

# China and Pakistan to formalise \$10b deals

AFP, Islamabad

China and Pakistan are set to conclude another 10 billion dollars' worth of deals on Saturday, the latest signings on a trade focused trip to South Asia for Chinese Premier Wen Jiabao.

Business leaders are scheduled to formalise deals at Islamabad's five-star Marriott Hotel, where a devastating suicide truck bomb killed 60 people in 2008, adding to the 20 billion dollar deals inked on Friday.

Boosting trade and investment have been the main focus of what has been the first visit in five years by a Chinese premier to the nuclear-armed Muslim nation on the front line of the US-led war on Al-Qaeda.

Pakistan regards China as its closest ally and the deals are seen locally as incredibly important to a moribund economy, which was dealt a massive blow by catastrophic flooding this year and suffers from sluggish foreign investment.

Pakistani Information Minister Qamar Zaman Kaira said the countries signed 13 agreements and memorandums of understanding on Friday in fields ranging from energy to railways, from reconstruction to agriculture and culture.

Kaira said China had promised to fund "all the energy projects of Pakistan," which he termed a "major breakthrough". Pakistan suffers from a debilitating energy crisis and produces only 80 percent of the electricity



Chinese Premier Wen Jiabao (L) and his Pakistani counterpart Yousuf Raza Gilani (R) clap after the inauguration ceremony of Pakistan-China Friendship Centre in Islamabad yesterday.

it needs. "China will provide assistance in 36 projects in Pakistan to be completed in five years," he said. "Basically this is a five-year development plan."

Although not specifically mentioned, behind-the-scenes talks are also expected on China building a one-gigawatt nuclear power plant as part of Pakistani plans to produce 8,000 megawatts of electricity by 2025 to make up its energy shortfall.

Wen is set Saturday to inaugurate a cultural centre built as a monument to Pakistani-Chinese friendship, and is scheduled to hold talks with the country's opposition leader Nawaz Sharif and senior figures in the military, which depends on China for hardware.

After the business leaders' meeting, President Asif Ali Zardari is to host a state banquet, before Wen addresses a special joint session of parliament early

Sunday.

"The outcome of the visit is beyond our expectations. It is an historic day," Pakistan's ambassador to Beijing Masood Khan said Friday.

Pakistan depends on China's financial and political clout to offset the perceived threat from rival India and rescue its economy from the doldrums of catastrophic flooding, a severe energy crisis and poor foreign investment.

Pakistan's prime minister has expressed hope that trade will rise to between 15 and 18 billion dollars over the next five years.

China, meanwhile, has been concerned about the threat of Islamist militants infiltrating its territory from Pakistan.

Before arriving in Islamabad, Wen visited India, where he and his 400-strong delegation inked deals that will see bilateral trade double to 100 billion dollars a year by 2015.

## Malaysia floats \$11.5b transport project

AFP, Kuala Lumpur

Malaysia is to start work on a Mass Rapid Transit (MRT) system in Kuala Lumpur next July, premier Najib Razak announced Saturday, in an bid to ease congestion on the city's transport network.

The 36 billion ringgit (\$11.5 billion) project, part of the government's economic transformation plan, will link the city's disparate commuter lines, Najib said.

The new line from the city's northwestern perimeter to the southeast will pass through many densely populated suburbs that are not served by the present innercity light rail transit systems.

Much of the city's workforce catchment area is currently not served by the rail network, forcing commuters to take to the city's congested roads, creating daily gridlock.

"The Sungai Buloh-Kajang MRT line will serve a catchment area of about 1.2 million people," Najib said in a statement.

The line will take six years to complete, Najib said, and is expected to transport more than 400,000 passengers every day, as well as creating 130,000 jobs during its construction.

With the introduction of the MRT, 50 percent of transport users will be using rail as their main public transport, Najib said, reducing congestion and making travel easier.

In September, Najib unveiled an initiative to transform the economy

# Obama signs tax bill, hails bipartisan spirit

REUTERS, Washington

President Barack Obama on Friday signed into law a bill extending Bush-era tax cuts and said he hoped the bipartisan spirit that had made it possible would help restore Americans' faith in Washington.

"The final product proves when we can put aside the partisanship and the political games, when we can put aside what's good for some of us in favour of what's good for all of us, we can get a lot done," he said at a White House ceremony.

Obama brokered the tax deal with Republicans over the objections of many of his fellow Democrats who said it was too generous to the rich, and US lawmakers passed the \$858 billion package of renewed tax cuts and more unemployment benefits near midnight on Thursday.

"This is real money that's going to make a real difference in people's lives," Obama said. "That's how we're going to spark demand, spur hiring, and strengthen our economy in the new year."

The bill was expected to provide at least a short-term boost to the US economy and reduce unemployment, which remains near 10 percent. But it will also add to a \$14 trillion national debt that some fear is nearing dangerous levels.

Most Democrats, including Obama, had opposed extending the lowered tax rate for the wealthiest Americans, but Obama agreed to a temporary extension to get a deal with Republicans.

Many Democrats also resisted a provision raising the exemption threshold for the estate tax to \$5 million from \$3.5 million in 2009



US President Barack Obama speaks alongside Vice President Joe Biden prior to signing bipartisan tax legislation that extends tax cuts signed by former US President George W Bush and renews benefits for the unemployed during a ceremony in Washington DC, on Friday.

and cutting the estate tax rate to 35 percent from 45 percent.

Obama defended the bill as the right thing to do for the country despite its flaws, and signalled it could be a blueprint for future cooperation that would make ordinary Americans feel better about their government.

"If we can keep doing it, if we can keep that spirit, I'm hopeful that we won't just reinvigorate this economy... I'm also hopeful that we might refresh the American people's faith in the capability of their leaders to govern," Obama told an audience that included Republican and Demo-

cratic leaders. Obama's compromise reflects the new political reality that many see pushing him to lead more from the centre as he gears up for the 2012 presidential election, after Republicans in November congressional elections won control of the House of Representatives and increased their weight in the Senate.

Among Obama's most pressing challenges when the next Congress begins in January is to fashion a bipartisan consensus on spending cuts and to overhaul the US tax code to tackle the US budget deficit and rising debt.

"We've got to make some difficult choices ahead when it comes to tackling the deficit," Obama said, noting that this could prove a tougher task than agreeing to extend tax cuts.

"But the fact is, I don't believe that either party has cornered the market on good ideas. And I want to draw on the best thinking from both sides," he said.

The president has in hand the recommendations of his bipartisan debt panel that he has said includes some good ideas on closing tax loopholes and lowering rates. But he has not actually endorsed the report's findings.

## Retailers focus on convenience as Christmas nears

REUTERS, Chicago

Retailers are focusing on convenience in the holiday season's home stretch.

Some stores will offer 24-hour shopping or help you make sure the item you want is in the store before you even get into the car. Others are trying to rectify early missteps.

Best Buy Co Inc made a bad merchandise bet and watched sales fall as shoppers looked past pricey 3D and Internet television technologies this year.

But the electronics chain may be an outlier in an otherwise improved shopping season, with the National Retail Federation raising its holiday sales forecast this week.

Reuters is monitoring the holiday strategies of department store chain JC Penney Co Inc, discounter Target Corp, Kmart parent Sears Holdings Corp, Best Buy and Toys R Us.

A sixth company that Reuters had been following, teen apparel chain Aeropostale Inc, had a different change of heart, based on a media report that it is setting up a defense against a potential takeover bid.

Aeropostale has not commented on the report and did not respond to repeated requests for an update on its holiday strategy this week.

### BEST BUY

Best Buy lost tech shoppers to mass merchants like Target and online retailer Amazon.com as it discounted less and promoted expensive 3D televisions this season.

The retailer acknowledged its misstep on Tuesday, when it reported a drop in quarterly sales at existing stores and lower-than-expected earnings.

After realising that "the consumer is definitely showing propensity at the low end," the retailer said it will now promote lower-priced 32-inch TVs and making price adjustments in its computer section.

"The US consumer is carefully considering his or her wallet and what they are going to buy for their holiday gift-giving," Dunn told Reuters in an interview, adding he expects sales volumes to be "enormous" in the 10 days before and after Christmas.

To boost customer traffic, Best Buy will offer free smartphones every day for the remainder of the holiday season. Customers will still need to sign the 2-year service agreement to get the phone.

### TARGET

Troy Risch, executive vice president of stores, said the company brought more televisions into stores to shore up dwindling stocks of what have been a popular item this season. But it is not overstocked

## Yahoo! trimming products after cutting staff

AFP, San Francisco

Fresh from cutting its workforce, Yahoo! is looking at getting rid of products that don't fit the struggling Internet pioneer's efforts to re-invent itself.

"Part of our organizational streamlining involves shifting our investment with off-strategy products to put better focus on our core strengths and fund new innovation in the next year and beyond," Yahoo! said Friday in response to an AFP inquiry.

Yahoo! properties on an internal "sunset" list leaked onto the Internet this week included MyBlogLog, Yahoo! Picks, Yahoo! Bookmarks, Yahoo! Buzz and search service AltaVista.

"We're actively thinking about the future of Delicious and we believe there is a home outside the company that would make more sense for the service, our users and our shareholders," Yahoo! said.

A message Friday at the Delicious blog assured users that the social Website bookmarking service was not being shut down.

While not a "strategic fit" for Yahoo!, Delicious could find an "ideal home" elsewhere.

The Sunnyvale, California-based firm declined to discuss other properties on the list other than to say that it was making decisions based on which products had promise and which were underperforming.

Yahoo! on Tuesday announced that it would cut some 600 jobs, about four percent of its global workforce, as it fought to regain its footing on a shifting Internet landscape increasingly dominated by Google and Facebook.

It was the third round of layoffs since the fall of 2008 and the second since Carol Bartz took over as chief executive in January 2009.

Bartz replaced Yahoo! co-founder Jerry Yang at the helm after the company rebuffed a bid by Microsoft to buy the company for about 45 billion dollars in early 2008.

Microsoft and Yahoo! reached an agreement last year that calls for the US software giant to power searches at all Yahoo! websites.

Yahoo! will continue, however, to present search results in its own fashion on its sites, with only a discreet reference at the bottom of the page to their being "Powered by Bing," Microsoft's new search engine.