

ECONOMY & POLITICS

Pakistan's premier plays down strife over judge

Aziz says suspension doesn't pose threat to stability, growth

By KATE LINEBAUGH

HONG KONG—Pakistani Prime Minister Shaukat Aziz said the recent strife over the suspension of the head of the country's Supreme Court poses no threat to political stability or economic growth.

"Pakistan has a very stable environment for investment, and we are attracting investors from all over the world," Mr. Aziz said in an interview in Hong Kong. "The intelligent foreign investor has good people on the ground, and they know exactly that this is not an issue."

After Chief Justice Iftikhar Mo-

hammad Chaudhry was suspended by President Pervez Musharraf, Pakistani lawyers and opposition groups took to the streets in large numbers because of concerns that the move would undermine the independence of the judiciary.

Mr. Aziz said the government's actions were in line with constitutional procedures. The government hasn't detailed accusations against Justice Chaudhry, citing only unidentified abuses of power.

"The political parties have tried to make hay out of the situation," Mr. Aziz said, adding that the protests were "a few hundred people here and there, nothing of significance." (According to the Associated Press,



Shaukat Aziz

about 3,000 people staged a protest march Monday in Karachi.)

Mr. Musharraf's move to oust the judge has brought the Pakistani leader, a key ally of the U.S. in its antiterrorism campaign, to the brink of a political crisis. Justice Chaudhry, who was suspended after refusing to resign, had been expected to rule on several pivotal cases this year, including the timing of elections and on whether Gen. Musharraf can retain his role as head of the army while also serving as president.

The disquiet comes as Pakistan's economy is on a tear. Foreign direct investment is expected to top \$5 billion and set a record in the current fiscal year, which ends

June 30. In the last fiscal year, the figure was \$3.87 billion. Economic growth will exceed 7% this fiscal year, compared with 6.6% the year before, predicts Mr. Aziz, who is in Hong Kong to meet investors and officials of the city's government. Pakistan's stock market has been one of the best-performing in the region, and the currency has been stable.

This month, Dutch lender ABN Amro Holding NV agreed to buy a 93.4% stake in Pakistan's Prime Bank for \$227 million.

Mr. Aziz has pledged to continue his push to reform the economy, which began in 1999 when he was recruited by Mr. Musharraf from Citigroup Inc. to be the country's finance minister. As evidence, the government is pushing ahead with the sale of 10-year and 30-year bonds. Later this week, the country

plans to hire advisers with the aim of completing the sale by June, according to Salman Shah, Mr. Aziz's adviser on financial matters.

Privatizations are set to continue. The country has a roster of state-owned assets it is looking to sell, including a 51% stake in Pakistan State Oil, the country's biggest fuel supplier. The sale has drawn interest from the Middle East, Europe and Malaysia's state-owned oil-and-gas company, Petroliam Nasional Bhd., according to Mr. Shah, who expects the sale to be completed in June.

Australian offers plea at hearing in Guantanamo

By JOSH WHITE

THE WASHINGTON POST

GUANTANAMO BAY, Cuba—Australian David M. Hicks pleaded guilty to one charge of material support for terrorism during a brief U.S. military hearing Monday night, becoming the first Guantanamo prisoner to officially accept criminal responsibility for aiding terrorists since the detention facility opened more than five years ago.

The plea during the first day of hearings under the Military Commissions Act of 2006 marks a victory for the administration of U.S. President George W. Bush, which is now likely to secure a conviction in the first case it pursues under Congress's new rules.

Col. Ralph H. Kohlmann, the military commission's presiding officer, hasn't accepted the plea but is expected to do so in hearings this week.

Military commission officials here said Col. Kohlmann and lawyers for both sides will work out details of Mr. Hicks's plea. Then a full military commissions jury panel will meet to decide on a sentence. Mr. Hicks faces a possible life term, but prosecutors said that they probably won't seek a term longer than 20 years.

Lawyers for Mr. Hicks said they couldn't discuss details of the plea or whether there is an agreement with prosecutors about a sentence. Australian officials were planning for Mr. Hicks's possible return within days so he could serve his sentence.

Australian Prime Minister John Howard welcomed the guilty plea yesterday. "It has always been our view that Hicks should face justice but we have been very concerned about the time that it has taken," Mr. Howard told Parliament, according to the Associated Press.

Mr. Hicks, 31 years old, entered a plea of guilty to one specification of providing material support for terrorism and pleaded not guilty to one specification of supporting terrorist acts. Prosecutors alleged that Mr. Hicks trained with al Qaeda in Afghanistan and met Osama bin Laden, but they weren't prepared to present evidence that he attempted to kill anyone.

Mr. Hicks became the first detainee out of hundreds who have gone through Guantanamo Bay to have his case adjudicated. He was among the first detainees to arrive at Guantanamo in January 2002.

Lawyers from Australia and a delegation representing the Australian government were in the courtroom Monday.

FOCUS ON CENTRAL AND EASTERN EUROPE

Business skills boost Bosnia

U.S.-style M.B.A.s are viewed as vital to providing growth

By BETH KAMPSCHORR

SARAJEVO, Bosnia-Herzegovina—After Ermin Cero graduated from a USAID-funded, American-style M.B.A. program here last year, he found no shortage of offers: "When I was taking a phone call from this one reference, I was sitting there looking at two email offers, and I thought, what am I gonna do now?" he recalled over coffee at Sarajevo's trendy Mash cafe, crowded with smartly dressed "30 somethings" gossiping as rock band Radiohead blared from the sound system.

The experience of Mr. Cero, 31 years old, shows that Balkan companies are eager to hire Western-trained managers at a time when Bosnian companies remain burdened by the legacy of war and the transition from a planned economy to a market economy. Mr. Cero settled on a job as head of finance and controlling at a company that exports leather car seats to Germany and France from the nearby town of Visoko.

The M.B.A. program, linking the University of Delaware in the U.S. and the University of Sarajevo, is funded by a four-year, \$10 million grant from the United States Agency for International Development. As students such as Mr. Cero benefit, the cost—nearly \$150,000 per student—has USAID keeping mum as to whether it will continue the funding. USAID declined to comment on the project's sustainability, saying it is in negotiations with contractors.

The program aims to give Western-style business skills to its students, in hopes of kick starting Bosnia's moribund economy and using the school's methods as a model for Bosnia's still heavily socialist-era universities. Since opening its doors in 2004, the program has attracted some of the region's best students. It turned out 22 in its first graduating class, including Mr. Cero. A total of 67 students are expected to graduate by 2008.

Bosnia's war, which left 150,000 dead and half the country's four million people homeless according to the Sarajevo Research and Documentation Center, ended in 1995. The U.S.-brokered Dayton peace agreement divided the country into ethnically based halves, the Muslim-Croat Federation and the Serb Republic, held together by a loose central government. Though the country has been largely reconstructed by more than \$5 billion in postwar aid, and the pedestrian avenue in the capital of Sarajevo is a showcase of smart shops, the flush of aid has diminished.

Bosnia is a poorer country, in terms of gross domestic product, than Albania, which has historically been one of the poorest nations in the Balkans. Factories and heavy industry, which made up the backbone of the prewar Bosnian economy, were destroyed in the fighting or have fallen apart from lack of maintenance. Nearly half of Bosnia's GDP of \$9.2 billion in 2006 was made up of government spending. Unemployment is as high as 43%. Average monthly wages are \$350.

Though a 17% value-added tax

was introduced in January 2006, Bosnia's bickering Catholic Croat, and Muslim and Orthodox Serb politicians have yet to decide the allocation of millions of Bosnian convertible marks, the local currency—while teachers, health-care professionals and workers in the handful of state-owned industries that remain often are on strike over pay.

Bosnia's university system, meanwhile, mirrors the country's divisions and poverty. Education is run by the two so-called entities, and the Federation entity is further decentralized into 10 cantons, each of which funds universities.

While sweeping changes aimed at putting Bosnia's eight universi-

The program also aims to provide a model for Bosnia's universities.

ties in line with European Union norms have stalled, the University of Sarajevo two years ago began pushing through changes on its own. In some classes now, students are broken into smaller groups and are expected to present projects, write papers and hold discussions—much like in Western universities. Professors in some departments increasingly take pride in their development of curricula and syllabuses.

Still, "it's 1981 there," said Amila Avdagic, 26, one of the 45 students in the M.B.A. program. "This is like 20 years in the future, while our colleges look like 20 years in the past."

The Sarajevo Graduate School of Business M.B.A. program is housed on one floor of a University of Sarajevo building. With its new parquet floors, 15 Dell desktop computers and the small class size—24 students—the M.B.A. program seems kilometers away from the overcrowded classrooms downstairs, in which students perch on rickety desks before a green chalkboard.

On a recent weekday evening, University of Delaware Professor Tom Ilventl stood at a computer-driven overhead projector, assigning groups for a final project—and presenting a model on data sets—in his statistics class.

"You're telling a story about your data. Know that you know what you think you know," Dr. Ilventl said, adding that data could be anything from diamond-buying to a university alumni survey of how much undergrads are earning.

"Or baseball teams," he offered. "The effect of promotions and how they influence attendance at games—that's something you'll see in the real world."

"Not here," piped up one student, as the rest laughed knowingly about Bosnia's football-mad culture. "We don't need promotions for football games."

Dr. Ilventl and his Bosnian counterpart, Dr. Mugdim Pasic are experimenting with putting lectures online and using class time for valuable one-on-one help. They have given presentations to the local university's engineering school and the rector's office.

"I think there are a lot of ways to teach," Dr. Ilventl said. "Some of

the key is, are you interested in being better, and a lot of the interest [in the presentations] was, 'We want to be better teachers.'"

The M.B.A. program grants students a double degree from the University of Delaware and the University of Sarajevo. "I don't have time to go abroad" to study, said Kenan Crnkic, 28, who won a European Commission-sponsored manager-of-the-year title last year for his work at Prizma, an economic-development microcredit initiative in Sarajevo that loans tiny sums to poor people. "So I can get this degree in Sarajevo while I work. Though it's very tough, you can manage."

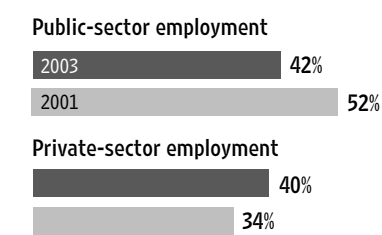
The ambitions and hard work here, supplemented by a neighborhood cafe's takeaway coffee, are a marked contrast to the town's laid-back atmosphere on what should be working days: On a recent Friday morning, a downtown open-air produce market teemed with shoppers, and hundreds of nearby outdoor cafe seats were occupied by Bosnians lounging over coffee and cigarettes.

"Unemployment, unemployment, unemployment," said Helge Olander, a Dane who works with the EU Actions for Regional and Enterprise Development agency to help small and midsize businesses. "The way forward is job creation. Jobs mean tax, and tax means that the teachers and the police and the doctors get a decent pay, and on time."

Mr. Olander reckons that pro-

Where Bosnia's jobs are

Privatizations and job reductions at state-owned companies are changing the employment landscape



Source: World Bank Labor Market Update

Students Ado Fazlic, left, and James Pedicone do their homework for the MBA program



grams like the Sarajevo M.B.A. project can only help. "There are very good engineers here, and relatively sophisticated products, but there is a gap in financial management and marketing, and in educating people with good language backgrounds," he said.

The program's high cost, however, has left some doubtful that USAID will continue funding. "At the last session of the school board, it was mentioned as a problem," said Anka Musa, a former board member and current vice-governor of Bosnia's Central Bank.

Ms. Musa said that the school's open-enrollment courses and executive education for local businesses do bring in some cash, and mentioned the possibility that Bosnian companies may invest in the program as well.

Still, "it's very difficult to find somebody who will invest in this at this price," she said. "No doubt the

school offers a lot to Bosnia, but I don't know how much Bosnia will return the support."

Elvir Causevic, who teaches a venture-capital course at the school and is organizing fund raising to keep it alive, is optimistic. "A business school itself is now a business case," said the 34-year-old Bosnian-born venture-capital entrepreneur, by telephone from Washington, D.C. "What I'm doing is to rally a group of local businesspeople and a couple of entrepreneurs...to pull capital together to make this self-sustainable."

Back at the Mash cafe in Sarajevo, the crowd was thinning out as dinner hour approached. In this lively locale, the scars of the 1990s war may be hard to see. But "we are handicapped by the fact that we had a war, and by the political system after the war," Mr. Cero said. "The best way to solve the problems is to help the economy."

BASELWORLD
THE WATCH AND JEWELLERY SHOW
APRIL 12-19, 2007

WHERE BUSINESS BEGINS AND TRENDS ARE CREATED

www.baselworld.com

2,100 Exhibitors | 94,000 Buyers | 2,500 Journalists | 100 Countries

The World's leading Watch and Jewellery Show | Basel | Switzerland | Phone +41 58 206 25 25 | visitor@baselworld.com

messe schweiz

GROW WITH US IN CENTRAL AND EASTERN EUROPE

www.ri.co.at



■ Unique banking network in Central and Eastern Europe ■ 12 million customers serviced through more than 2,800 business outlets ■ Dynamic growth combined with above-average profitability ■ Largest western banking group in the CIS ■ Extensive range of financial services including investment banking, leasing, asset management and pension funds

Raiffeisen INTERNATIONAL
Member of RZB Group