

## International Business News

## Malaysia, Saudi Arabia set up \$2.5b investment fund

AFP, Kuala Lumpur

Malaysia and Saudi Arabia on Wednesday said they would establish a 2.5 billion dollar partnership to invest in economic and energy projects here.

The joint-venture company is a collaboration between government development and investment firm 1Malaysia Development Berhad (1MDB) and Saudi Arabia's PetroSaudi International Limited (PSI).

In a statement the companies said the fund would target the renewable energy sector and "long-term sustainable economic development" projects in Malaysia.

It is also aimed at attracting further investment from the oil-rich Middle East region to Malaysia, the statement said.

It did not specify details of each company's investment in the joint venture or where the fund would invest.

Foreign investment in Malaysia has plummeted this year as a result of the global financial crisis. Its economy is expected to contract by 5.0 percent this year.

It is targeting about 30 billion ringgit (8.65 billion dollars) worth of investments, down from 62 billion ringgit last year amid a tough investment climate.

## Deadline looms for Bharti-MTN deal

AFP, New Delhi

The fate of a major tie-up between India's top mobile firm Bharti Airtel and South Africa's flagship cellular group MTN hung in the balance on Wednesday with the deadline for talks due to expire.

Shares of Bharti Airtel rose nearly one percent or 3.65 rupees to hit 422.5 rupees in morning trade with time running out on the exclusive talks.

A spokesman for Bharti said it was not known when an announcement might be made. The deadline for the conclusion of discussions, which began in May, has already been extended twice.

"The two parties are in exclusive talks until the end of September," a spokesman said.

The estimated 24-billion-dollar alliance could prove the world's biggest cross-border deal this year.

The talks between MTN, Africa's largest cellular group, and Bharti, are aimed at forging a giant with annual revenues of over 20 billion dollars and 200 million customers.

India's Financial Chronicle, quoting an unnamed finance ministry official, reported Wednesday that Bharti had asked MTN for two more weeks of exclusive discussions. There was no comment from Bharti.

"We'll most likely see another extension," investment analyst Rajay Ambekar of Prudential South Africa told AFP by telephone.



A Pakistani wholesaler arranges a display of pulses outside his shop at a main market in Rawalpindi yesterday. Pakistan's central bank has announced that its key interest rate would remain unchanged at 13 percent, as threats remained to the nation's economic growth with inflation still high.

## ECB grants 75 billion euros in exceptional one-year loans

AFP, Frankfurt

The European Central Bank said on Wednesday that it lent eurozone banks a little more than 75 billion euros (110 billion dollars) for one year in an exceptional move aimed at boosting the economy.

It was the second time the ECB offered an unlimited amount of funds for 12 months at its benchmark rate of 1.0 percent, but the amount taken up was nearly six times less than the record 442 billion euros taken up in late June.

That suggested conditions on interbank money markets have improved significantly in the past three months as economies worldwide rebound from the worst global slump since the Great Depression.

The one-year loans are the most spectacular of the ECB's raft of so-called enhanced credit measures designed to pump funds into the economy and unblock credit channels between commercial banks and the wider economy.

## Deutsche Bank wants to shed 1,300 German jobs

AFP, Frankfurt

The biggest German bank, Deutsche Bank, said on Wednesday that plans to eliminate German posts as reported in the press were not new.

"We do not comment on the figures. But we announced last October a plan to cut 1,100 jobs in Europe and at the same time the creation of 2,500 client advisory posts. That has not changed," a bank spokesman said.

Earlier on Wednesday, the business daily Die Welt had reported that Deutsche Bank wanted to eliminate or farm out 1,300 German jobs, but without resorting to outright redundancy.

In late 2008, Deutsche Bank employed 80,000 people worldwide, including almost 28,000 in Germany.

It warned in March however that some jobs might be cut.

The bank appears to have rebounded from the international financial crisis after suffering a hit last year.

In both the first and second quarters of this year it has posted net profit of more than one billion euros (1.46 billion dollars) however.

## ECONOMIC CRISIS

## A double blow to charities

AP, New York

For many social-service charities across America, the recession has delivered a staggering one-two punch. Sharp drops in donations and investment income have been coupled by soaring demand for their services.

The casualties so far include countless needy clients losing assistance and thousands of non-profit workers who've been laid off. Some local charities have shut down; even many of the largest nationwide operations have made painful cutbacks in staff, spending and programs.

"Nonprofits are generally at the whim of the economy... but we've never seen anything like this," says the Rev. Larry Snyder, president of Catholic Charities USA. "Increasing numbers of our own volunteers and employees have been forced to become clients of our services."

The cutbacks are forcing charities to rethink how they operate and make changes that are likely to outlive the recession. Nonprofits, like regular businesses, are learning to do more with less. Those that survive will emerge more efficient.

"It gives you a mindset to be more creative," American Heart Association CEO Nancy Brown says. "We're thinking even better and more innovatively than we were 10 months ago."

Numbers help illustrate the magnitude of the challenges.

Giving to social-service charities fell by 12.7 percent in 2008, according to the Giving USA Foundation, and there's been little evidence of a resurgence so far this year. Simultaneously, many state and local governments are cutting back on funding for nonprofits or delaying payments as they struggle to assemble their budgets.

That double hit to charities' revenue comes at a time when the national poverty rate has reached an 11-year high of 13.2 percent.

Nonprofit officials hope giving levels will rise once the recession



In this photo taken on Sept 17, 2009, Crystal Patton, front, works on folding plastic bags at the Brooklyn Bureau of Community Service in New York. The social services agency provides jobs to adults with disabilities.

ends, but for now many are thinking hard about how to use their dwindling resources.

"We can't be in recession - there are too many people relying on us," Brown says.

Brown's organization laid off 371 staff members across its national affiliates - 10.5 percent of its work force - and chose not to fill more than 200 vacant positions. To save money, it's cut travel costs and promoted resource-sharing among its affiliates.

World Vision, which aids disadvantaged children and families worldwide, has intensified efforts to thank donors and enable them, through high-tech improvements, to keep track of how their donations are used.

And some local Salvation Army branches resorted to deploying their red kettles - normally reserved for the Christmas season - to raise money in July.

"This is the most financially

challenging period of time we've had," says Major George Hood of the Salvation Army, who was among the national officials who opposed that move yet understood it because of the branches' desperate financial situation. "We're committed to doing whatever it takes to get the job done."

The American Red Cross in Greater New York cut its staff from 186 to 145 earlier this year as private donations fell by 25 percent. Leaders of the chapter insist that emergency response operations will not be affected, but say they will spend fewer resources on planning for future disasters.

The chapter, like many across the Red Cross system, has always made extensive use of volunteers, and is now relying on them even more, spokeswoman Marianne Darlaks says.

Nationally, the picture regarding volunteering is mixed. Many

nonprofits report a surge of volunteers, including recently laid-off people looking for meaningful tasks. Yet according to a report last month by the National Conference on Citizenship, based on surveys of 3,889 people, 72 percent of Americans have cut back the time they spend volunteering and performing other civic activities - largely because of the recession.

Some charities are examining their priorities and scaling back. CARE, one of the biggest U.S.-based international aid organizations, is now focusing on empowering impoverished women. Its headquarters staff has been reduced by 43, and the remaining 255 employees saw their pay cut.

"Absolutely, it's a very useful process - to rethink and prioritize," says Kimberly Wolff, CARE's senior vice president for resource development. "What many nonprofits do is become very

scattered, trying to do all things for all people. This crisis has forced us to become very strategic, and concentrate on serving those who need us the most."

Some once-flourishing local charities have been unable to survive. Family Services of the Mid-South, a 115-year-old non-profit, is closing this week after transferring a few of its programs to other agencies. The Destiny Foundation of Central Florida, which ran a children's clinic, thrift store and food pantry in Orlando, has suspended its operations and may close.

A recent survey by the Human Services Council of New York City, encompassing 244 local nonprofits, found that 60 percent had seen some decrease in public funding and 73 percent reported reductions in private donations. More than half had laid off staff in the past year, and 35 percent had eliminated programs.

One of the city's oldest and largest charities - the Brooklyn Bureau of Community Service - has laid off about 50 of its 550 employees. It's also eliminated a program that helped disabled people make the transition from welfare to work, and scaled down a program that's helping kids from troubled homes avoid foster care.

Reductions in both donations and city funding were to blame, says executive director Alan Goodman.

"It's like being nibbled to death by ducks - a little here, a little there," he says. "The end result is we have less money and fewer staff."

Goodman says becoming "leaner and meaner" is of limited consolation when he looks at the big picture - and wonders if more government support is needed to rescue the charitable sector.

"You'll find a whole lot of smaller nonprofits will just go out of business - totally wiped off the face of the map," he says. "Some of the most robust ones will weather the storm, but I don't think anyone will come through it unscathed."

## AVIATION

## HK's old airport set for multi-billion dollar takeoff

AFP, Hong Kong

It's probably the most valuable strip of derelict land in the world.

The defunct Kai Tak airport sits right in Hong Kong's Victoria Harbour and is estimated to be worth up to 40 billion dollars - the equivalent, experts say, of around 30 of the world's tallest skyscrapers.

"It is a jewel," said Nicholas Brooke, chairman of Hong Kong-based Professional Property Services. "I'm sure it's the most valuable piece of derelict land in the world."

And Kai Tak was, until it closed in 1998, also one of the scariest airports in the world.

Planes would make a gutting sharp turn over hilly Kowloon and then pass so close to apartment blocks that passengers felt they could almost touch laundry as it dried on balconies.

But, since the new Norman Foster-designed airport was opened on reclaimed land a half-hour's fast train ride from the city, the Kai Tak site has been crumbling.

"Kai Tak is right at the heart of Hong Kong," said Brooke, who sits on the Harbour Enhancement Committee, a group that advises the government on land use around the city's waterfront.

"To have the opportunity to create a business district or a residential district right in the centre of a capital city - it's unique," he added.

"And that is why it has attracted such a high value, a land value of between 25 and 40 billion dollars."

The land is worth around 30 International Finance Centres, Brooke said, referring to a huge glass and steel tower that dominates Hong Kong's skyline and is the world's fifth biggest office building.

To further try to illustrate the sheer scale of the land's value, Brooke added: "In terms of medium rise property, it's worth two square kilometres (0.8 square miles) of Manhattan - and all of (London's) Canary Wharf."

In a city where a luxury studio apartment sold recently for more



This file photo taken in April 1997 shows a jet coming in to land at Hong Kong's old Kai Tak airport as men work on bamboo scaffolding below the flight path. Kai Tak, which until it closed in 1998 was one of the scariest airports in the world, has been dormant for more than a decade because the city's authorities have struggled to reach a consensus about what exactly to do with it, with the land worth up to \$40 billion.

than three million dollars, there is no shortage of developers who would be keen to get a slice of the old airport pie.

There is water on two sides, views over the harbour and no pesky residents or businesses that need to be moved out of the bulldozers' way.

Kai Tak has been dormant for more than a decade because the city's authorities struggled to reach a consensus about what exactly to do with it. It is in their interests to make use of the site, as almost a third of the Hong Kong government's revenues come from land sales.

Also, thanks to a moratorium on land reclamation from the ever-shrinking harbour, there is unlikely to be any more new land in the future to sell-off - further pushing up Kai Tak's value and increasing the need for action.

And now, finally, work has begun on an ambitious redevelopment scheme.

A scale model of plans for the site sits in the lobby of the government's planning offices on the outskirts of Kowloon.

The 320 hectare (790 acre) site will have a sports stadium, a public park and, at the tip of the peninsula, a cruise terminal. And, of course, in the middle of the old runway will be some of Hong Kong's most exclusive housing.

Eric Yue Chi-kin, Kowloon's chief planning officer, buzzed proudly around the model: "Going down here is the runway precinct," he said, pointing at some apartment blocks that look - even in model form - hyper expensive.

"It is a very unique location, because it has water on two sides and has a very spectacular, panoramic view to the Victoria Harbour."

The Hong Kong government plans to pump 2.6 billion dollars into getting the infrastructure up to scratch, and hopes to put the contract for the first phase, the cruise terminal, out to tender by the end of the year.

Mak Chi-biu is the chief engineer for the site and the man in charge of turning Yue Chi-kin's dream into reality. He stands in a tall building looking down over the long slab of broken, weed-infested land that cuts into Victoria Harbour - and out into Hong Kong's future.

"The whole development cost will be about 12.8 billion dollars," he said, sweeping his hand up to the tip of the peninsula, where the cruise terminal will be. "The idea is to make Hong Kong a cruise hub of the Asia-Pacific region."

So the runway, which was expanded by the slave labour of prisoners of war during the Japanese occupation in World War II, will again have construction workers swarming all over it. It should all be finished somewhere around 2025.

But property experts urge the government to be cautious and stick to the elements of the plan which offer something to the public.

"Kai Tak is an asset that I think has to be shared by everybody," Brooke said. "You could build luxury there and sell it all off to investors from mainland China."

"But I think we have to build something where there is a range of housing so that people from all walks of life can participate. There is a great danger that you do something very exclusive and you shut out the majority."