25.5 million.

While some might balk at Rapha's price tags, the retailer is counting on a crop of largely male consumers with

Pushing Off

U.S. cycling-apparel sales are kicking into high gear



Source: National Sporting Goods Association

THE WALL STREET JOURNAL.

high disposable incomes and a love of recreational cycling. In Britain, such men are popularly called Mamilis, or middle-aged men in Lycra.

OC&C Strategy Consultants

estimates that 70% of U.S. spending on bike apparel comes from enthusiasts who cycle at least once a month.

"I have no interest in a customer who just buys a jersey and disappears," says Rapha founder Simon Mottram.

"Our customers don't just buy products," he adds. "They come on rides, buy food and drink at clubhouses, consume publishing from us."

The company's sales rose 37% to £67 million (\$87 million) for the year ended Jan. 31 and are forecast to roughly double over the next three years to £131 million. Last year, Rapha made a profit of £4.5 million in earnings before interest, taxes, depreciation and amortization, up 6.7% from a year earlier.

Mr. Mottram plans to use RZC's investment to open more stores—including adding

Please see RAPHA page B2

Liberty Global Quietly Shapes 5G Strategy

By STU WOO

LONDON—Decades after earning the nickname the "Cable Cowboy" for building an American cable-television empire, John Malone is at it again. This time, he has set his sights on internet delivery overseas.

Mr. Malone's investments have been making plenty of headlines in the U.S. recently. He owns a nearly one-third voting stake in **Discovery Communications** Inc., the television-programming company that agreed on July 31 to buy rival **Scripps Networks Interactive** Inc. for \$11.9 billion. Another big Malone investment, **Charter Communications** Inc., last month rejected a one-on-one tie-up with **Sprint** Corp.

But he and his lieutenants have also been building more

quietly, a cable colossus far from American shores that has the potential to be the backbone for 5G, the next generation of wireless communications that promises to turbocharge mobile download



John Malone last year. Internet delivery is now part of his focus.

and upload speeds. **Liberty Global PLC**, which is incorporated in London but run out of Mr. Malone's hometown of Denver, is currently the world's biggest international cable company. Currently, it

has 25 million subscribers across 30 countries in Europe and Latin America.

The company said last Monday it planned to spin off the Latin American business later this year.

The company's ambition when it started in 2005 was to be a cable-TV and broadband-internet provider, but its focus has shifted to include wireless networks, too.

Liberty Global and its investors believe it has positioned its networks to take advantage of 5G technology if and when it gains traction. The strategy echoes Mr. Malone's moves in the U.S. in the 1990s, when he transformed cable into high-speed pipes for the internet.

Currently, Liberty Global's focus is selling customers its so-called quad play, a bundle

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to the five already in the U.S.—and potentially expand into new areas, such as nutrition, speed tracking and physiotherapy services.

"We liked that Rapha is well-positioned in the sport of cycling, which is very likely to continue growing," said RZC partner Jared Faciszewski, a former professional racer. "It's in its infancy today on a global spectrum, and there is significant opportunity to grow in the U.S."

Other high-end cycling-apparel retailers have also attracted investor interest. In

2015, New York-based private-equity firm TZP Group was part of a consortium that bought a majority stake in Swiss brand Assos, which makes shorts, jackets and helmets, and whose motto is

"suffer in comfort."

"We believe there is a significant business opportunity at the intersection of innovative, performance-driven apparel and luxury experience," TZP partner Dan Galpern said at the time.

Jonathon Puleston-Jones, a London-based Deutsche Bank executive, is what Rapha describes as a typical customer.

A member of the company's cycling club, he comes by Rapha stores to shop, socialize and go on rides.

"Socially, I feel a sense of community being part of the club," said Mr. Puleston-Jones.

Rapha has invested heavily in its 17 stores in Europe, Asia, Australia and the U.S., using them largely as product showrooms, with television sets showing races and cafes serv-

ing coffee and quick eats such as avocado on toast. About 70% of the company's sales are generated online. Its 11,000-person-strong cycling club gives members free in-store coffee, a biannual magazine, access to special rides, and the ability to rent high-end canyon bikes, among other perks.

"Going in there reminds you of what you like about cycling," said Swen Graham, a Foursquare employee based in New York. "If you're in the know about Rapha, you kind of know your shit."

Other sports brands have adopted similar approaches, using their stores to position themselves as purveyors of a lifestyle.

Lululemon has stores in big cities such as New York, London and Toronto that offer weekly classes, cafes serving protein shakes and experts to give advice on activities. Nike organizes runs departing from its stores, while Puma's Boston store provides workout sessions involving Pilates, barre, cycling and other activities.

Americans' interest in cycling still lags behind that of Europeans. While the bicycle has long been an important mode of transportation in Europe, the U.S. has been more automobile-focused, particularly after President Dwight D. Eisenhower championed development of the interstate highway system, says Jay Townley, a partner at U.S. bicycling market-research firm Gluskin Townley Group.

But Mr. Mottram sees scope for growth in the U.S.

"There are lots of people who are vaguely engaged and are early in the process of becoming cyclists," he said. "We can help them become more sophisticated."

ing this fall to select its next generation of leaders. President Xi Jinping and his allies want slower growth and lower leverage, but they don't want a dramatic drop at such a sensitive time.

The odds remain good that 2018, rather than late 2017, will be when China worries start to plague markets again. But investors should still expect some volatility in the days ahead as markets digest the first clear signs of stumbling growth in China this year.

Continued from the prior page

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Inflation has also been higher than expected, which means real borrowing costs for firms—and debt risks—remain contained for now.

The other reason for optimism is the political calendar. China is about to hold a key Communist Party meet-

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The odds remain good that 201

BUSINESS NEWS

North Face Parent to Buy Dickies Owner

BY CARA LOMBARDO

VF Corp., the owner of clothing brands such as the North Face and Timberland, said that it has reached a deal to buy **Williamson-Dickie Manufacturing Co.** for \$820 million in cash, in a deal VF says will double its presence in the workwear-apparel market.

Williamson-Dickie, a private company best known for Dickies scrubs and Walls outdoor coveralls, generated \$875 million in revenue in the past 12 months. VF Chief Executive Steve Rendle said the acquisition, expected to close in the fourth quarter, will create a company with about \$1.7 billion in annual revenue.

VF, whose apparel and accessories offerings range from

Nautica sportswear to Smart-Wool socks, has been tweaking its portfolio in recent months, shedding a group of luxury brands and a licensed sports-wear company.

Chief Financial Officer Scott Roe said on a conference call Monday to expect more changes to the company's portfolio. "We're not finished," he said. "Stay tuned."

Analysts expect continued momentum in career apparel, which VF estimates to be a \$30 billion-a-year industry, as the U.S. job market expands. Williamson-Dickie's large peers in the industry include Carhartt brand parent **Carhartt Inc.** and Duluth Trading parent **Duluth Holdings Inc.**.

VF said buying Williamson-Dickie will especially increase its sales for health-care and

service apparel. Williamson-Dickie also operates manufacturing plants in Mexico and Honduras.

Williamson-Dickie has 400 retail stores and a presence in more than 100 countries, though 66% of its sales are in the U.S. Williamson-Dickie Chief Executive Philip Williamson and the company's 7,000 employees are expected to remain with the combined company.

As a result of the Williamson-Dickie deal, VF raised its forecast on annual revenue by \$200 million to \$11.85 billion and lifted its adjusted earnings guidance by 2 cents to \$2.96 a share.

VF shares, up 18% so far this year, rose 2% to \$62.96 in early afternoon trading on Monday.



RICHARD B. LEVINE/AVALON/ZUMA PRESS

A North Face store in New York last year. The brand's owner, VF, is acquiring Williamson-Dickie.

Airlines Stuff Big Money Into Seats

BY DOUG CAMERON

Airlines are making bigger bets with premium passengers, offering luxury seats loaded with doodads that could boost the cost of outfitting a plane by millions of dollars.

The new breed of seats for business fliers can convert to a lie-flat bed, with 15-inch display screens, entertainment systems that offer hundreds of channels and privacy panels sealing off fellow passengers. Some of these posh seats can be grouped together to form a walled "mini suite."

Such seats cost the carrier anywhere from about \$50,000 to \$500,000, according to industry officials. Carriers, including **Delta Air Lines Inc.**, **Qatar Airways** and **United Continental Holdings Inc.**, are vying to offer these latest innovations even as they find ways to squeeze more revenue out of coach cabins with tighter seating.

Business-class passengers remain airlines' biggest source of profit, and keeping them comfortable for hours on long-haul flights has become a high-stakes game for carriers facing a bill of \$20 million or more to outfit a single widebody jet.

"It's become fundamental to how the airlines compete and separate themselves with their brand," said Kelly Ortberg,

chief executive of **Rockwell Collins Inc.**

Rockwell Collins has become the market leader in aircraft seating with its \$8.6 billion deal this year to buy B/E Aerospace Inc., joining plane interiors to its aerospace-electronics business.

The bulked-up company is now being eyed as a potential target for **United Technologies Corp.**, which is eager to consolidate its own position in the aerospace-supply chain, according to people familiar with the situation. Both companies have declined comment.

Premium models for their planes can cost carriers anywhere from \$50,000 to \$500,000.

as many as 5,000 parts, including electric motors and hundreds of feet of wiring.

Development and safety testing adds to the cost, and airlines' preference for unique seats means production runs may be less than a dozen for the most exclusive offerings, and seldom reach into the hundreds.

Qatar Airways spent three years with the Rockwell unit that is designing its new Qsuite product, which allows four seats facing each other to be converted into a single space for families or colleagues

traveling together or even into two double beds. The airline and the manufacturer won't disclose the cost of the seats.

Just adding a reading lamp requires more testing and certification, including full-scale crash tests that Rockwell performs with a sled that mimics the forces of 16 times gravity attending a simulated crash landing. Parts that fly off and could injure passengers or crew have to be redesigned.

"The regulations do constantly evolve and rise over

time," said Elijah Dobrusin, vice president of strategy at **Lift by EnCore**, a startup that has been working with Boeing on a new line of seats.

Testing during design and production has become more rigorous as the cost of the seats has climbed. Airlines' selection process goes beyond the factory visits by executives and front-line employees such as flight attendants. John Cornell, head of research and development at seat maker **Jamco America Inc.**, said it sends sample seats on worldwide tours for airlines to try.

Some airlines even use testing of seats as a perk for their most valued customers, giving them the first chance to try them out and suggest tweaks before they are purchased by the carrier. One Asian carrier asks some of its most frequent fliers in transit through its main hub to visit a nearby testing facility during layovers to sample new seats.

Rockwell Collins employs robots to perform wear-and-tear tests, such as placing a 30-pound weight on a tray table thousands of times, but has found human sampling adds valuable insight. People can break things in ways the designers never expected, said Glenn Johnson, director of engineering at Rockwell's interiors business.



A Qatar Airways crew member presented business-class seats of a Boeing 777 aircraft at the Paris Air Show in June.

Regional U.S. Grocers Feel Squeeze

BY HEATHER HADDON AND LILLIAN RIZZO

Recent upheaval in the U.S. grocery business is proving to be especially painful for regional supermarkets and their suppliers, creating opportunities for big-food retailers to further consolidate their position in the market.

Increased consumer spending at discount grocers, club chains and e-commerce sites is forcing middle-market grocers and distributors to take stock of their finances, resulting in store closures or other steps to pare down debt. Traditional chains captured 44% of spending on food and beverages last year, down 6 percentage points from a decade ago, according to Inmar Willard Bishop Analytics, a market-research firm.

There were 25,380 stores offering a full range of groceries with at least \$2 million in annual sales last year, down 6% from 2015, Inmar Willard

Bishop found. The number of stores is expected to drop to roughly 19,000 by 2021, the firm says.

Bankers who handle food-retail deals say the squeeze is creating more acquisition opportunities for big grocers, particularly as smaller family-run companies face an older generation of leaders stepping back. "The U.S. is clearly in another wave of grocery-store consolidation," said Mike Fordney, managing director of the Food, Consumer and Retail Group at BMO Harris Bank, whose clients include many family-run grocers in the Midwest.

Grocers have weathered previous rounds of bankruptcies over the past decade, but executives say the headwinds are stronger this year. Already, **Marsh Supermarkets LLC** and **Central Grocers Inc.** have sought bankruptcy protection in 2017.

Other food retailers, such as

Gordy's Market and Brennan's Market in Wisconsin, have closed locations or sold stores to bigger chains to cut losses. Several grocers have been added to distressed-asset watch lists that circulate among investment bankers and lawyers, according to people familiar with the matter.

S&P Global Market Intelligence found a food-retailer default within a year was 30% more likely given the increased competition after **Amazon.com Inc.** announced it was buying **Whole Foods Market Inc.** Moody's Investors Service said regional chains with high debt are at risk. Moody's has downgraded debt owned by four smaller food-retail chains in the past year.

Marsh and Central Grocers, once major Midwest food sellers, filed for bankruptcy protection in May. Central Grocers declined to comment, and Marsh didn't respond to requests for comment.

Larger grocery chains, **Kroger Co.** and **Fresh Encounter Markets**, received court approval in June to buy 26 of the 44 Marsh locations. "It's never been this busy," said Scott Moses, managing director for Peter J. Solomon Company, the investment bank selling Marsh's and Central Grocers' assets.

Central Grocers, the Illinois-based wholesaler, laid off hundreds of workers and stopped supplying more than 100 grocers. The company's troubles accelerated after news of financial stress prompted some suppliers to demand deposits and payments in advance, according to court papers. Suppliers including **Coca-Cola Co.**, **General Mills Inc.**, and Mars Financial Services had earlier filed an involuntary chapter 7 petition for Central Grocers claiming they were collectively owed \$1.8 million. General Mills, Coke and Mars declined to comment.

ADVERTISEMENT

The Mart

BUSINESS OPPORTUNITY

NAME OF THE ORGANISATION
DETAILED TENDER NOTICE AND INSTRUCTIONS
TO BIDDER
CIRCLE :- COMMAND AREA DEVELOPMENT
AUTHORITY, JALGAON
DIVISION :- GIRNA IRRIGATION
DIVISION, JALGAON

1. Online electronic bid as below mentioned works are invited by

Tapi irrigation Development Corporation, Jalgaon from bidders

fulfilling criteria as mentioned in Qualification criteria. Main

Tender Documents are available for online bid preparation and

submission on website from Dt. 10/08/2017 to 11/09/2017

(Upto 5.45 P.M). The time schedule for various bidding phases is

as given below in time schedule. The pre-tender conference will

be held in the office of the chief Engineer, Tapi Irrigation

Development corporation, Jalgaon on Dt.24/08/2017(17.45Hrs). The

Tender opening will be held in the office of the superintending

Engineer and Administrator, Command Area Development

Authority, Jalgaon on Dt.22/09/2017 (12.00 Noon)

Sr. No.	Name Of Work	Earnest money Deposit (Rs Lakhs)	Time Limit For Completion	Cost of Tender Form (Rs.)
1	Restoration of storage capacity of Girna Dam by removing silt and silt mixed sand by means of Mechanical operations	Rs 25/- Lacs	180 Months	Rs 50,000/-

2. The qualification process is applicable for this tender work.

3. The forms of main Tender documents are available on the website <https://mahatenders.gov.in> The aspiring bidders has

to purchase tender document online by paying appropriate fee.

4. The Bidder has to fill in online format and upload information.

5. Only scanned from original document information will be accepted. Scanned copy from other Than original will not be accepted.

6. while submitting the duly filled Tender Documents the Bidder is required to deposit Tender fee amount of Rs.50,000/- and E.M.D of Rs. 25.00/- Lacks through e-payment gateway.

7. The bidder has to prepare & submit Main Tender Documents Online as per schedule.

8. The Bidder shall submit online two separate (Envelope), Cover & Cover-II online.

9. The Bidder shall upload 'Technical Bid' i.e (Envelope-1) along with Qualification information, prescribed forms and other documents.

10. 'Financial Bid' i.e (Envelope 2) is to be filled online with offer of the Bidder.

11. The Bidder shall upload the documents in readable form, He shall take trial of uploads by taking printout. The unreadable documents will be treated as null & void. The remaining documents will be evaluated. The decision of opening Authority regarding this will be binding to all contractors.

12. All rights are reserved to reject any or all Main Tender documents without assigning any reason by the competent authority.

13. Time schedule for various bidding process as follows.

GIRNA IRRIGATION DIVISION, JALGAON

TIME SCHEDULE

Sr. No.	Details	Start Date	Hrs.	End Date	Hrs.
1	Publication of Tender	Before 10/08/2017			
2	Document Purchase Period	10/08/2017	10.00 A.M	11/09/2017	5.45 P.M
3	Pre-Bid Conference	24/08/2017	----		Upto 5.45 P.M
4	Bid Submission	16/09/2017	----		Upto 3.00 P.M
5	Opening of Bid	22/09/2017	----		12.00 noon

14. If any assistance is required regarding e-Tendering (upload and download) refer the website and it's helpdesk.

Executive Engineer,
Girna Irrigation Division,
Jalgaon.

DGIPR/2017-2018/2044

JD.com Makes Play For Luxury Shoppers

By LIZA LIN

Chinese e-commerce company **JD.com** Inc. plans to open a luxury platform on its retail website, ratcheting up its competition with **Alibaba Group Holding** Ltd. for China's high-end shoppers.

Chinese consumers account for 30% of global luxury spending, and they are increasingly doing their high-ticket shopping at home as the Chinese government looks to stem capital outflows.

JD invested about \$400 million for a stake in U.K.-based high-end e-commerce platform Farfetch in June. JD's chief executive, Richard Liu, announced plans for the new platform as the company reported second-quarter earnings Monday, but didn't provide further details.

Larger rival Alibaba introduced a luxury platform early this month, selling brands such as Spanish fashion brand Loewe and U.K. label Burberry.

JD reported a loss of 496 million yuan, or \$74.4 million, for the three-month period ended June 30—nearly double its loss of 252 million yuan for

the year-earlier quarter.

Revenue rose 44% to 93.2 billion yuan in the second quarter and is expected to grow as much as 40% this quarter, JD said.

In May, JD reported its first profitable quarter since going public in 2014, but its chief financial officer warned at the time that investments into new businesses and warehouses would weigh on profit this year.

Beijing-based JD, whose shareholders include **Wal-Mart Stores** Inc. and **Tencent Holdings** Ltd., runs an online direct sales business in addition to an e-commerce marketplace. Alibaba, led by Chairman Jack Ma, operates like an internet marketplace.

JD.com's Nasdaq-listed shares have rallied more than 80% this year, as the online retailer has wooed customers by adding imported items to its offerings and expanding its product range to include apparel, luxury goods and baby products.

The company's American depositary receipts were off 2.2%, or 99 cents, at \$44.92 at midday Monday.



JD.com delivery employees with packages in Beijing last year.

usable Falcon 9 rocket than on the contents of the Dragon capsule. One senior official with the National Aeronautics and Space Administration told reporters experiments amount to a record 75% of the cargo's overall weight.

"It sets a new bar for the amount of research we've been able to get" on a cargo flight, said Dan Hartman, deputy manager of the international space station. He told reporters over the weekend that some 85 new experiments are expected to launch through January.

Biological experiments that blasted off Monday include one sponsored by the foundation set up by actor Michael J.

Fox, targeting potential genetic causes of Parkinson's disease. Eli Lilly Co. also is testing whether freeze-drying pharma-

Uber Hit With Suspension

Philippines orders the ride-hailing firm to cease operations there for one month

By JAKE MAXWELL WATTS

Uber Technologies Inc. was suspended from operating in the Philippines for one month after the ride-hailing firm allegedly failed to comply with regulatory requirements to stop accepting new drivers.

The suspension on Monday marks an escalation of a dispute between Uber and regulators in the Philippines who are grappling with how to accommodate ride-hailing apps and traditional taxi companies.

Uber was ordered "to cease and desist its operation of their online booking operation," according to a statement Monday from the Land Transportation Franchising & Regulatory Board. The regulator advised Uber to financially assist its drivers as they "would not have suffered the current predicament were it not for the predatory actions" of the company.

The U.S.-based technology firm said that it had received and was studying the order.

The move is the latest twist in a dispute involving ride-hailing firms such as Uber and its main competitor in Southeast Asia, Singapore-based GrabTaxi Holdings Pte., and authorities in the Philippines. Regulators say they welcome innovation and want ride-hailing services to exist to the benefit of consumers, but seek to find a balance between innovation and regulation.

A year ago, the regulator suspended acceptance and issuance of vehicle registrations for ride-hailing firms like Uber in Manila pending a policy review. Last month, the regula-



The U.S.-based company allegedly failed to comply with a prohibition on accepting new drivers.

tor stressed that firms like Uber are prohibited from accepting new drivers and would need to deactivate all drivers on their networks registered after June 30. Grab and Uber were fined five million pesos, or about \$98,000, each for allegedly allowing drivers to continue to operate without permits.

During a congressional hearing this month, Uber and Grab surprised regulators by stating that, combined, they had more than 100,000 vehicles registered to drive on their platforms, of which only about 6,000 were accredited by the regulator.

The regulator said in its statement Monday that it

found Uber had still been accepting and activating new drivers on its network, despite orders to the contrary. On Aug. 1, Uber said on its Philippines Twitter account that it was accepting new driver applications but not processing them.

Inadequate public transportation in the Philippines and complaints about overcharging by conventional taxis have driven commuters toward other services. But growth of those services upended a regulated environment that was once the exclusive domain of taxi firms that claim Uber and Grab are able to operate by a different set of rules.

The temporary ban is another blow to Uber in a tumultuous year. The firm has suffered withering criticism of its internal culture, the ouster of its founder and former chief executive, and a series of high-level executive departures.

Uber has been found in violation of transportation laws in countries such as South Korea and France. In the U.S., it defied California regulators last year by putting self-driving cars on San Francisco streets without proper permits, and it remains beset by legal challenges and a corporate culture stung by sexual-harassment allegations.

Latest SpaceX Mission Highlights Research Efforts

By ANDY PASZTOR

A successful cargo launch on Monday by SpaceX, the company's 12th such mission to the international space station, highlights the steady expansion of scientific research on the orbiting laboratory.

In addition to routine supplies such as replacement parts and food, the more than three tons of cargo that blasted off midday from Florida included nearly two dozen ambitious government and corporate experiments delving into issues ranging from the causes of Parkinson's disease to the origins of cosmic rays.

Unlike with earlier cargo deliveries, the focus of the launch from the Kennedy Space Center is less on the anticipated feats of **Space Exploration Technologies** Corp.'s partly re-

usable Falcon 9 rocket than on the contents of the Dragon capsule. One senior official with the National Aeronautics and Space Administration told reporters experiments amount to a record 75% of the cargo's overall weight.

"It sets a new bar for the amount of research we've been able to get" on a cargo flight, said Dan Hartman, deputy manager of the international space station. He told reporters over the weekend that some 85 new experiments are expected to launch through January.

Biological experiments that blasted off Monday include one sponsored by the foundation set up by actor Michael J. Fox, targeting potential genetic causes of Parkinson's disease. Eli Lilly Co. also is testing whether freeze-drying pharma-

Hewlett Packard Enterprise Co. is sending the first commercial supercomputer outside the atmosphere. And U.S. Army researchers will dissect the performance of a tactical, super-flexible surveillance satellite intended to beam images to troops on the ground within two minutes of receiving a request.

Space-station experiments amount to a record 75% of the launch cargo's overall weight.

tion helping NASA maximize research on the space station, told reporters during a press conference Sunday.

The U.S. space agency is emphasizing the breadth and value of scientific work underway on the station. Making that case is vital for proponents who want to keep the international orbiting laboratory—assembled at a cost of roughly \$100 billion—operating through most of the next decade.

White House officials and NASA's current leadership, headed by a holdover from President Barack Obama's administration, seek to transform the station into a thriving commercial platform.

Industry officials say that requires demonstrating the promise of research conducted in the microgravity of space.

President Donald Trump hasn't yet nominated a NASA chief or No. 2 agency administrator. Charles Bolden, NASA's last permanent administrator, last fall complained about what he described as undue emphasis on lower costs and increased availability of launch services to get to the station.

Speaking at a conference in Long Beach, Calif., he urged a shift to emphasizing a "stable, sustainable on-orbit environment" for entrepreneurs and companies intent on developing businesses in space.

NASA has related programs under way to boost private investment in research projects in orbit. But increasingly, agency officials hope to use experiments on the manifest of such cargo launches to showcase the acceleration of research.

BUSINESS WATCH

CROWN RESORTS

China Frees Head of Crown VIP Program

A senior **Crown Resorts** Ltd. executive—the last of three Australians held in China after being convicted of gambling-related crimes—has been released from prison, the Australian government said Saturday.

When Jason O'Connor, who led the international VIP program for the Australian casino operator, walked free, it capped a case that captivated the global casino industry. One of 19 current and former Crown employees detained starting in October last year, Mr. O'Connor's release was expected.

—Mike Cherney

NEWCREST MINING

Profit at Miner Declines by 7.2%

Newcrest Mining Ltd. pledged to at least hold its annual dividend payout steady and forecast a rise in gold output after its fiscal year profit declined.

Net profit for the year ended in June fell 7.2% to \$308 million from US\$332 million a year earlier. Revenue rose 5.5% to \$348 billion. The Melbourne-based miner plans to pay a final dividend of 7.5 cents a share, steady with the previous year.

—Rob M. Stewart

LIBERTY

Continued from page B1

of cable, internet, fixed-line telephone, and mobile services—all for one price. Liberty mostly rents the use of cellular towers and other wireless infrastructure from carriers for its mobile offerings. But for the other three products, it owns the infrastructure: miles of coaxial copper and fiber-optic cables.

It is those cables where more value potentially can be unlocked.

The telecom industry's vision of 5G, which is expected to go live in 2019 or 2020, is to connect the cables to small cellular antennas to transmit the gobs of data required for top-quality videos, self-driving cars, virtual reality and other technologies of the near future. Those antennas would be close to the ground, or atop buildings and streetlights, in contrast to the tall ones now that sit along highways. These smaller antennas would send that data on its final journey—to customers in a radius as short as 300 feet. The process is similar to how a Wi-Fi router transmits data from a landline connection.

"There are two things that are going great for us," said Balan Nair, Liberty Global's chief technology and innovation officer. "We have fiber to many neighborhoods" and power, he said. The company

has utility cabinets in neighborhoods already connected to power, which would allow the company—or a mobile-carrier partner—to quickly set up a 5G cellular site there.

Liberty Global's fiber-optic landlines could make the company an acquisition target for a mobile carrier that wants to buy 5G infrastructure, said Citi analyst Simon Weeden. "There's obviously going to be demand for this stuff," he said.

But one potential downside: Many wireless carriers are already building out their own fiber-optic networks for their own 5G services. If that happens, customers might just use their existing wireless carrier's 5G and skip Liberty Global's offerings altogether.

"5G may not be good news" for Liberty Global, Mr. Weeden said.

Mr. Nair said it would be difficult for mobile carriers to invest in laying the landlines for their own 5G network. "The economics of building that infrastructure are high," he said, referring to costs.

He said Liberty Global would decide whether to form a partnership with a mobile carrier for 5G or whether to become a 5G carrier on its own on a case-by-case basis in each market.

Liberty Global Chief Executive Mike Fries struck a note of caution at a conference in February, saying that 5G wouldn't become a reality soon, at least in Europe. Euro-

pean mobile carriers don't have enough money to invest in 5G upgrades, and many are still in the process of adopting 4G, the current generation of wireless technology, Mr. Fries said.

The challenges extend to building out the infrastructure. Liberty Global's effort to install fiber-optic lines in the U.K., called Project Lightning, has been delayed. Mr. Fries said in May that the company had discovered irregularities in reporting the completion status of some fiber-optic plans by a small group of local managers. Last week, he said management changes were helping to remedy the prob-

lem.

Mr. Malone, 76 years old, is Liberty Global's chairman, but he delegates responsibilities to Mr. Fries, 54, who is also based in Denver and occasionally fronts a rock 'n' roll cover band called The Moderators. Liberty Global declined to make Mr. Malone available for an interview.

Liberty Global's fast growth has been somewhat overshadowed, especially lately, by Mr. Malone's other interests in the U.S.

In 1999, Mr. Malone sold cable-powerhouse Tele-Communications Inc. to what was then known as AT&T Corp. for \$46 billion. In 2005, he

Cable Guy

John Malone's Liberty Global has stitched together networks spanning Latin America and Europe that deliver cable and internet.

Number of fixed-line customers by country/region, in millions*

Germany 0 2 4 6 8

Central/Eastern Europe† 6 8

U.K./Ireland 6 8

Belgium 2 4

Chile 2 4

Caribbean/Latin America 2 4

Puerto Rico 1 2

Source: the company

*Can include cable, internet or landline-phone customers †Includes both fixed-line and satellite customers in Switzerland, Austria, Czech Republic, Hungary, Romania, Slovakia, Poland

THE WALL STREET JOURNAL

FINANCE & MARKETS

Do Far-Off Target-Date Funds Add Up?

Vanguard Group's new retirement product aimed at year 2065 raises the question

BY DAISY MAXEY

Vanguard Group is urging investors to think far ahead when it comes to retirement planning.

The Malvern, Pa., asset manager recently launched Vanguard Target Retirement 2065, a target-date fund geared to investors 18 to 22 years old who would be in line to retire about 50 years from now.

It is believed to be the first such fund pegged to a year that far out and is one of the longest-dated funds from inception to target with a 48-year investment runway.

Billed as one-stop solutions for passive retirement investors, target-date funds generally take an aggressive initial allocation heavy on stocks. Then they automatically shift their asset allocations to what the industry considers a more age-appropriate, conservative mix of stocks and bonds and sometimes other assets as an investor ages and his or her expected year of retirement, or target, approaches.

The funds are commonly used as defaults in many retirement plans for workers who don't choose from among their investment options, but are also chosen by investors and used by financial advisers. Assets in target-date mutual funds have grown to \$959 billion in this year's first quarter from \$133 billion in the first quarter of 2007, according to the Investment Company Insti-



Vanguard's 2065 fund is geared to investors 18 to 22 years old who would retire in about 50 years.

tute. Of those assets, 67% are in employer-sponsored defined-contribution plans, it says.

William Koehler, president of FCI Advisors, an investment firm in Overland Park, Kan., says the funds offer a predetermined, thoughtful and diversified allocation and make sense for a lot of investors.

"As a father of an 18-year-old, 48 years is a long time horizon and a [stock-heavy] mix is not inappropriate for someone with a half-century time horizon," he says.

But critics say target-date funds' allocation paths could disrupt retirement-savings

success in certain market scenarios.

For instance, critics say, funds with a 2010 target date lost 30% on average in 2008, and their losses ranged as high as 41%, a big hit for an investor who had planned to retire in just a few years. The S&P 500 lost more than 38% in 2008.

Jude Boudreaux, founder of Upperline Financial Planning LLC in New Orleans, says the problem with target-date funds is that they are in large part very aggressive. Investors need steady performance that they can live with in a downturn, Mr. Boudreaux says. "For

somebody in their early 20s, that's probably going to happen 10 or more times between now and retirement," he says.

His concern is that investors in an aggressive target-date fund "are going to freak out and sell at the worst possible time [and] that's going to do far more damage" than the benefit they'll get "from a really high stock allocation," he says.

Like Vanguard's other Target Retirement funds, the 2065 fund, launched last month, will invest only in broad-market Vanguard index funds. Currently, 54% of its assets are in

Retirement Returns

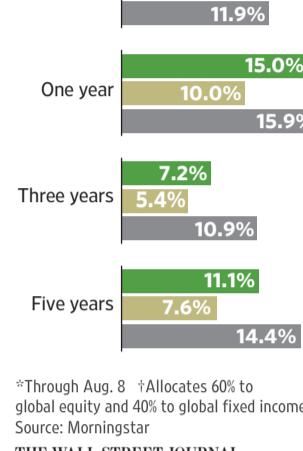
Long-dated target-date funds, with their aggressive stock allocations, have roughly matched the broader market over the past few years.

Total Returns*

■ Target-date 2060+ funds

■ Moderate target-risk funds[†]

■ S&P 500



*Through Aug. 8. [†]Allocates 60% to global equity and 40% to global fixed income. Source: Morningstar

THE WALL STREET JOURNAL

place retirement plans, says John Croke, head of multiasset-set-product management in Vanguard's portfolio-review department. About 75% of Vanguard's target-date assets are invested through employer-sponsored plans, while the remaining 25% are from individual investors, he says.

Matthew Tuttle, portfolio manager at Tuttle Tactical Management in New York, says he has no problem with a 25-year-old putting all of his or her money in stocks today as long as he or she is prepared to sell when the market gives a warning, something a target-date fund won't do.

"The market-timing hall of fame is always going to be empty, but you can react to what the market is telling you," Mr. Tuttle says. Target-date funds fail to do so, he says.

Still, target-date funds have their uses for some investors, says Cheryl Costa, founding principal of Woodside Wealth Management in Framingham, Mass. She uses them sparingly for clients with small account balances or for those who have limited options in their 401(k) plans, she says.

Even if young investors are investing today at a stock-market high-water mark, they will likely be holding their investments for decades, and they will benefit from being invested in stocks over that time, Ms. Costa says.

But most investors should probably spend the time to invest their portfolio, look at it once or twice a year, then rebalance it occasionally, she says. They will probably do better that way over the long term, she says.

Fiduciary Rule Casualty: Brokers' Fund Offerings

BY DAISY MAXEY

Is less more when it comes to investor choice? That is the question facing brokerage firms and investment advisers as they look to comply with a landmark retirement-savings rule.

Large brokerage firms typically offer thousands of mutual funds to clients. But compliance demands of the fiduciary rule, which began to take effect in June and requires stewards of tax-advantaged retirement savings to act in clients' best interests rather than their own, are causing some firms to review their offerings.

Conducting the due diligence and documentation required on so many investments can be onerous, and under the rule, some firms may face increased litigation risks. As a result, brokerages may remove some funds—including those

with higher fees or those that present perceived risks—from their sales platforms.

"If you have more than 5,000 mutual funds on your platform, that oversight is a lot of work," said Alma Piscitello, executive vice president of Northern Lights Distributors, which provides underwriting services and counsels investment managers on fund distribution.

Some brokerage and advisory firms have already told Northern Lights of funds being pulled from brokerage platforms because of the fiduciary rule, generally because of size or expense, Ms. Piscitello said.

Under the Obama-era regulation, which aims to eliminate conflicted advice that can arise based on incentives to sell financial products, those offering financial advice to retirement savers may earn commissions and compensa-

tion that might give them an incentive to recommend one product over another, but must do so under an exemption. For advisers who use the exemption, any fees must be level with similar investment products or services. That has put mutual funds, with their

ers worry that funds they have used in clients' portfolios for years will be discontinued.

USA Financial hasn't cut any funds from its brokerage platform, but the Michigan-based financial-services firm has vetted its investment offerings with the fiduciary rule

'If you have more than 5,000 mutual funds on your platform, that oversight is a lot of work.'

varying share classes and costs, under the spotlight.

Advocates of the rule say weeding out high-cost or risky funds would benefit investors. But some managers fear the fund review will cause sales of their products to suffer and that fund expenses may be used as the key metric in the process, while financial advis-

ers worry that funds they have used in clients' portfolios for years will be discontinued.

USA Financial hasn't cut any funds from its brokerage platform, but the Michigan-based financial-services firm has vetted its investment offerings with the fiduciary rule

If nothing changes and the rule takes full effect in January as planned, USA Financial anticipates cutting its more than 350 sales agreements across mutual funds, variable annuities, alternative investment and asset managers to "well less

than 150," Mr. McGrew said.

But the rule remains in flux, with the Labor Department last Wednesday proposing to delay the compliance deadline by 18 months, which experts say suggests the rule still may undergo significant revisions.

Mark Travis, president and chief executive of **Intrepid Capital Management** in Jacksonville Beach, Fla., said some advisers who have sold his funds for years told him recently their firms plan to stop.

Clients who already have money invested in Intrepid's funds will be able to stay invested, the advisers said, but no new money will be allowed on some brokerage platforms after the rule takes full effect.

Investor shares of Intrepid's flagship \$421.9 million Intrepid Capital Fund have an expense ratio of 1.4% compared with 0.91% for the median fund in its category, ac-

cording to Morningstar Inc.

"That's a significant fee hurdle," said Jason Kephart, a senior analyst at Morningstar. Still, the fund's long-term performance has been solid, he added. The fund, which focuses on protecting investors' capital, lost just 16.7% in 2008 during the financial crisis as its average peer shed 28%.

Among bigger brokerages cutting fund offerings, some cite the fiduciary rule as impetus while others say it is simply part of regular due diligence.

Bank of America Corp.'s Merrill Lynch unit last year trimmed its mutual-fund offerings to 2,200 from 3,500, and expects to cut that number to 1,800 by year's end. The move is part of an enhanced due-diligence process and regular evaluation of its lineup, and not related to the fiduciary rule, a spokeswoman said.

Activist Investor Ackman Disputes ADP's Narrative

BY DAVID BENOIT

William Ackman on Monday tried to change the narrative around his \$4 billion bet on **Automatic Data Processing** Inc., questioning whether its chief executive accurately portrayed conversations with the activist investor to the company's board and shareholders.

At the heart of Mr. Ackman's concern is a misfired email ADP Chief Executive Carlos Rodriguez meant to send to his own legal team but delivered to Mr. Ackman instead, according to a Monday filing with the Securities and Exchange Commission. In the email, Mr. Rodriguez said he had disregarded Mr. Ackman's statements about being open to working with current management because he didn't find them credible, Mr. Ackman said. ADP didn't immediately comment.

The human-resources software company has painted the activist investor as attempting to fire Mr. Rodriguez and said he was trying to take control by asking for five seats on a 10-person board. It rejected his request for more time to negotiate privately. Mr. Ackman's **Pershing Square Capital Management** LP last week nominated three directors, including Mr. Ackman.



events the company has described, saying in the filing it had been willing to work with Mr. Rodriguez.

According to the activist, who owns an 8% stake in the company, Messrs. Ackman and Rodriguez first spoke on Aug. 1 and the activist asked for a chance to meet the board of directors before he decided on a proxy fight. Mr. Ackman asked for a 30-to-45-day delay in the Aug. 10 deadline to nominate directors.

The next day, Mr. Ackman spoke to Chairman John Jones and for the first time raised the possibility of seeking new management.

In a meeting with Messrs.

day, Aug. 3, Mr. Ackman asked for just a one-week extension to the deadline and again tried to persuade them he was open to management, according to the filing.

Mr. Ackman followed up with an email that said he would be "excited" to work with Mr. Rodriguez if "he shared Pershing Square's view of the company's enormous opportunity," which he believed Mr. Rodriguez had indicated was true.

The following day, Aug. 4, ADP said it had rejected Mr. Ackman's request for a 45-day delay to the window, saying he was attempting to remove the chief executive and replace half of the board.

Two days later, Aug. 6, Mr. Rodriguez, apparently meaning to forward Mr. Ackman's email about being "excited" to work with Mr. Rodriguez to ADP's general counsel, sent it to Mr. Ackman, the filing said. In the email, Mr. Rodriguez said he didn't find the email "credible" and that he had already told the activist he didn't share his views, the filing said.

Since then, the sides have scheduled a meeting for September.

This Thursday, Mr. Ackman is expected to detail his thesis for the company for the first time on a conference call.

On Monday, it refuted the

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FUND NAME GF AT LB DATE CR NAV YTD 2-YR %RETURN—

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866 Fax No: 65-6835-8866 OT MUS 08/04 USD 32,008.09 3.3 5.5 3.0

AM-CAM-Fund Cts A USD H

AM-CAM-Fund Cts A SGD H

AM-CAM-Fund Cts A HKD H

AM-CAM-Fund Cts A EUR H

AM-CAM-Fund Cts A GBP H

AM-CAM-Fund Cts A CAD H

AM-CAM-Fund Cts A NZD H

AM-CAM-Fund Cts A AUD H

AM-CAM-Fund Cts A JPY H

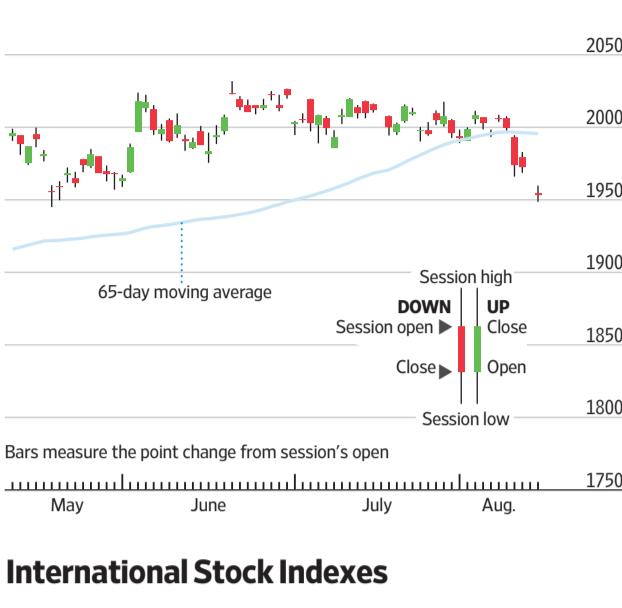
AM-CAM-Fund Cts A SGD H

MARKETS DIGEST

Nikkei 225 Index

19537.10 ▼192.64, or 0.98%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

STOXX 600 Index

376.16 ▲4.02, or 1.08%

High, low, open and close for each trading day of the past three months.



S&P 500 Index

Data as of 12 p.m. New York time

Last 23.59 24.91

P/E estimate * 18.78 18.57

Dividend yield 1.99 2.09

All-time high: 2480.91, 08/07/17

2467.35 ▲26.03, or 1.07%

High, low, open and close for each trading day of the past three months.



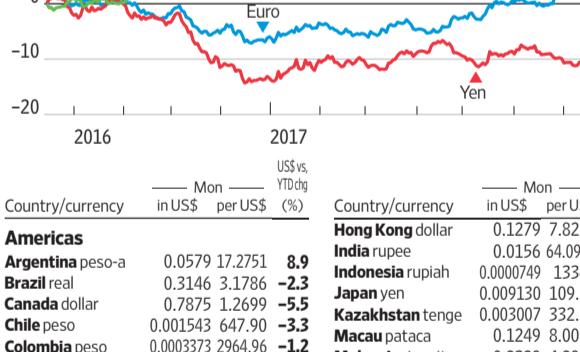
International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2839.80	20.78	0.74	2386.93	2881.15	12.3		
	MSCI EAFE	1924.00	7.35	0.38	1614.17	1955.39	12.1		
	MSCI EM USD	1053.96	11.16	1.07	838.96	1078.53	32.7		
Americas	DJ Americas	593.10	6.30	1.07	503.44	599.20	9.8		
Brazil	Sao Paulo Bovespa	68542.64	1184.06	1.76	56459.11	69487.58	13.8		
Canada	S&P/TSX Comp	15147.42	114.04	0.76	14319.11	15943.09	-0.9		
Mexico	IPC All-Share	51181.80	536.70	1.06	43998.98	51772.37	12.1		
Chile	Santiago IPSA	3852.64	28.50	0.75	3120.87	3908.55	19.5		
U.S.	DJIA	22016.97	158.65	0.73	17883.56	22179.11	11.4		
	Nasdaq Composite	6336.42	79.87	1.28	5034.41	6460.84	17.7		
	S&P 500	2467.35	26.03	1.07	2083.79	2490.87	10.2		
	CBOE Volatility	12.45	-3.06	-19.73	8.84	23.01	-11.3		
EMEA	Stoxx Europe 600	376.16	4.02	1.08	328.80	396.45	4.1		
	Stoxx Europe 50	3059.00	28.17	0.93	2720.66	3279.71	1.6		
France	CAC 40	5121.67	60.75	1.20	4310.88	5442.10	5.3		
Germany	DAX	12165.12	151.06	1.26	10174.92	12951.54	6.0		
Greece	ATG	827.77	4.22	0.51	548.72	859.78	28.6		
Israel	Tel Aviv	1388.58	22.62	1.66	1346.71	1490.23	-5.6		
Italy	FTSE MIB	21722.11	368.09	1.72	15923.11	22065.42	12.9		
Netherlands	AEX	521.10	4.13	0.80	436.28	537.84	7.9		
Russia	RTS Index	1031.13	8.72	0.85	944.88	1196.99	-10.5		
Spain	IBEX 35	10461.20	178.30	1.73	8393.50	11184.40	11.9		
Switzerland	Swiss Market	9031.27	147.23	1.66	7585.56	9198.45	9.9		
South Africa	Johannesburg All Share	55465.65	310.52	0.56	48935.90	56396.24	9.5		
Turkey	BIST 100	109537.36	2574.26	2.41	71792.96	110321.81	40.2		
U.K.	FTSE 100	7353.89	43.93	0.60	6654.48	7598.99	3.0		
Asia-Pacific	S&P/ASX 200	5730.40	37.30	0.66	5156.60	5956.50	1.1		
Australia	Shanghai Composite	3237.36	28.82	0.90	2980.43	3292.64	4.3		
Hong Kong	Hang Seng	27250.23	366.72	1.36	21574.76	27854.91	23.9		
India	S&P BSE Sensex	31449.03	235.44	0.75	25765.14	32575.17	18.1		
Indonesia	Jakarta Composite	5801.49	35.35	0.61	5027.70	5910.24	9.5		
Japan	Nikkei Stock Avg	19537.10	-19.64	-0.98	16251.54	20230.41	2.2		
Malaysia	Kuala Lumpur Composite	1771.08	4.12	0.23	1616.64	1792.35	7.9		
New Zealand	S&P/NZX 50	7761.94	42.83	0.55	6664.21	7799.64	12.8		
Philippines	PSEI	7962.12	33.69	0.42	6563.67	8071.47	16.4		
Singapore	Straits Times	3308.69	28.97	0.88	2787.27	3354.71	14.9		
South Korea	Kospi	2334.22	14.51	0.63	1958.38	2451.53	15.2		
Taiwan	Weighted	10225.28	-104.29	-1.01	8902.30	10579.38	10.5		
Thailand	SET	1561.31	...	Closed	1406.18	1591.00	1.2		

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



London close on Aug. 14

Country/currency	Mon	US\$ vs. in US\$	Mon	YTD chg (%)	US\$ vs. per US\$ (%)
Hong Kong	Country/currency	Mon	US\$ vs. in US\$	Mon	YTD chg (%)
Americas	Hong Kong dollar	0.1279	7.8215	0.9	
Argentina	0.0579	17.2751	8.9		
Brazil real	0.3146	3.1786	-2.3		
Canada dollar	0.7875	1.2699	-5.5		
Chile peso	0.001543	647.90	-3.3		
Colombia peso	0.0003373	2964.96	-1.2		
Ecuador US dollar-f	1	1	unch		
Mexico peso-a	0.0563	17.7659	-14.3		
Peru so	0.3083	3.2437	-3.3		
Uruguay peso-e	0.0347	28.840	-1.7		
Venezuela bolivar	0.098619	10.14	1.5		
Asia-Pacific	Australia dollar	0.7861	1.2721	-8.4	
China yuan	0.1499	6.6697	-4.0		

Key Rates

Latest 52 wks ago

Cur Stock	Sym	Last	% Chg	YTD% Chg
Asia Titans				
HKS ALAGroup	I299	59.25	-1.13	35.43
Y AstellasPharma	4502	5917.00	-1.14	22.38
Y TokioMarin	8766	4449.00	-0.85	-7.24
AUS AustNZBk	ANZ	29.43	0.58	-3.25
AUS BHP	BHP	25.65	0.39	2.35
HKS BankofChina	3988	3.84	1.59	11.63
HKS CNOOC	0083	8.71	-0.23	-10.21
AUS CSL	CSL	126.31	0.04	25.79
Y Canon	7751	3812.00	-1.24	15.69
Y CentralJapanRwy	9022	18155.00	-0.33	-5.59
HKS ChinaBuildt	0939	6.45	1.74	8.04
HKS ChinaInsuranc	2628	23.65	0.42	17.08
HKS ChinaMobile	0941</			

FINANCE & MARKETS



Jeff Julien has been the CFO of brokerage Raymond James Financial for the past 30 years.

Long-Serving CFOs Becoming Less Rare

BY JOANN S. LUBLIN

Few chief financial officers hold their high-pressure post for a decade, but that elite club is growing.

Jeff Julien belongs to this rare breed, whose longevity often reflects their sustained performance. Named CFO of brokerage **Raymond James Financial** Inc. 30 years ago, he helped lead his 118th quarterly earnings call last month.

Not a single analyst question surprised the 61-year-old executive. "We prepare days ahead of time for the call," he says.

Mr. Julien's tenure is longer than that of any other finance chief at the 673 biggest U.S. businesses—a group that comprises all companies belonging to the S&P 500 or Fortune 500, or to both—according to an analysis for The Wall Street

Total shareholder return at Raymond James—which consists of stock-price changes plus reinvested dividends—was 182% as of July 25, compared with 86% for the S&P 500 index. The 10-year return at Cerner was 378% and 646% at Monster Beverage.

Mr. Julien partly attributes Raymond James's performance to "consistent, long-term focus instead of overreacting to the crisis du jour."

Monster Beverage couldn't be reached for comment. Cerner CFO Marc Naughton "has played a critical role" in helping Cerner to outperform the S&P 500, company President Zane Burke said in an emailed statement.

There are signs of boards' growing preference for experienced finance chiefs to remain longer in their posts. While decadelong stints are rare, the

tersburg, Fla.-based Raymond James weathered that downturn because "we keep very conservative levels of cash," Mr. Julien recalled.

But during the depths of the financial crisis in September 2008, the brokerage finance chief says he lost sleep for several nights—and was forced to cancel a golf trip to Ireland. He worried about job cuts if Raymond James got acquired and the possibility that U.S. workers could lose trillions of dollars of net worth.

"It was really kind of scary," Mr. Julien said.

Raymond James later "used the downturn quite opportunistically" and recruited more financial advisers, he said. "We were kind of a port in the storm."

A new chief executive frequently replaces the finance chief—an effort now under way at **Mattel** Inc., where 17-year CFO Kevin Farr is set to depart once the toy maker picks his successor.

Mr. Julien and several other CFOs tracked by Crist|Kolder have rarely experienced upheaval in the corner office. **Berkshire Hathaway** Inc., for example, has been run by Warren Buffett since 1970—and has had Marc Hamburg as its top finance officer for nearly 26 years so far.

Mr. Julien has served only two Raymond James CEOs. He has enjoyed close ties with incumbent Paul Reilly and his predecessor Thomas A. James because he began playing tennis with each of them while he was in high school, he said.

At **Home Depot** Inc., 60-year-old Carol Tomé has worked for three chief executives since her 2001 promotion to CFO. She lost its CEO succession race to colleague Craig Menear in 2014. He asked her to stay.

"I did a lot of soul searching," Ms. Tomé said.

She considered retiring, running for office or switching employers. She decided she would leave only if she landed a CEO spot elsewhere.

One reason Ms. Tomé remained is that she also is Home Depot's executive vice president of corporate services, overseeing such critical areas as strategic business development. Ms. Tomé relishes driving strategy while keeping a healthy cash position—a number she scrutinizes every day.

She realized she would have the most impact by staying. "My fingerprints are all over this company," she added.

Golden Age

Over the past decade, total shareholder return at the biggest companies with the longest-serving CFOs largely outperformed the S&P 500.



Note: Data as of July 25

Source: Crist|Kolder Associates

Journal conducted in late July by executive recruiters Crist|Kolder Associates.

Ten years ago, 64 CFOs of the largest companies had served for more than a decade. Today, 85 have.

"Most of the 85 companies have been efficient users of capital," notes Peter Crist, Crist|Kolder's chairman.

Seven of the 10 most-tenured finance chiefs help run companies whose investors reaped far better returns during the past decade than the S&P 500 index, Crist|Kolder found.

Those businesses include Raymond James, health-care information-technology company **Cerner** Corp. and energy-drinks maker **Monster Beverage** Corp.

average tenure of CFOs at Fortune 500 companies rose to 5.7 years in 2016 from 4.7 years in 2005, according to search firm **Spencer Stuart**.

"Longevity is important in the CFO role," said Judy Bruner, who occupied the highest finance spot at **SanDisk** Corp. for 12 years until the disk-drive maker merged with **Western Digital** Corp. last year. "You may have to manage through economic downturns and upturns," she said.

Long-serving finance leaders like Mr. Julien typically survive by deftly handling economic and chief executive changes. The stock market crashed six months after he advanced to CFO from controller in 1987 at age 31. St. Pe-

tersburg, Fla.-based Raymond James weathered that downturn because "we keep very conservative levels of cash," Mr. Julien recalled.

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U.S. Government Bonds Retreat

BY SAM GOLDFARB

U.S. government bonds pulled back Monday as investors favored riskier assets amid reduced concerns about the North Korean nuclear threat.

In midday trading, the yield on the benchmark 10-year Treasury note was 2.210%, according to Tradeweb, compared with 2.191% Friday.

Yields, which rise as bond prices fall, climbed in the overnight session while global stocks gained in a reversal of their moves from last week when investors grew more anxious about a possible military confrontation between the U.S. and North Korea.

President Donald Trump

sent jitters through the financial markets last Tuesday when he said the U.S. would respond with "fire and fury" to further provocations from North Korea. On Sunday, however, the Pentagon's top military officer said the U.S. remained focused on finding a diplomatic solution to the crisis, while other Trump administration officials also said a war isn't imminent.

"The world seems a little safer right now than it maybe did late last week going into the weekend," said Timothy High, senior U.S. interest-rate strategist at BNP Paribas.

Despite Monday's move, Treasury yields still remain at the bottom end of their 2017 range. While geopolitical con-

cerns have driven some recent buying of government bonds, the market has also been supported by a run of soft inflation data, which has led investors to further scale back expectations for interest-rate increases from the Federal Reserve.

Investors bought bonds Friday after the Labor Department said the consumer price-index increased 0.1% in July from the previous month, below the 0.2% gain anticipated by economists surveyed by The Wall Street Journal.

Soft inflation helps boost Treasurys by preserving the purchasing power of their fixed payments and decreasing the likelihood that the Fed will raise interest rates.

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Telephone No.07172-252256

E-Tender Notice No.15 Year 2017-18

Online E-tenders in "B-2" (Item rate) forms are invited by Executive Engineer, Public Works Division No.2, Chandrapur for the following works from bidders who satisfy the qualifying criteria. The tender documents should be downloaded from the Government Website <http://pwd.maharashtra.etenders.in> the competent authority reserves the right to accept or reject any or all the tenders. Conditional Tenders will not be accepted.

Sr. No.	Name of Work	Estimated cost (In Crores)
1	Construction of New Building and Infrastructure for Chandrapur Forest Administration Development and Management Academy at Chandrapur Tah. Dist. Chandrapur (Maharashtra State)	Rs. 120.354
1	Tender Download	From Dt.11/08/2017 to Dt.18/09/2017
2	Tender Pre-Bid Meeting	Dt.1/09/2017 At 16.00 Hrs. at Chief Engineer, Public Works Region, Nagpur
3	E-Tender Opening	From Dt.22/09/2017 to Dt.27/09/2017 at Superintending Engineer, Public Works Circle, Chandrapur (If Possible)

All information of e-tendering is available on the following websites / Notice Board

1. <http://mahapwd.com>
2. <http://pwd.maharashtra.etenders.in>
(If there is any changes in the notice, then the information will be communicated on the above websites)

3. Executive Engineer, Public Works Division No.2, Chandrapur Office Notice Board.

4. For any correspondence contact

Executive Engineer, Public Works Division No.2, Mul Road, Chandrapur Telephone No.07172-252256 E-mail chandrapur2.ee@mahapwd.com

NOTE:-

1. All eligible / interested bidders are required to be enrolled on portal <https://mahatenders.gov.in> before downloading tender documents and participating in e-tendering process.
2. Bidders are requested to contact on following telephone numbers for any doubts /information / difficulty regarding online enrollment or obtaining digital certificate. Sify Technologies Ltd. Nextender (India) Pvt. Ltd. No. 25315555 / 25556 (Pune) or 022-26611117 / 26611287 (Extn) 25, 26 (Mumbai)
3. Tender Document Fee and EMD is to be paid via Online E-Paymet Gateway Mode Only. EMD Exemption Certificate shall not be considered. The information of E-Payment Gateway is available on E-Tendering website <https://mahatenders.gov.in>
4. The Post Qualification Criteria included in this work contract.

Executive Engineer
Public Works Division No.2
Chandrapur.

Outward No.4032/D-3(2)/Tender/2017-18 Dated 1/08/2018

Office of the Executive Engineer

Public Works Division No.2, Mul Road, Chandrapur

D.G.I.P.R. 2017/2018/2039

BUSINESS OPPORTUNITY

GODAVARI MARATHWADA IRRIGATION

DEVELOPMENT CORPORATION, AURANGABAD

MULA IRRIGATION DIVISION,

AHMEDNAGAR

E-TENDER NOTICE

NO.02 OF 2017-2018

On the behalf of the "Godavari Marathwada Irrigation

Development Corporation, Aurangabad the Executive

Engineer, Mula Irrigation Division, Ahmednagar Pin-

414003 Tel No.0241-2326086 is invited Sealed Online

E-Tender for the following work in B-1 from the

contractors registered with P.W.D (Government of

Maharashtra) in appropriate class

Sr. No.	Name Of Work	Estimated Cost Rupees In Lakhs	Time Limit for Completion (Months)	Earnest Money Rupees In Lakhs	Cost of Blank Tender Form (Rs.)	Class of Registration
1	Restoration of storage capacity of Mula dam by removing silt & silt mixing sand by means of mechanical operation	180 (Including Monsoon)	To be paid via online gateway payment mode only	Rs.50.00	50000/-	Bidder shall be CDR or Classified as NPA

Note:

Details of conditions etc are incorporated in the

E-Tender documents and Main Tender Document Set is

available online on <https://mahatenders.gov.in> For

submission of E-Tender/online tender bidder has to

obtain Digital Signature Key from authorized

MARKETS

Private Placements Rising

European firms pursue Asian debt investors as they prepare for higher rates and costs

By NINA TRENTMANN

European companies have stepped up the sale of securities directly to investors as they seek to diversify their funding amid fears of tighter monetary policy.

German rail operator Deutsche Bahn AG, Vodafone Group PLC and Deutsche Telekom AG are among the companies pursuing investors from Asia as they prepare for interest rates, and debt costs, to turn higher.

The rise in private placements highlights that finance chiefs in Europe are preparing for a change in monetary policy after a prolonged period of ultralow and negative interest rates.

Many companies have loaded up on debt, taking advantage of low borrowing costs. CFOs now worry that a shift to less accommodative monetary policies—expected for 2018—could trigger market volatility similar to America's taper tantrum that dominated the summer of 2013.

In the U.S., the Federal Reserve wind-down of monetary stimulus was accompanied by a decline in liquidity in the bond market and an uptick in yields, which rise as bond prices fall.

To limit such risks, CFOs of European companies are working to broaden their funding sources by developing closer links to investors in Asia.

Deutsche Bahn, the German rail operator, in July did a private placement in Swedish kronor for institutional investors in South Korea. The 15-year placement had a volume of 530 million kronor (\$65 million) with a coupon of 2.2%, according to Deutsche Bahn.



German rail operator Deutsche Bahn AG in July did a private placement of \$65 million in Swedish kronor with a 2.2% coupon for institutional investors in South Korea.

"We want to broaden our investor base and reap cost benefits," said Christian Große Erdmann, head of capital markets and risk management at Deutsche Bahn. The company for a number of years has worked with investors from Japan, Hong Kong and Australia and has now begun to develop ties with investors in South Korea. "This is new," Mr. Große Erdmann said.

Vodafone Group, the British telecommunications firm, this summer did private placements in Japanese yen and in Hong Kong dollars. The two placements in Hong Kong dollars had a total volume of HK\$1.005 billion (US\$128.5 million), whereas the placement in yen was worth around \$92 million. "This is the first time we ever did a placement in Hong Kong dollars, a member of the company's treasury department said.

Vodafone is actively seeking to diversify its investor base in a bid to reduce the reliance on bond sales, he added.

Other companies are following suit. European firms issued private placements in euros worth \$12.79 billion during the first half of the year, up from \$10.95 billion during the first half of 2016, according to Dealogic Ltd. The volume of placements in other European currencies also went up, from \$10.63 billion to \$13.98 billion. Private placements by Asian subsidiaries of European companies rose from \$28 million to \$334 million during that time.

"We have been watching this trend for a while," said Isabelle Toledano-Koutsouris, head of corporate debt capital markets and derivatives for Europe, Middle East and Africa at UBS Group AG in London. It illustrates that both corporates and investors are willing to explore new avenues, Ms. Toledano-Koutsouris said.

The trend comes on the back of rising bond sales by European companies in Asia.

"A lot of Asian investors want to diversify their investment portfolio," Ms. Toledano-

Koutsouris said. This and the search for yield makes Asian investors—in particular South Korean life insurance companies—seek opportunities in Europe.

Due to the nature of private placements, only the dealer, the issuer and the investor are familiar with the rationale and the exact details of a certain deal, according to Marko Milos, managing director at Goldman Sachs Group Inc. in London. The bank executed at least one of these placements recently.

So far, the impact on markets has been limited, as private placements make up less than a tenth of the volume of corporate bonds. European firms issued Eurobonds worth \$175.42 billion during the first half of 2017, up from \$157.23 billion during the same period in 2016. The volume of issuances in other European currencies also ticked up, to \$52.87 billion in the first six months of 2017 from \$30.78 billion in the first half of 2016, according to Dealogic.

U.S. Stocks Gain As Worries Ease; Nikkei Slips 1%

By AKANE OTANI AND JUSTIN YANG

U.S. stocks jumped Monday, helped by investor relief that tensions with North Korea didn't escalate further.

The Dow Jones Industrial Average added 156 points, or 0.7%, to 22014 by around midday in New York. The S&P 500 climbed

1%, on track for its biggest one-day gain since April, and the Nasdaq Composite rose 1.2%. Those gains followed a volatile week of trading that sent indexes to their steepest declines in months.

In Japan, where the stock market was closed Friday, the Nikkei Stock Average slid 1% to 19537.10, its lowest finish since early May, even as the yen retreated some.

The Nikkei's decline came even as Japan registered a 4% pace of economic growth in the April-June quarter, much stronger than expected.

Hong Kong's Hang Seng Index rose 1.4% after registering its biggest one-week decline since December. In China, the Shanghai Composite was up 0.9%, snapping a three-trading-day losing streak.

Earnings have been beating "more optimistic" forecasts in Asia, where roughly half of companies, excluding those in Japan, have already posted results, said Stephen Corry, chief investment strategist at LGT in Hong Kong.

Last week, rising tensions between North Korea and the U.S. and a string of disappointing corporate reports punctured a streak of listless trading for U.S. stocks while sending assets such as govern-

ment bonds and the yen higher.

Much of those moves reversed course Monday. Some traders attributed the turnaround to solid corporate earnings, the stronger-than-expected economic data from Japan, and investors re-pricing the risks of conflict between North Korea and the U.S.

U.S. Secretary of Defense Jim Mattis and Secretary of State Rex Tillerson said Sunday that the Trump administration was still trying to achieve the "irreversible denuclearization" of North Korea through diplomacy.

"The move up [in markets] today is being driven by the fact there's been a little bit of a sigh of relief that you haven't seen further escalation," said Supriya Menon, senior multiasset strategist at Pictet Asset Management.

Financial stocks rose along with bond yields Monday, leading gains in the S&P 500. Banks tend to benefit from higher yields because they boost their net-interest margins, a key measure of lending profitability.

The S&P 500 financial sector added 1.3%, with Morgan Stanley and Goldman Sachs Group adding 1.8% and 2%, respectively. The yield on the 10-year U.S. Treasury note rose to 2.211%, according to Tradeweb, from 2.191% Friday. Yields rise as debt prices fall.

Another sign of the relative calm in the markets: A measure of expected stock volatility that had spiked last week retreated Monday. The CBOE Volatility Index, which tracks investors' expectations of swings in the S&P 500, slumped 19%.

The Stoxx Europe 600 climbed 1.1%.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

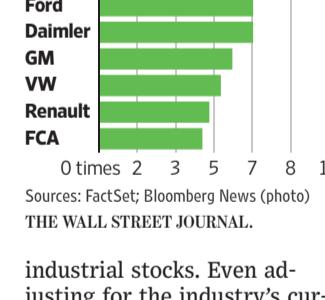
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Car Stocks: Cheap for a Reason

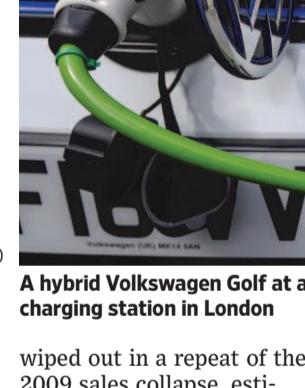
Cheap and Cheerless

Forward price/earnings ratios



Sources: FactSet; Bloomberg News (photo)

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A hybrid Volkswagen Golf at a charging station in London

industrial stocks. Even adjusting for the industry's current profitability car stocks look very cheap.

So should investors pile in? Probably not. For one thing, cyclically adjusted valuation measures only make sense if the company survives the next bust with its equity intact. Last time around some players, notably GM, went bankrupt. The industry is in better shape now, but fixed costs are still so substantial that most car makers' profits will be

wiped out in a repeat of the 2009 sales collapse, estimates Katherine Davidson, automotive sector specialist at Schroders, an asset manager.

Moreover, the future path of profits is clouded by technological transition, however many cars consumers buy. Investments in electric cars and self-driving features are already pushing up research-and-development spending, holding back profitability. But the hit to margins will be far greater as tightening

emissions standards spur electric-car sales. Today's manufacturers have a century of experience honing the car-making process with combustion engines; it will take time to get to the same point with electric cars.

And that is leaving aside the substantial risk that new competitors eat the incumbent industry's lunch. Even if tomorrow's car brands are mainly the same as today's—outside China, Tesla is the only credible new car brand—profits could ebb away to automotive suppliers with must-have technology on the one hand and customer-facing app providers like Uber on the other.

Faced with such a range of possible outcomes for the industry, long-term investors are sensible to watch and wait for greater clarity—though it probably won't emerge for years. There may be pockets of relative opportunity: Daimler's and BMW's low valuations look a bit unfair in light of their industry-leading cash reserves and profitability. Overall, though, car stocks are cheap for good reason. —Stephen Wilmut

OVERHEARD

American investors may be cheering on the rally in U.S. stocks this year, but they would have been better off putting their money almost anywhere else.

Take Belgium, where the MSCI index gained 15.1% through Thursday in dollar terms, versus 9% for the U.S. index. Or Mexico, which was up 27.2%. Austria had soared 39.9%.

Indeed, of 48 developing and emerging-market countries covered by MSCI, only nine have performed worse than the U.S. MSCI's index of global stocks excluding the U.S. is up 13.5%.

Even the U.S. stock rally is mostly a global affair. Large multinationals with major operations abroad have been driving America's stock-market gains as improving overseas economies fuel profit gains.

Meanwhile, shares of smaller, domestically oriented companies have been faring worse.

Investors who have focused solely on the U.S. have let a world of opportunity pass them by.

Sell Shares Of DryShips After Surge

Anchors aweigh! The DryShips saga finally took the turn that so many have lost so much money betting on too early—a violent rally now that the Greek firm's stock issuance to Kalani Investments Ltd. has ended.

The offshore investment firm, controlled by Toronto financier Marc Bistricer, has acted as a conduit for over \$600 million in new shares sold with little regard to price. DryShips shares doubled in early trading Friday after the announcement that the maneuvers that had depressed its value by 99.9% since mid-November 2016 had ended.

The company also said Friday that Chief Executive George Economou is investing \$100 million in the company at a 34% premium to Thursday's closing price.

But Mr. Economou's payment effectively will consist of shipping assets, redeemed loans and a series of preferred stock that had given him supervoting rights that had cemented his control over the company during the rapid dilution.

Lawsuits and the possibility of securities-law violations continue to loom over the company. The Securities and Exchange Commission declined to comment, while the company, Nasdaq and Mr. Bistricer hadn't responded to questions at the time of publication. Even without legal blowback, Mr. Economou remains the captain of this ship. That is reason enough for those fortunate enough to have made a quick gain to hop off at the next port.

—Spencer Jakab

China's Central Bank Sets Lenders Scrambling for Funding

Up and Away

China's monthly stock of negotiable certificates of deposit



Note: 1 trillion yuan = \$149.95 billion

Source: CEIC

THE WALL STREET JOURNAL

Big state-owned banks' issuance rose 160% on the month in July.

NCDs are booked as bonds

but aren't really. A less stable form of funding, they have tenors of six months or less and rates are closely linked to money-market rates, which are currently around 4.5%. They don't require collateral or guarantees and credit ratings. Buyers include other banks, money-market funds and bank-run wealth-management products.

The sheer scale of NCD issuance means reclassification is bound to cause banks to hit up against regulatory limits.

For instance, bank-to-bank, or interbank, liabi-

ties—the new classification for NCDs—can only total a third of total bank liabilities.

Meanwhile, the central bank's test for lenders requires this ratio to be below 25%.

At current levels, nearly 40 banks exceed this. Failing the test subjects them to

central-bank punishment such as higher borrowing costs and restrictions on funding.

The latest rule will put pressure on banks' liquidity. Or it will force them to find other means of funding. Either way, many Chinese banks will have to scramble.

—Anjani Trivedi