



The financial crisis hasn't spared U.S. churches

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Some European real-estate stocks have solid bases

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What's News —

Business & Finance

World-Wide

Toyota's president is expected to step down next year to assume the chairman's post, stirring speculation over a successor as the Japanese car maker reels from the downturn in the global auto market. **Page 1**

Vitol Group is coming under scrutiny in an investigation into oil-price gyrations over the past year and a half. **Page 1**

Sales of new and existing U.S. homes tumbled in November and prices continued to fall as the recession drove consumers out of the market. **Page 2**

Poland cut rates by an unexpectedly aggressive three-quarters of a point amid signs of a deepening slowdown. **Page 3**

U.S. stocks fell after another round of weak economic data. European shares were little changed. **Page 18**

Airlines argued that an EU court ruling giving passengers compensation for flight cancellations for technical problems could jeopardize safety. **Page 9**

Manpower cut its fourth-quarter financial forecast, a sign of the weakening U.S. and European job markets. **Page 5**

An ex-broker was arrested in a fraud case connected to New York attorney Marc S. Dreier, prosecutors said. **Page 17**

A woman filed a claim against the SEC alleging the U.S. agency was negligent in failing to detect an alleged decades-long fraud by Bernard Madoff. **Page 19**

Taylor Wimpey will breach its interest-cover covenants in January, but the builder expects to reach a deferral pact with lenders by year end. **Page 5**

Notebook-computer shipments outpaced desktops in the third quarter, largely because of ballooning sales of the cheap mini-personal computers known as netbooks. **Page 7**

Pay-TV firm Premiere plans to sell stock and restructure its debt with the help of News Corp., its biggest shareholder. **Page 5**

Britain's economy shrank 0.6% in the third quarter, more than previously thought, and was the biggest quarterly contraction in 18 years. The data increased the likelihood that a major recession is under way. Also, the euro-zone economy slowed further in December, and Italy prepared to forecast a recession for all of 2009. **Page 3**

Iraq's Parliament speaker resigned, ending a long-running power struggle and allowing lawmakers to authorize British and other non-U.S. foreign troops to remain through July.

The death of Guinea's long-time dictator triggered a political vacuum that threatened further instability in the resource-rich West African nation. **Page 8**

Russia's new sea-based ballistic missile failed in a test launch for the fifth time, signaling serious trouble with the major future component of the nation's nuclear forces. **Page 9**

China is considering adding a first aircraft carrier to its navy fleet, an indication of its growing military profile as it prepares for a deployment abroad. **Page 9**

A court in China rejected a lawsuit filed by parents of children killed when a school collapsed in May's massive earthquake in the southwest. **Page 10**

U.S. Vice President-elect Biden said a report would show "no inappropriate contact" between Obama's staff and embattled Illinois Gov. Blagojevich.

India's Singh sought to reduce tensions with Pakistan in the wake of the Mumbai attacks, saying "nobody wants war."

Zimbabwe's Mugabe called the U.S. and Britain "stupid" for thinking he shouldn't be part of a unity government.

A 5.2-magnitude earthquake shook northern Italy, causing only minor damage to buildings.

— NOTICE TO READERS —

The Wall Street Journal Europe won't publish Thursday and Friday due to the Christmas holiday. News updates during this time will be available to subscribers of the online Journal at WSJ.com/Europe.

EDITORIAL & OPINION

Forest Gov

London should get out of its 90-year-old Christmas tree business. **Page 13**

Global economic slump lessens Gazprom's clout

Gas cartel's creation doesn't provoke fear as demand decreases

BY GUY CHAZAN

If, a year ago, Russia's OAO Gazprom had threatened to turn off the taps to Ukraine and create an OPEC-style gas alliance, it would have provoked panic in Western capitals. But now, with oil prices at their lowest in four years, Moscow is having trouble getting the West's attention.

The global economic slowdown has cut demand for oil and gas the world over, curbing the strength of big energy companies that once seemed unassailable. Gazprom, the gas supplier long feared in Europe as an all-powerful monolith, is heavily in debt and hurting from a steep decline in energy prices.

So a meeting of gas producers in Moscow on Tuesday that might have rung alarm bells in the past invited little Western comment. Energy ministers from 12 countries decided to turn what had been an informal club into a permanent organization, to be named the Forum of Gas Exporting Countries. *Please turn to page 28*

Vitol discusses role in market as oil surged

BY ANN DAVIS

Federal investigators trying to pinpoint what is behind gyrations in the price of oil in the past year and a half are scrutinizing a series of moves by Dutch-Swiss physical oil trader Vitol Group.

Enforcement attorneys at the U.S. Commodity Futures Trading Commission are dissecting trades of a single oil trader at a six-person hedge fund in Houston run by Vitol. His open bets on the New York Mercantile Exchange, where the world oil benchmark trades, at one point in July constituted 11% of all crude-oil bets outstanding on Nymex around the time oil was reaching unforeseen heights.

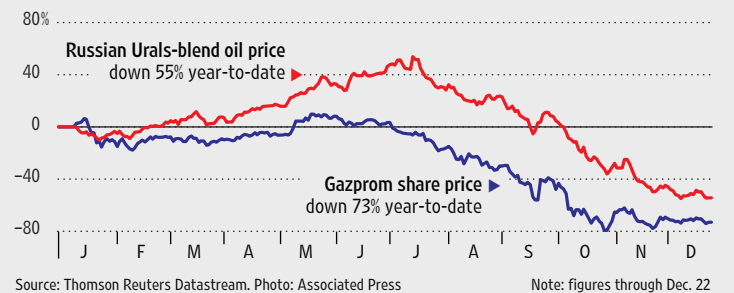
The investigators also are looking at Vitol's use of oil tankers for floating storage as part of a broader inquiry into so-called physical oil trading and its impact on the futures markets. Physical trading involves the actual commodity, rather than futures contracts. Vitol is the largest independent physical oil trader in the world.

There has been no accusation that any Vitol trades in question were improper, and it isn't clear where the CFTC's multifaceted inquiry will lead. The CFTC declined *Please turn to page 27*



Close to the brink

Gazprom's deputy head Alexander Medvedev, center, at a news conference last week warned Gazprom could raise the price of gas to Ukraine. Some in the west worry the row could disrupt Russian gas supplies to Europe.



Toyota succession looms at critical time in market

NORIIHIKO SHIROUZO AND JOHN MURPHY

Toyota Motor Corp. President Katsuaki Watanabe is expected to relinquish his post next year and become chairman, stirring speculation over a successor as the company reels from the downturn in the global auto market.

The development doesn't indicate a need to change strategic direction, according to people familiar with the matter, but rather stems largely from the health status of Toyota's current chairman,

Fujio Cho. Nonetheless, a management shuffle opens up a horse race for Toyota's top job at one of the most critical times in the auto maker's recent history.

In Japanese companies, the president typically wields the most power over operations. The chairman's role is more honorary and focused on external relations.

Earlier this week, Toyota projected its first annual operating loss since 1938—a loss of 150 billion yen, or about \$1.7 billion, in the year ending March 31—amid slumping *Please turn to page 27*



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THE WALL STREET JOURNAL

LEADING THE NEWS

U.S. housing deteriorates

Sales, prices plunge as recession deepens; GDP is unrevised

BY SUDEEP REDDY

A deepening recession and tight credit conditions are compounding problems in the U.S. housing market...

Sales of existing homes tumbled 8.6% in November from the prior month to an annual pace of 4.49 million units...

New-home sales declined 2.9% to an annual rate of 407,000 units, the Commerce Department said...

The housing sector has been hit hard throughout the year by an oversupply of homes that gradually forced high prices to fall...

Now, the worsening recession is further damaging the housing market. Consumers who lose their jobs are adding to homeowner defaults...

What will be a significant number of foreclosures over coming quarters will only add to the inventory overhang and keep downward pressure on house prices...

tate firm Mission Residential, which expects prices to stop falling in 2010.

There is one glimmer of good news not reflected in the latest figures: a sharp drop in mortgage rates in recent weeks tied to the federal government's efforts to support the housing market...

A broad measure of home values by the Federal Housing Finance Agency, released Tuesday, showed prices nationwide dropping 1.1% in October from the prior month...

The Realtors group said the median sale price of an existing home declined to \$181,300 in November, down 13.2% from a year earlier...

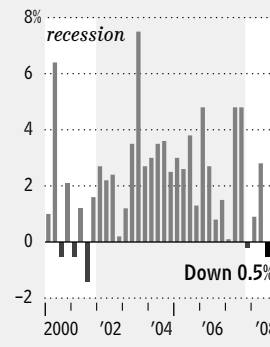
The Commerce Department's sales figures showed the median price of a new home at \$220,400 in November, down 11.5% from a year earlier...

"Home-building activity has declined so much that the backlog of unsold units is starting to be absorbed at a fairly rapid clip even in the face of such a slow sales environment," said Morgan Stanley economist David Greenlaw...

Separately, the Commerce Department left its estimate of gross domestic product unrevised to show an annualized decline of 0.5% in the third quarter...

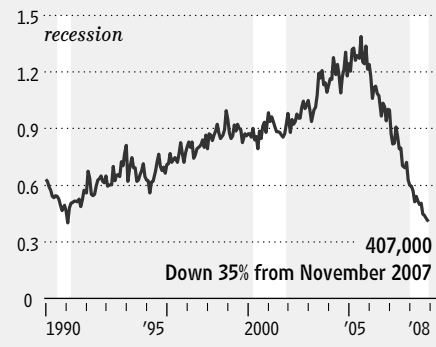
Housing weighs heavily on the U.S. economy

The slide is confirmed... Quarterly percentage change in gross domestic product*



*At a seasonally adjusted at an annual rate. Source: Commerce Department

As the housing decline continues Sales of new, single-family homes*, in millions



of 4% to 6% in the fourth quarter.

The University of Michigan's final December reading of consumer sentiment edged up slightly to 60.1 from 59.1 earlier in the month...

tively low due to the weakening job market and tumbling stock values.

In the survey, consumers' expectations for annual inflation declined to 1.7% from 2.9% in November. Over a five-year horizon—a figure closely watched by Federal Reserve policy makers—the expected pace of inflation slowed to 2.6% from 2.9%.

INDEX TO PEOPLE

This index lists the names of businesspeople and government regulators who receive significant mention in today's Journal.

For more people in the news, visit CareerJournal.com/WhosNews

Index listing names of businesspeople and government regulators such as Ader, David; Aiken, John; Armstrong, Charlie; etc.

INDEX TO BUSINESSES

This index of businesses mentioned in today's issue of The Wall Street Journal Europe is intended to include all significant references to companies.

Index listing various companies such as Acer; Adecco; AIM Global Real Estate; Air China; Alcoa; etc.

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LEADING THE NEWS

U.K. data show deeper downturn

GDP's quarter slide is biggest in 18 years, as momentum grows

BY JOE PARKINSON
AND NICHOLAS WINNING

LONDON—Britain's economy shrank in the third quarter by more than previously thought, increasing the likelihood that interest rates will be slashed to record lows and feeding fears that a major recession is under way.

The news was also grim in the 15 countries that share the euro. An indicator released by the Center for Economic Policy Research showed that the currency bloc's economy contracted in December, and the Italian government prepared to forecast a recession for all of next year.

Britain's Office for National Statistics issued revised figures for third-quarter gross domestic product showing a 0.6% contraction from the second quarter, versus a 0.5% contraction estimated previously. It was the biggest quarterly contraction in 18 years.

The service sector, which contributes about three-quarters of Britain's economic output, contracted 0.5% during the quarter—the steepest decline since 1990. Manufacturing output dropped at its fastest pace since 2001, registering a 1.4% decline on the quarter.

The British Bankers' Association, meanwhile, said mortgage approvals sank to a record low in November as the housing market remained throttled by the credit crunch and by concerns about a looming recession that is likely to keep activity low for the next few months. Seasonally adjusted mortgage approvals slumped to 17,773 from a revised 20,767 in October, the weakest level since the BBA started tracking the data in 1997. Approvals were nearly 61% lower than in November last year.

Poland cuts rates in move to ease slowing economy

BY DAVID MCQUAID
AND MAREK STRZELECKI

WARSAW—Poland's central bank cut its benchmark interest rates by three-quarters of a percentage point, in an unexpectedly aggressive response to signs the country's economy is rapidly decelerating.

The bank's Monetary Policy Council cut the discount rate to 5.25% from 6%. It said the economy would slow more than expected in coming quarters on a deepening recession in the euro zone, a domestic credit crunch and falling confidence among Polish businesses and consumers.

It also cited a battery of weak economic indicators showing that wage and inflationary pressures are likely to ease. The rate-setting panel said it now expects Poland's annual inflation rate to fall within the central bank's 1.5%-3.5% tolerance range within the next few months.

In the medium term, the council said the probability is greater that inflation will run below the central bank's 2.5% target as effects of the global slowdown spill over into Poland.

Economists warned that the grim data increase the chances that the U.K. economy is poised to enter its worst recession in generations.

"The numbers show that the downturn has more momentum than we previously thought and what's more, it is accelerating; 2009 is shaping up to be pretty nasty," said Jonathan Loynes, an economist at Capital Economics. "We envisage a 2.5% contraction, which would be the sharpest since 1947."

Traders noted that the weak U.K. data would refocus attention on the Bank of England to reduce rates further or to take other steps to get more credit to customers. The central bank cut interest rates to 2% in December, the lowest level since the bank was founded in 1694.

The deteriorating data come as a new poll showed U.K. Prime Minister

Gordon Brown losing ground in public opinion about his leadership and his response to the financial crisis.

A survey of 1,000 adults for the Independent newspaper by ComRes showed Mr. Brown's governing Labour Party slipping in public support by two percentage points, to 34%, with the opposition Conservatives gaining two points to 39%. Last month, the same poll showed Labour just one point behind the Conservatives. Mr. Brown's popularity had been at historic lows until this past fall, when the public began giving him higher marks for his handling of the banking bailout.

The euro-zone economy has slowed further in the final month of 2008, with occasional pockets of resilience likely to be overwhelmed in 2009. The Center for Economic Policy Research said its EuroCoin indi-

cator fell to -0.15% from -0.14% in December, indicating that the 15 euro-zone economies are contracting. The EuroCoin index is based on 1,000 data sets from across the euro zone and is closely watched by the European Central Bank.

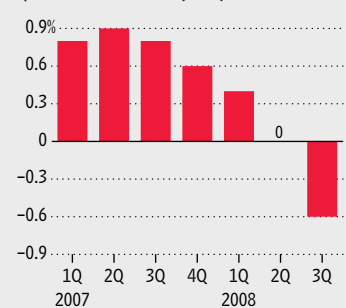
Meanwhile, the Italian government will slash its 2009 GDP forecast in the near future, predicting that a deep recession next year will lead it to break European Union budget rules, a person familiar with the matter said.

At one of its next cabinet meetings, expected in January, the government will forecast GDP to contract around 1% next year as Europe's fourth-largest economy is hit by the global downturn, this person said.

In France, consumer spending unexpectedly rose 0.3% in November from October, national statistics of-

Contracting

The U.K.'s gross domestic product fell a revised 0.6% in the third quarter. Seasonally-adjusted data.



Source: Office for National Statistics, U.K.

fice Insee said. But analysts cautioned against reading too much into the data, noting that October's sales were revised lower, and that sales of autos and clothing are still falling.

—Luca Di Leo, Geraldine Amiel and Ilona Billington contributed to this article.

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CORPORATE NEWS

Holiday season is not-so-jolly for eBay

Auction Web site makes tweaks to reverse slide in visitors and deteriorating traffic, but everyone isn't pleased

BY CHRISTOPHER LAWTON

For eBay Inc., this Christmas isn't turning out to be so merry.

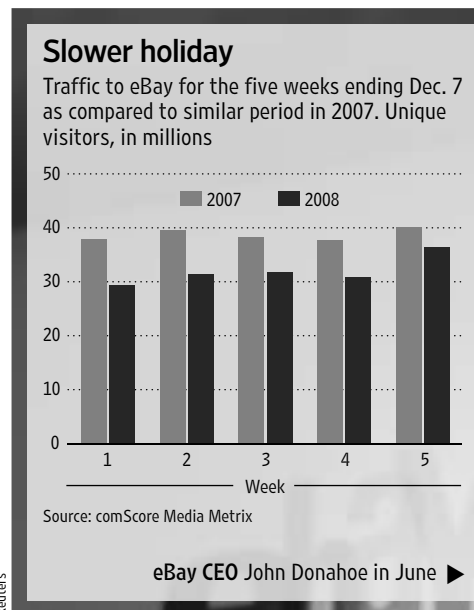
In its first holiday season under new Chief Executive John Donahoe, eBay is suffering a slide in visitor traffic and deteriorating sales. Customers are leaving for fixed-priced sites where eBay has less of an edge, and because of continued problems with unscrupulous sellers.

Weekly traffic to the auction site fell 16% between Nov. 3 and Dec. 14 from a year ago, according to research firm comScore Inc. In contrast, Amazon.com had 6% more unique visitors during the period.

The weakness is showing up in the sales of eBay sellers such as Gary Meyer. Mr. Meyer owns Gem Enterprises Inc. in Merchantville, N.J., which lists more than \$300,000 in tech equipment such as printers on eBay. So far this holiday season, Mr. Meyer's sales on eBay are down 30% to 40% from a year ago, he says. "We've geared up our Web site more and started listing on Amazon.com and other venues," Mr. Meyer says.

Lorrie Norrington, president of eBay Marketplaces, declined to comment on eBay's holiday sales. She noted eBay was the most visited Web site on the Monday after the U.S. Thanksgiving holiday near the end of November—a popular online shopping day—with a 45% increase in unique visitors, according to comScore.

"We are still three times the vol-



Reuters

ume of the competition and driving hard to make aggressive deals in a tough environment," she says.

eBay performance this quarter could be a referendum on the changes Mr. Donahoe has made this year. Since taking over for former CEO Meg Whitman in March, Mr. Donahoe has sought to rev up growth and reclaim buyers who had stopped visiting the Web site.

His most significant move has been to make eBay less of an auction house and more like Amazon or Walmart.com, selling fixed-priced goods, which consumers now prefer for speed and convenience. Among

other changes, Mr. Donahoe has cut the fee to list fixed-price items on eBay and boosted the fee charged when an item sells, a model that helps fixed-price sellers better set profits.

Yet the changes have so far had little financial impact—and have angered many loyalists. Transaction revenue per listing between October and the end of November plunged 28% from a year ago to \$1.44, according to Majestic Research. Wall Street analysts now estimate the San Jose, Calif., company will post its first year-over-year revenue decline when it reports fourth

quarter earnings next month. Seattle-based Amazon has forecast an at least 6% increase in fourth-quarter revenue over last year.

"We haven't observed...any material positive changes on the buyers' side of the equation," at eBay, says John Aiken, managing director with Majestic Research.

Some long-time sellers say eBay's new fee structure has increased their costs and made unfair ratings more difficult to resolve. Under rules implemented by Mr. Donahoe, when buyers leave negative feedback, seller ratings are lowered and their future listings are pushed

lower in eBay's search results.

The move to fixed prices has made its Web site confusing for buyers who have to navigate combined auction and fixed-price listings, say analysts and sellers. In September, eBay rolled out new search algorithms that mingle auction-search results with fixed-price results.

The technology changes have received poor reviews from sellers such as Debbie Imlay, a seller of women's lingerie on eBay. Ms. Imlay says many of Mr. Donahoe's revisions have made the site confusing to surf, turning off shoppers. "They are making it too difficult," says the Chatsworth, Calif., merchant.

Ms. Imlay, who sells over \$3,000 a month in lingerie on eBay, says the site is moving to fixed-price sales too quickly at the expense of auctions. She says her customers want to purchase items for the lowest price and auctions are still the best way to get bargains. By staying with auctions, Ms. Imlay says she pays 15% more fees to eBay than she did before Mr. Donahoe's fee changes. Overall, she says her holiday traffic and sales on the site are down 10% from a year ago.

One large auction-based seller, B&H Factory Outlet Inc., is now experimenting with fixed-price sales. The discount apparel company generates \$800,000 a month in sales on eBay and plans to add up to 5,000 fixed-priced items to its eBay store next month.

"We want to test both markets," says Stacie Sefton, B&H's CEO.

Advertising firms feel the weight of recession in U.S.

BY SUZANNE VRANICA

It took a year for economists to call the recession. Yet Madison Avenue felt the pinch earlier than most industries.

Despite an ad-rich presidential election and the Olympics, U.S. ad spending this year is expected to decline 3.8% to \$172.5 billion, according to Publicis Groupe SA, as sharp pullbacks in the second half by auto makers and others put an end to routine annual gains.

General Motors Corp., for instance, has asked its agencies to slash fees by as much as 20% this year and next.

An industrywide ad-spending decline of an additional 6.2%, to \$161.8 billion, is forecast for 2009.

In response, big agencies such as Omnicom Group are resorting to layoffs. Omnicom this year cut loose almost 5% of its 70,000 employees, and more pink slips are expected at other agencies early in 2009.

Ad companies continued to buy digital shops and other types of marketing concerns to help offset the slowdown. WPP paid £1.1 billion (\$1.63 billion) for Taylor Nelson Sofres, a market-research firm.

Marketers also continued to shift resources to the Web, as brands such as Gatorade relied on viral videos to grab attention.

Still, the Internet won't offer a safe harbor. WPP PLC predicts online ad spending will increase just 5% in 2009, down from an estimated 16% increase in 2008.

The ad industry never stopped trying to surprise.

From reviews of major campaigns and interviews with advertising executives, here are our choices for the best and worst ads that made headlines this year.

Some of the advertising can be viewed at WSJ.com.

The Best

Political Hip-Hop

Content: "Yes We Can," a music video produced by will.i.am of the Black Eyed Peas, showed footage of a speech by President-elect Barack Obama as musicians and celebrities echoed his words.

Feedback: In a bitter advertising war, the ad managed to take the high ground—and vividly demonstrated the treatment of politicians as brands. The video, which wasn't commissioned by the Obama camp, was viewed more than 20 million times on sites such as YouTube and fueled "yes we can" as the rallying cry for supporters.

Fast-Foodies Get Punked

Client: Burger King Holdings
Agency: MDC Partners Inc.'s Crispin Porter + Bogusky

Content: The burger baron resorted to a hoax dubbed "Whopper Freak-out" that snatched the Whopper from the menu at two stores and used hidden cameras to film customers' dismay.

Feedback: The campaign received enormous attention on and off the Internet, boosting Whopper sales,

the company said. People created their own versions of the ad and posted them online.

Believe It or Not

Client: PepsiCo Inc.'s Gatorade
Agency: Omnicom's Element 79

Content: An online video showed a ball girl for the Fresno Grizzlies minor-league baseball team scaling the wall to make a stunning catch of a foul ball. A bottle of Gatorade appeared briefly at her feet.

Feedback: Made to look like a home video, the ad had viewers believing it was a real catch. It never aired on TV but was viewed by more than six million people online, according to Gatorade, and generated buzz on outlets such as "The Ellen DeGeneres Show."

The Worst

Odd Couple

Client: Microsoft Corp.
Agency: Crispin Porter + Bogusky
Content: Microsoft shelled out about \$10 million for pitchman Jerry Seinfeld and paired him with Bill Gates for a massive Windows ad campaign. In one spot, the pair shopped for shoes; in another, they bunked with a family.

Feedback: The much-anticipated ads were largely panned by viewers and ad experts. A Microsoft spokesman says, "The only thing worse than being talked about is not being talked about. We're thrilled."

Sledgehammer Marketing

Client: Toyota Motor Corp.



Comedian Jerry Seinfeld, left, and Microsoft Chairman Bill Gates teamed up for an ad campaign that largely flopped with viewers and ad experts.

Agency: Publicis Groupe's Saatchi & Saatchi

Content: A car ad pushing zero-percent financing featured a version of the 1983 Fixx song "Saved by Zero."
Feedback: Toyota's ad appears tone deaf. A Facebook fan club that urged "Stop Playing Toyota's 'Saved by Zero' Commercial" was able to recruit about 10,000 members. TV watchers were sick of seeing the ad. "Our objective was to drive traffic to our dealers who were experiencing a dropoff," says a Toyota spokeswoman, adding, "The ad performed: showroom traffic increased."

A Strong Message

Client: American International Group Inc.

Agency: Omnicom's BBDO
Content: Ads for the troubled in-

urance company carried the slogan "The Strength to Be There." One ad featured cute children concerned about complex financial issues. They told their worries to their parents, who quickly reassured the moppets that everything was indeed OK, because "We're with AIG."

Feedback: Even as the insurer was awaiting its government bailout, it was airing ads that carried the self-assured slogan. The company eventually cut corporate ads that carried the tag line. The slogan "did get pulled off, because it was a distraction to our businesses, which continue to be strong," says Charlie Armstrong, an AIG advertising executive.

—Emily Steel
contributed to this article.

CORPORATE NEWS

Venetian Macau cuts jobs

Las Vegas Sands unit trims 500 employees as gambling drops off

BY JONATHAN CHENG

HONG KONG—Las Vegas Sands Corp.'s Venetian Macau Ltd. laid off 500 employees, including 100 managers, and said it plans to shave staff working hours, in another reflection of the hard times hitting the Chinese gambling enclave.

Those cost-cutting measures represent a reduction of about 2% of the company's staff in Macau, though the company said it would offer most of the workers jobs in Singapore, where it has another casino project under way that has become a bigger priority.

Business at Macau's casinos and hotels has suffered amid a drop-off in visitors from mainland China, where authorities earlier this year began tightening travel restrictions to the former Portuguese enclave, now a special administrative region of China. The new restrictions have raised concerns that ambitious growth projections for Macau based on forecasts for Chinese traffic may need to be revised.

New York-listed Las Vegas Sands, which operates three casinos in Macau, has had a particularly bad year. Its stock price has fallen more than 90% so far in 2008 as it struggles to manage billions in debt that it took on to fund expansion plans and contends with a sharp



China's tightening of travel restrictions to Macau has taken a toll on business at its hotels and casinos. Above, the Sheraton Macao Hotel.

downturn in gambling revenue.

The company's balance-sheet woes forced it this fall to suspend construction at two sites in Macau's Cotai area, where the Venetian Macau is located. The construction delay means the company will no longer transfer a planned 1,000 employees to operate those two projects, it said this week.

"Despite the slowing of our development program, we remain committed to our vision of building integrated resorts to facilitate Macau's economic transformation," the company said in a statement, noting that the job cuts were specifically targeted at nonresidents of Macau, in a bid to comply with local government

requests to retain local workers. Macau's economy relies overwhelmingly on the gambling industry.

Even as Las Vegas Sands and a rival, Galaxy Entertainment Group Ltd., scale back in Macau, others have been announcing new initiatives.

Earlier this month, a company controlled by Macau's Ho family said it would develop a five-star hotel in Cotai in partnership with Dubai-based Jumeirah Group, slated for completion in 2013. Last week, casino operator Harrah's Entertainment said it would launch its first Caesars-branded project in Macau with a golf course and golf school, with accompanying spa and gourmet restaurant. The project is set to open in 2009.

Manpower sees demand for temporary staff drop

BY JOANN S. LUBLIN

U.S. temporary-staffing giant Manpower Inc. lowered its financial forecast for the fourth quarter, in the latest sign that the job market is weakening rapidly and the troubles are spreading to Europe.

The Milwaukee-based concern cited decreased demand in most markets. "Many of our light industrial clients are taking prolonged plant shutdowns around the holidays compared to last year," Jeffrey A. Joerres, Manpower's chief executive, said in a prepared statement. Some clients have indicated their shutdowns may extend an extra week, until Jan. 12, Mr. Joerres told analysts on a conference call.

Manpower is one of the world's largest staffing companies, recruiting roughly five million permanent, temporary and contract workers each year. Although it is based in the U.S., Manpower derives two-thirds of its revenue from Europe, one third from France alone.

Manpower executives said its European business had deteriorated rapidly in recent weeks. Mr. Joerres said French auto makers PSA Peugeot Citroën SA and Renault SA had been using 10,000 temporary workers and eliminated all of them in about a week.

Businesses typically shed temporary workers ahead of permanent staffers. Employment at temporary-help agencies fell 15.4% in November to 2.2 million from a year earlier, according to the U.S. Bureau of Labor

Statistics. That's far steeper than the 1.3% decline across the economy.

Manpower trails Switzerland's Adecco SA, the world's biggest staffing company by sales. In early November, Adecco warned it won't meet next year's profit target.

Mr. Joerres predicted demand for Manpower's services in January and February will "be softer than we saw in November and December."

As a result, "the number of layoffs of regular employees is going to be deeper than anyone thought," said Daniel P. O'Meara, a senior fellow at University of Pennsylvania's Wharton School of Business and a Berwyn, Pa., attorney who advises management about employment issues.

Manpower withdrew its forecast for the fourth quarter, just two months after it had projected a fourth-quarter revenue decline of 9% to 11%.

Revenue actually fell 20%, or 11% in constant currency, from the year-ago period during the two months ended Nov. 30, the company said. In addition to the global economic downturn, Manpower executives said revenue was hurt by the recent strength of the U.S. dollar. That latest revenue decline represents roughly a 10% decrease in the number of temporary staffers employed by Manpower, according to Mr. Joerres.

The company also said it is cutting costs to reflect lower revenue and intends to take a fourth-quarter restructuring charge for employee severance and office closures.

—Shirleen Dorman
contributed to this article.

News Corp. to back Premiere issue

BY ARCHIBALD PREUSCHAT
AND SHIRA OVIDE

Germany's biggest pay-television operator, Premiere AG, said it plans to sell €450 million (\$627 million) in stock and restructure its debt with the help of News Corp., the company's biggest shareholder.

The deal with News Corp., which owns The Wall Street Journal, throws a lifeline to Premiere, whose prospects have been in doubt as it wobbles under more than €300 million in debt. News Corp. will stand behind the new stock sales, allowing Premiere to swap its existing borrowings for €525 million in new debt.

News Corp. paid \$666 million as it built up a roughly 25% stake in Premiere earlier this year. Investors have expressed concern about News Corp.'s foray into the German market, which in the past has been a

money-losing proposition for the media conglomerate.

News Corp. said it would buy shares that didn't sell in the two-stage issue, but its agreement to guarantee the larger of the two

Premiere said it will invest in programs, marketing and customer service.

stock sales hinges on a waiver of German regulations that require it to launch a full takeover offer for Premiere if News Corp.'s stake climbs above 30%.

A spokeswoman at German markets regulator BaFin said it is possible to waive the requirement if a

company is considered a restructuring case and it has a feasible turnaround plan.

Premiere Chief Executive Mark Williams, a former News Corp. executive who took the helm at Premiere in September, said Premiere will use its fresh funds to invest in programs, technology, marketing and customer service. He said Tuesday the company will continue to lose money for the next two years.

Premiere's shares dropped 11% Tuesday to €3.78 on the Frankfurt market. The first batch of stock will be offered at €3.19. Premiere's stock price has declined 70% this year.

"This injection of fresh money is necessary to give the company the financial tailwind to rebuild the business almost from scratch," UniCredit analyst Friedrich Schellmoser said in a research note.

The capital increase will be Premiere's third since its listing in 2005.

NASA picks companies to ship cargo

BY ANDY PASZTOR

LOS ANGELES—U.S. space-program officials have chosen Orbital Sciences Corp. and closely held start-up Space Exploration Technologies Corp. to ship cargo to the International Space Station starting in 2011, according to people familiar with the decision.

Slated to be announced by the National Aeronautics and Space Administration, the initial contracts are expected to total hundreds of millions of dollars but the overall cost of the

station resupply effort could top \$3 billion through 2015 or so. The companies beat out larger NASA contractor Alliant Techsystems Inc. in a competition that was closely watched in the industry.

Once the U.S. Space Shuttle is retired sometime after 2010, these commercial cargo-delivery contracts will be the only way for the U.S. to reach the station until NASA launches its proposed Constellation program in the middle of the next decade. The decision marks the first time NASA has opted to sign com-

mercial-style contracts, under which contractors pay for much of the development with their own funds and will receive payment depending on delivery of material to the station.

The awards are designed to save NASA time and money in complying with international agreements to support the space station. The contracts also have been viewed as a precedent-setting change from traditional NASA programs and a major boost to commercial investment in space.

Taylor Wimpey will breach debt terms, expects deferral

BY JONATHAN BUCK

LONDON—House builder Taylor Wimpey PLC said it will breach its interest-cover covenants in January, but added that it expects to reach a deferral agreement with lenders before year-end.

The company, which has debts of £1.9 billion (\$2.8 billion), said it is confident it will achieve "a robust, stable medium-term financing solution" before announcing its preliminary results. A date for the results hasn't been set.

Taylor Wimpey has been in talks with lenders to reset its covenants since July, when it failed to raise £500 million from shareholders. Its debt is made up of a revolving credit facility, privately placed notes and Eurobonds. At that time, the company said it would breach one or

more of the covenants in 2009 if they weren't reset.

The U.K. house-building industry is enduring one of the worst downturns in its history. It has been rocked by turmoil in financial markets, as low confidence and a lack of mortgage liquidity have sent house prices and sales sharply lower.

In November, mortgage approvals sank 61% from a year earlier to 17,773, the weakest level since the report was launched in 1997, according to the British Bankers' Association.

All U.K. house builders have felt the impact, but few more than Taylor Wimpey: The company's shares have lost 92% of their value in the past 12 months, and it posted a loss of £1.42 billion for the first half of the year, largely because of write-downs.

—Nicholas Winning
contributed to this article.



Chhattisgarh State Renewable Energy Development Agency (CREDA)

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Date 16.12.08

Request for Proposal

Offers are invited from eligible Indian and International developers for development of Geothermal Power Project at Tatapani, District Sarguja in Chhattisgarh (INDIA) on Design, Build, Own and Operate (DBOO) basis. The bid document containing all details can be obtained from CREDA Raipur, office on making a non-refundable payment of Rs. 50,000/- (Demand Draft) in favour of CREDA payable at Raipur. The document will be available for sale from 17th December 2008 till 17th January 2009 on all working days at this office. Bidders may download the RFP document from the website of CREDA and can submit the document fees at the time of submission of Techno Commercial Proposal.

All right to accept and reject any or all the tenders, partly or wholly are reserved with CREDA

S-37080

Director,
CREDA

CORPORATE NEWS

Buyout move lifts Shaw

Focus is on plans for company's stake in broadcaster TVB

BY LORRAINE LUK AND AMY OR

HONG KONG—Shares of Shaw Brothers (Hong Kong) Ltd. soared as much as 58% Tuesday on news that its parent company plans to take it private.

Shaw Holdings Inc., an investment holding company owned by Sir Run Run Shaw, and parties acting in concert with it plan to take Shaw Brothers private by buying the 25% stake they don't already own for HK\$1.33 billion (US\$171.6 million), the companies said.

Analysts say the buyout could pave the way for a sale of Shaw Brothers to parties that may be interested in acquiring its core asset, its 26% stake in Hong Kong's dominant free-to-air broadcaster Television Broadcasts Ltd. But both Shaw Brothers and Shaw Holdings said they intend to continue with their existing businesses.

Shaw Brothers ended up 56% at HK\$12.68, after hitting a high of HK\$12.86 Tuesday. The benchmark Hang Seng Index ended the day down 2.8% at 14,221.

Shaw Brothers shares resumed trading Tuesday after its stock was suspended Dec. 15 pending an announcement on the buyout. Its closing price before the suspension was HK\$8.13.

DAILY SHARE PRICE

Shaw Brothers, TVB

Tuesday's close:

— TVB: HK\$24.30, up 2.1%

— Shaw Brothers: HK\$12.68, up 58%



Source: Thomson Reuters Investor via WSJ Market Data Group



Shaw Holdings owner Sir Run Run Shaw

Shaw Holdings and its partners offered to buy the 99.9 million Shaw Brothers shares they don't own for HK\$13.35 each, representing a 64% premium to the share price before the trading suspension.

Shaw Holdings had previously sought to sell shares in Shaw Brothers, but aborted that plan in October, citing unfavorable market conditions.

Analysts said the buyout plan is highly likely to gain the approval of minority shareholders given the support of Shaw Brothers' second-largest shareholder, Arnhold & S. Bleichroeder Advisers LLC, and the attractive premium. The statement said the firm, which owns 10.2% of Shaw Brothers, has agreed to vote in favor of the deal.

Morgan Stanley said the offer

price implies a market value of HK\$15.4 billion for TVB, which represents up to a 50% premium over the broadcaster's share price. TVB shares ended up 2.1% at HK\$24.30 on Tuesday.

UBS analyst Spencer Leung said the buyout plan could remove a potential hurdle should Shaw Brothers decide to sell its TVB stake in the future, as minority shareholders' approval would no longer be necessary. "However, we do not anticipate a bid for TVB in the near term as interested buyers are likely constrained by tight cash flows," Mr. Leung said.

Merrill Lynch has said ad spending in Hong Kong could fall 5%-10% next year, and given TVB's cost structure, its earnings would fall much faster.

Libya bars flights by Swiss carrier amid arrest spat

ASSOCIATED PRESS

Swiss International Air Lines AG, a unit of Lufthansa AG, said Tuesday that it lost permission to land in Libya, which has been cutting links since Swiss police arrested dictator Moammar Gadhafi's son this year.

Swiss had to interrupt its service to Libya shortly after Hannibal Gadhafi and his wife were arrested at a hotel in July on suspicion of beating two servants. The carrier's service resumed on Aug. 10 on one of its three original weekly connections.

However, Libya revoked its final landing permit on Dec. 15, citing construction work at the airport in Libya's capital, Tripoli, said a Swiss spokeswoman.

It was unclear if any other airlines were affected. There was no comment from Libya.

Hannibal Gadhafi was freed on bail three days after his arrest and returned home with his wife. Libya recalled some of its diplomats in Switzerland and detained two Swiss nationals who were later released on bail but ordered to stay in the North African country.

Swiss Foreign Ministry spokesman Lars Knuchel said that both sides were working to find a solution to their problems.

Mr. Gadhafi has had previous run-ins with the law. In 2005, he was convicted by a French court for striking his pregnant companion in a Paris hotel.

J.P. Morgan still seeking castoffs from other firms

BY ROBIN SIDEL AND CAROLYN CUI

J.P. Morgan Chase & Co., which snapped up two of the banking industry's biggest victims of the credit crisis earlier this year, is still on the prowl for assets being cast aside by struggling financial institutions.

Monday, J.P. Morgan agreed to buy the Canadian energy operations and global agricultural business of Swiss bank UBS AG. The purchases will help New York-based J.P. Morgan bulk up its relatively young commodities operations at a time when rivals are scaling back. UBS, for example, is selling the units at a time it is trying to regain its financial footing following massive mortgage-related losses.

The move is typical for J.P. Morgan, which has weathered the credit crisis better than most of its competitors. Amid this year's wild swings in oil and food prices, many financial institutions see potential for growth in their commodities business, as more clients seek to manage the risk of adverse price moves and use commodities as collateral for bank financings.

Despite the financial crisis that has gripped the banking industry all year, 2008 has been J.P. Morgan's biggest year for acquisitions since Chairman and Chief Executive Officer James Dimon joined the bank in 2004. In March, J.P. Morgan bought Bear Stearns & Cos. as it careened toward bankruptcy. J.P. Morgan then acquired the banking assets of Washington Mutual Inc. in September after the Seattle-based thrift was seized by federal regulators.

J.P. Morgan's balance sheet has also gotten a big boost from the U.S. government, which pumped \$25 billion into the bank as part of a broad effort to shore up the banking industry. When asked by an analyst in October whether J.P. Morgan might use some of that money for acquisitions, Mr. Dimon responded, "I would be willing to use it for anything that made sense to J.P. Morgan shareholders."

Analysts have speculated that J.P. Morgan could make another large retail-bank acquisition, partic-

ularly since scores of regional banks are showing signs of distress. Although J.P. Morgan is close to the national 10% deposit cap, industry rules would permit the bank to buy a thrift. Also, federal regulators could waive the 10% cap if they wanted J.P. Morgan to save a flailing institution.

A J.P. Morgan spokesman declined to comment on potential acquisitions.

The latest commodities deals, expected to close early next year, aren't particularly large, but are considered by the bank to be niche acquisitions that can be easily slipped into businesses that the company is trying to develop quickly. Financial terms of the deals weren't disclosed.

"The issue of energy and commodity prices is going to be a very important matter in terms of impact on global economy," said Blythe Masters, who runs J.P. Morgan's commodities business.

The addition of UBS's businesses will give J.P. Morgan a foothold in Canada's energy market, where it doesn't currently have a commodities presence. UBS bought the Canadian franchise from now-defunct Enron Corp. in 2001.

Wall Street's presence in energy trading for years has been dominated by firms like Goldman Sachs Group Inc. and Morgan Stanley. J.P. Morgan's relatively small business got a boost earlier this year from the acquisition of Bear, which had a sizable energy presence.

In August, J.P. Morgan hired Oral Dawe, a commodities veteran from Goldman, to head its Asia-Pacific commodities operations.

The agricultural operation at UBS is relatively small, with only seven to eight people based in London. That is about the same size as J.P. Morgan's fledgling agricultural operations, which trade grains, coffee, sugar and other farm products in the U.S.

UBS had previously disclosed plans to exit most of its commodities business. The Swiss bank now only runs a precious-metal and exchange-traded commodities arm. It said Monday it is in talks with other parties to sell off other commodities activities.

Taiwan's Powerchip seeks to roll over its bank loans

BY JESSIE HO

TAIPEI—Powerchip Semiconductor Corp., Taiwan's largest memory-chip maker by revenue, is seeking to roll over its bank loans as the industry faces its worst downturn ever, a company spokesman said.

Powerchip has bank loans of between 60 billion and 70 billion New Taiwan dollars (US\$1.82 billion and US\$2.12 billion) outstanding, spokesman Eric Tang said, although he declined to disclose the amount the company plans to roll over or what portion of the loans will be maturing in 2009.

He said Powerchip also plans to reduce its monthly output by as much as 25%, expanding the 20% cut it set as a target earlier this month. It had already reduced output by 15% since September.

Powerchip is the second of Tai-

wan's top four memory-chip makers to apply for an extension on its bank-loan repayments. Smaller rival ProMOS Technologies Inc. is also seeking to extend its loans.

Powerchip, ProMOS and Nanya Technology Corp. have reported losses for six consecutive quarters and are grappling with a cash crunch as the slowing global economy further weakens demand for memory chips.

Powerchip and its Japanese strategic partner Elpida Memory Inc. plan to jointly apply for financial assistance from the Taiwan government this week, Mr. Tang said.

As part of the plan to get financial aid, Powerchip and Elpida are considering asking ProMOS to join their alliance, Mr. Tang said. Powerchip and Elpida jointly own Rexchip Electronics Corp., a Taiwan-based memory chip maker.



Pilots of the jet that careened into a snowy ravine at the Denver airport Saturday apparently tried to abort takeoff after the aircraft had reached a high speed.

Risky maneuver is focus of probe into U.S. jet crash

BY ANDY PASZTOR

Pilots of the jetliner that careened into a snowy ravine at Denver International Airport Saturday apparently tried to execute what safety experts say can be one of the trickiest maneuvers in aviation: aborting takeoff once an aircraft has accelerated to high speed on the runway.

Federal crash investigators in the U.S. are still trying to determine why Continental Airlines Flight 1404's two experienced pilots—each with at least 7,000 hours of flight time—allowed the plane to stray off the runway's centerline in clear weather, and then tried to stop suddenly and lost control as the jet barreled toward its projected takeoff point.

Over the next few days, the probe is expected to disclose whether engine problems, a blown tire or some other malfunction prompted those moves. Investigators also will delve into the role a stiff crosswind played in the accident. Judging from the wreckage and ruts left in the snow, according to pilots and safety experts, the decision apparently occurred relatively close to the spot at which the cockpit crew would have been committed to get the twin-engine plane airborne.

Early data suggest the pilots may have waited to abort just before losing control of the aircraft, according to some people familiar with the investigation.

CORPORATE NEWS

Gene variation may foil major anticlotting drug

Plavix is less effective in certain patients, new studies indicate

BY SHIRLEY S. WANG

Patients with a particular gene variant appear to respond less effectively to the anticlotting agent Plavix than those with the normal version of the gene, according to studies published in medical journals Monday.

Three independent research groups studied data from patients taking Plavix over a number of years and found that individuals with the gene variation had higher rates of heart attack, death and other cardiac-related events. The gene variant appears to reduce the function of an enzyme needed to activate the medicine.

Plavix, which is sold by Sanofi-Aventis SA of France and Bristol-Myers Squibb Co. of the U.S. and which has annual sales of \$8.5 billion, doesn't work for some patients. The studies offer evidence that at least a portion of those patients have a genetic variation that reduces their response to the medicine.

The three studies, one published in the Lancet and two in the New England Journal of Medicine, examined different patient populations, and the exact rates of risk varied by study. In the Lancet study of patients under the age of 40 who had previously had a heart attack, the risk of having a new heart attack or death was three times greater for those with the gene variation.

"It's not that Plavix is harmful; it's that it's not effective" for those patients at conventional doses, said Gilles Montalescot, a professor of cardiology at the Hôpital Pitié-Salpêtrière in Paris and an author on the Lancet paper. "Does it mean people should not take the drug? Absolutely not," said Douglas Weaver,

president of the American College of Cardiology and head of cardiology at the Henry Ford Hospital in Detroit, who wasn't involved in the studies.

Instead, they might benefit from higher dosages, though research is needed to determine whether they would respond or could tolerate a different dose, according to Dr. Weaver. "It also opens the door for newer, improved drugs that might not be turned off in this sort of way," he said.

Such a drug could be Eli Lilly & Co.'s investigational drug prasugrel, which received endorsement Friday for approval in Europe but whose use in the U.S. has been twice delayed by the Food and Drug Administration. Prasugrel appears to work through different mechanisms than Plavix and may depend less on the enzyme controlled by the gene under study.

There is some dispute about just how many individuals are affected by these findings. About 30% of the population are carriers for one copy of the nonworking version of the gene, but only 3% carry two nonworking copies. One research group from Harvard Medical School found evidence that patients with just one copy saw decreased effectiveness and those with two were affected even more.

But researchers from Université Pierre et Marie Curie in Paris, who studied a larger and more heterogeneous population, found that only those with two copies had higher rates of cardiovascular events, according to author Tabassome Simon, an associate professor of pharmacology. A test for the gene isn't readily available in laboratories yet.

The two studies in the New England Journal of Medicine were funded in part by drug companies. Multiple authors from all three studies have served as consultants or received industry grants. A Bristol-Myers spokeswoman said the company and Sanofi-Aventis carefully review data on the safety and efficacy of Plavix. Lilly declined to comment.

Shipments of notebook PCs surpass figure for desktops

BY KERRY E. GRACE AND JUSTIN SCHECK

Shipments of notebook computers outpaced desktops for the first time in the third quarter, due largely to ballooning sales of low-cost, streamlined machines known as netbooks.

World-wide shipments of notebook computers rose nearly 40% from last year to 38.6 million units as desktop shipments fell 1.3% to 38.5 million units, technology-research firm iSuppli reported Tuesday.

The growth was a bright spot amid bleak electronics sales. But it was also the latest indication that netbooks—which have little processing power, screens between nine- and 12-inches wide diagonally and typically cost less than \$500—may be chipping away at sales of higher-profit computers.

"Momentum has been building in the notebook market for some time," said iSuppli analyst Matthew Wilkins.

Overall, world-wide PC shipments rose 15% to 79 million units, but the news was mixed for the world's top PC makers. While Hewlett-Packard

Co. retained its position as the world's largest PC maker, shipping 14.9 million units, its shipment growth of 13.5% was slower than the overall market. Dell Inc., which has the No. 2 spot, saw shipments grow 10.7%. Shipments at Lenovo Group Ltd., in fourth place, rose 7.3%.

The big winner was No. 3 Acer Inc., for which shipments rose nearly 80%, thanks largely to demand for netbooks, iSuppli said. That growth could raise concerns for companies like Apple Inc., since it indicates that consumers will sacrifice some functions in favor of a smaller, cheaper computer, said Richard Doherty, an analyst with Envisioneering Group.

Apple lost a bit of market share between the second and third quarters, going to 3.2% from 3.7%, iSuppli said. Apple ended up in seventh place for total shipments, though it's third-quarter shipments rose 21% from last year. Gene Munster, an analyst with Piper Jaffray who tracks Apple, said the company's third-quarter numbers may look worse than they should, since many consumers waited to buy Apple PCs until October, when the company introduced new products.

GLOBAL BUSINESS BRIEFS

Lufthansa AG

Regulator increases price for Austrian Airlines stake

Austria's Takeover Commission has set the price Lufthansa AG will pay for free-floating shares in Austrian Airlines AG at €4.49 (\$6.26) a share, slightly more than indicated earlier, Lufthansa's law firm said late Monday. Earlier this month, Lufthansa agreed to buy Austrian state holding company ÖIAG's 41.56% stake in Austrian Airlines for up to €377 million. At the time, Lufthansa said it expected to offer €4.44 for each share not owned by ÖIAG. It said Monday that the Takeover Commission's calculation included more data than it had used originally. Lufthansa's bid is conditional on reaching a 75% stake.

Deutsche Telekom AG

Telecom giants Deutsche Telekom AG and Vodafone Group PLC will work together to expand high-speed VDSL Internet broadband services in Germany, the companies said on Tuesday. The two companies would begin next year by expanding in two German cities—Wuerzburg and Heilbronn—giving about 50,000 households in each city access to the super-fast network. So far, 50 cities in Germany have access to VDSL, or very high bit-rate digital-subscriber line, a faster version of standard broadband technology. The network has been a source of tension between the German government and the European Commission, which has said the German government should do more to allow Deutsche Telekom's competitors access to the VDSL network.

GlaxoSmithKline PLC

GlaxoSmithKline PLC and Archemix Corp. said Tuesday they will work together to develop drugs for inflammatory diseases in a deal valued at more than \$1.4 billion. The pharmaceutical companies said they will be studying aptamers, which bind to disease-causing proteins to stop them from having an effect. They hope to develop as many as seven drugs to treat inflammatory diseases such as rheumatoid arthritis and inflammatory bowel disease, the companies said. Massachusetts-based Archemix will do the research into the potential new drugs, starting with a \$27.5 million payment from London-based Glaxo. Archemix will then be eligible to receive up to \$200 million in payments for each of the drugs.

Ferrero SpA

The French customs service announced Tuesday that officers at the giant Rungis market outside Paris seized nearly 33,000 boxes of gold-foil-wrapped chocolates, valued at around €223,500 (\$312,000), in late November. The officers suspected that the coconut-filled dark chocolates and milk chocolate balls were counterfeit Ferrero Rochers, a popular Italian chocolate brand owned by Ferrero SpA. Lab tests and an examination by Ferrero itself found that the seized candies were harmless but low-quality copies. They arrived in France from Turkey. Recently, counterfeiters have moved from luxury goods like handbags and perfumes to more day-to-day consumer goods like food, medicine and car parts, said the customs office.

Barrick Gold Corp.

Barrick Gold Corp., the world's largest producer of the precious metal, named Aaron Regent president and chief executive. Mr. Regent will take over from founder and Chairman Peter Munk, who has been acting CEO since March, when Greg Wilkins took a leave of absence from the Toronto-based company due to a medical condition. Mr. Regent is currently senior managing partner of Brookfield Asset Management Inc. and co-CEO of its infrastructure group. He was previously president of Falconbridge Ltd., a Canada-based global mining company that Xstrata PLC acquired two years ago. Mining companies have been facing a turbulent period as metals prices plunge from record highs.

Fiat SpA

Italian car maker Fiat SpA on Monday agreed to pay \$7 million in fines to settle U.S. Justice Department charges that its subsidiaries bribed Iraqi officials in exchange for contracts funded by the United Nations. Three Fiat units paid \$4.4 million in kickbacks for contracts under the U.N. Oil-for-Food program, according to documents filed at U.S. District Court in Washington. The charges will be dismissed if Fiat pays the fines and agrees to assist in the department's investigation into the Oil-for-Food program. Fiat settled a similar complaint by the U.S. Securities and Exchange Commission, agreeing to pay \$3.6 million in penalties and \$7.2 million in profits.

—Compiled from staff and wire service reports.

A LEGACY FOR TOMORROW



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ECONOMY & POLITICS

U.S. economy still has some openings

Stalwarts of previous downturns—health care, education, insurance—are joined by IT and crisis management

BY SARAH E. NEEDLEMAN

While the U.S. employment landscape looks sparse right now, the outlook for 2009 isn't uniformly bleak—and is downright bright in some recession-resistant industries.

Employers that provide necessary products and services—hospitals and insurers, for example—tend to always need recruits. And areas employers deem critical to their survival, like accounting and information technology, rarely get cut. Some fields, such as bankruptcy law and crisis-management consulting, are thriving because of the downturn.

Health care and education are two industries where hiring is fairly steady, no matter the economy, says Brendan Courtney, senior vice president and group executive at Mergis Group, a national staffing firm. "People still keep getting sick, and people still keep going to college," he says. In some cases, the demand for candidates outstrips the supply.

In the medical field, there aren't enough nurses, home-health aides, medical assistants and pharmacy technicians to fill vacancies at health-care providers, such as hospitals and clinics, says Dennis Damp, author of "Healthcare Job Explosion." Medical or teaching degrees aren't necessarily required to get a job in these industries. Like most employers, hospitals and schools need professionals in an array of business areas, including management, finance, communications, information technology and administrative services.

At Kaiser Permanente, a nonprofit health-care system with 36 hospitals across the U.S., 16,000 to 18,000 positions typically open up every year and will continue to do so in 2009, says Jason Phillips, vice president of national recruitment services. Though most of those vacancies are for medical profession-



Wesley Bedrosian

als, around one-third are filled with job hunters with business backgrounds, he says.

In education, teachers are sorely needed at public schools throughout the nation, says Michelle Hudgins, senior press officer for the National Education Association in Washington, D.C. Some school districts are even offering to pay recruits' student loans to entice candidates, she adds. Still, low wages deter many professionals from entering the field.

To be sure, vacancies in even relatively resilient sectors are less prevalent today than they were even a year ago. And while employers have

already eliminated nearly two million jobs in 2008, more are expected to downsize next year. In particular, the hiring outlook is anticipated to remain bleak in areas like financial services, real estate and manufacturing. But by focusing on sectors that offer the best prospects, job hunters and career-changers may be able to boost their odds of success.

Besides education and health care, insurance is another reliable industry, says Robert Hartwig, an economist and president of the Insurance Information Institute, a trade group based in New York. "Insurance is not a discretionary pur-

chase," he says. People always need coverage in case of natural disasters, health-care expenses and auto accidents, for example.

Many insurers will assist recruits in obtaining necessary licenses and certifications, adds Mr. Hartwig. What's more, many jobs in the insurance industry use skills that are prevalent in fields like corporate finance, law and customer service, making a switch more feasible. "The industry hires people with enormously diverse backgrounds and at all levels of experience," says Mr. Hartwig.

Industry experience isn't required to land a job at Travelers Cos., an insurer with 165 U.S. locations and 33,000 employees. "We look across the board for people who are ambitious, collaborative and have great communication skills," says Matt Hamlet, vice president of talent acquisition. Based in St. Paul, Minn., the company regularly has openings for prospective and experienced underwriters, actuaries and claims adjusters, he says.

There are also key areas where businesses—including those that are struggling—can't go without help, says Jon Zion, president of eastern U.S. operations at staffing firm Robert Half International Inc. "There's still work to be done," he says. "And in bad times, [some] functions become even more essential."

Information technology is one such area, says Mr. Zion. Indeed, there are more than 62,000 employment ads currently listed on the technology job site Dice.com. IT positions are plentiful—even at companies that outsource jobs overseas. Systems administrators and helpdesk technicians are still in demand, says Mr. Zion.

Certain areas of business are also kept well-staffed. Accountants in particular are highly coveted, says Mr. Zion, because employers rely on them to manage their financial systems, file their taxes and handle other tasks that are imperative

no matter the economy. A recent search for accounting jobs at CareerBuilder.com—staff, tax and cost accounting positions—produced more than 28,000 ads. Internal auditor, credit-collections specialist and operations analyst are other finance roles that many employers place a premium on, adds Mr. Zion.

Engineering is another promising area for job hunters, says Art Lucas, chief executive officer of Lucas Group, a global recruiting firm. "Companies still need people who can come in and design products," he says. "The manufacturing process also needs to be efficient, so people who have those technical engineering skills are always in demand." Most sought-after are those who specialize in environmental, biomedical, civil, aerospace and industrial engineering, he adds.

More engineering jobs also are likely to open up in the next year or so, thanks to a proposed stimulus by the incoming presidential administration that will focus on improving infrastructure.

Some employers say they plan to fill more than just vacancies that occur in these critical areas in 2009. They also intend to create more positions and hope to benefit from the current job market's vast talent pool. Among them is SRI International, a nonprofit based in Menlo Park, Calif., that specializes in engineering, public policy, life science and technology research. "This is a really good opportunity for us to grow," says Jeanie Tooker, vice president of human resources. SRI will add about 100 new positions next year, mainly for research engineers, bioscientists, computer scientists, education researchers and software developers, she says.

Job hunters are also likely to find newly added positions at organizations that flourish in economic downturns, such as crisis-management companies, universities, career-services providers and law firms that specialize in bankruptcy.

Bauxite-rich Guinea may face instability after long-term dictator's death

BY CASSANDRA VINOGRAD

The death of Guinea's longtime dictator has triggered a political vacuum that threatens further instability in the resource-rich West African nation, home to one of the world's richest deposits of bauxite.

Just hours after government of-

ficials announced the death of President Lansana Conté—Guinea's chain-smoking strongman, a general who seized power and ruled the country with an iron fist for nearly 25 years—a previously unknown group of military officials declared on state television and radio Tuesday morning that the country's government and constitution were suspended.

Later, the prime minister, Ahmed Tidiane Souare, said in a radio broadcast that he was still in charge. Tanks and armed soldiers—their allegiance unknown—were reported headed toward the prime minister's office, according to the Associated Press. Late in the day, other military vehicles were seen in the capital, Conakry, and state-run radio and TV transmissions were cut.

The moves complicate what was expected to be a tricky turnover of power after Mr. Conté's reign. Guinea, a country of nearly 10 million about the size of the U.K., is rich in resources, including bauxite used to make aluminum.



But popular unrest has bedeviled Guinea in recent years, amid soaring prices for imported food and fuel, which the country has come

to depend on after its economy wilted under Mr. Conté's repressive and erratic rule.

The political uncertainty poses a challenge to Guinea's big foreign investors, including aluminum giants Rio Tinto PLC and Alcoa Inc. Rio Tinto currently is disputing the government's recent move to strip the miner of a major iron-ore concession.

A Rio Tinto spokesman declined to comment on political developments in the country. Alcoa said it is monitoring the situation but so far has seen no impact on its operations.

Mr. Conté assumed power in a coup in 1984 following the death of President Sékou Touré, who led the former French colony when it gained independence from France in 1958. Mr. Conté left no clear successor, but had cultivated the military as his power base. He offered perks, such as discounted sacks of rice, to soldiers and provided a steadier stream of paychecks to the military than to other civil servants.

"He judged rightly that survival was dependent on keeping the top brass happy and keeping the lower ranks paid," said Richard Moncrieff, West Africa project director for International Crisis Group, a group that tracks conflicts. "The army [is] worried about what may happen now that their great defender is gone," he said.

Human-rights groups have accused Guinea's armed forces of abuses, and many critics say the security services have become increasingly criminalized. Without a clear leader, factions within the military could start to fight each other, Mr. Moncrieff said. Attempts to reach government officials in Conakry weren't successful Tuesday.

The U.S. and the European Union condemned the coup attempt Tuesday. The African Union, a pan-African political and economic alliance, said it will meet Wednesday to address the situation.

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ECONOMY & POLITICS

Five convicted in U.S. terror plot

Foiling of plan to kill U.S. soldiers is cited as Bush-era success

BY EVAN PEREZ

A U.S. federal jury found five men guilty of plotting to kill U.S. soldiers at the Fort Dix military base, in a high-profile case that the Bush administration has cited as part of its record of foiling terror attacks on U.S. soil.

Four of the five men also were convicted of weapons charges, but all five were acquitted of attempted murder charges at the end of a two-month trial.

The five men are Dritan, Eljvir and Shain Duka, ethnic Albanian brothers from the former Yugoslavia; Turkish-born convenience-store clerk Serdar Tatar; and Jordanian-born cab driver Mohamad Shnewer. They could face life in prison on the convictions, though shorter terms are likely. Sentencing is scheduled for April.

Authorities arrested the men in 2007 after Federal Bureau of Investigation agents said they foiled an alleged Islamist-inspired plot to attack military installations, including Fort Dix, located in New Jersey, near Philadelphia. The FBI paid informants to infiltrate the group of men and record hundreds of hours of video of them allegedly plotting.

Federal prosecutors said the



Faten Shnewer addresses media Monday. Her son, Mohamad Ibrahim Shnewer, and four others were convicted of plotting an attack on U.S. soldiers at Fort Dix.

men's plot was serious and their attack was imminent. Defense attorneys said the federal informants inflated the seriousness of the alleged

plot and said the defendants weren't going to follow through on the bluster recorded in the videos.

FBI officials cited the case as an

example of new national-security investigation tactics aimed at following plots in hopes of discovering deeper terror links. Instead of bringing their case early, as they had done in previous plots following the Sept. 11, 2001, attacks, the FBI observed for 16 months and intervened only when the men allegedly prepared to obtain weapons from a source the agents didn't control.

The men initially were discovered after some of them asked a clerk at a Circuit City store to transfer to DVD a video showing the group training with guns and screaming jihadi slogans. The clerk called police, who brought in the FBI. It later emerged that the Fort Dix plotters were a clumsy group with no ties to al Qaeda.

Bush administration officials have cited the Fort Dix case as an example of the fruits of aggressive counterterrorism strategies, though some tactics have at times generated criticism. It followed the 2006 arrest of seven men in Miami charged with plotting to blow up the Sears Tower in Chicago. That case resulted in acquittals and mistrials by juries that didn't buy the government's prosecution.

The government has won several other high-profile major cases, including one against Richard Reid, the shoe bomber, and another against the so-called Lackawanna Six, Yemeni-Americans convicted of being part of an Islamist terror cell near Buffalo, N.Y.

EU court ruling on compensation pressures airlines

BY DANIEL MICHAELS AND ADAM COHEN

A simmering fight over airline-passenger rights in Europe threatens to flare up again in the wake of a European Union court ruling that puts greater pressure on carriers to compensate travelers when planes are grounded for technical reasons.

Monday's ruling by the European Court of Justice says carriers must compensate passengers for flights that are cancelled or severely delayed due to technical or mechanical problems. The ruling—which stems from a lawsuit involving Italian flag carrier Alitalia SpA—focuses on one aspect of the EU's Passenger Bill of Rights, passed in 2004, that established compensation levels and penalties for airlines that bump passengers or cancel flights for other than "exceptional circumstances."

Representatives for Alitalia couldn't be reached for comment.

Airlines said on Tuesday that the ruling could undermine safety because it might prompt carriers to make decisions based on economic factors rather than safety. "The European Commission is putting passenger rights ahead of passenger safety," the European Regional Airline Association, a trade group, said in a statement. During the case, airlines had argued that if a carrier has to make its decision on whether to operate a plane that has potential technical problems on economic factors, it is more likely that the operator will take greater risks and push safety limits.

The European Commission, the EU's governing body that had been on the other side of the case, had argued that aircraft technical problems cannot be defined as exceptional occurrences because it is an airline's responsibility to make sure the planes are technically sound.

Airlines said Monday's ruling could undermine safety.

Commenting on Monday's ruling, the European Commission's top transportation official, Antonio Tajani, said the verdict confirmed the commission's view.

The case under dispute involved a flight in 2005 from Vienna to the southern Italian city of Brindisi on Italian carrier Alitalia SpA, which was cancelled because of engine problems that took several weeks to repair. An Austrian passenger took legal action against Alitalia over the cancellation. Alitalia is currently in bankruptcy reorganization and was recently sold to a group of Italian private investors.

Carriers and air-safety specialists say one reason that the rate of air accidents has decreased dramatically over recent years is that operators have largely made safety a priority over profits. EU officials and consumer-rights groups contend that passengers are entitled to the service they pay to receive, and if that cannot be delivered, then carriers should compensate fliers. The EU and airlines have long argued over what conditions are "exceptional" and therefore do not require compensation. Airlines have tried to broaden the definition, while the EU and passenger advocates have tried to narrow it.

China weighs adding aircraft carrier to fleet

BY SHAI OSTER

BELJING—China's top military spokesman said the country is "seriously" considering adding a first aircraft carrier to its navy fleet, a fresh indication of its growing military profile as it prepares for its first major naval deployment abroad.

At a rare news conference Tuesday, Chinese defense ministry officials played down the importance of Beijing's decision to send warships to the Gulf of Aden to curb piracy—China's first such deployment in modern history—saying it doesn't represent a shift in defense policy. The two destroyers and a supply ship are to depart Friday for the Middle East.

But officials also made clear that China's navy, which has been investing heavily in ships and aircraft, now has the capability to conduct complex operations far from its coastal waters—and that Beijing is continuing to expand its reach and capability, perhaps with a carrier.

It is unclear what parts of an aircraft carrier China would build itself and what parts it might need to acquire from abroad. China has bought carriers before, but none of them ended up in the country's fleet. In 1985, China purchased a decommissioned carrier from Australia. It was scrapped after Chinese technicians studied the ship, but a replica of the flight deck was built for pilot training. China later acquired three former Soviet carriers. Two have been turned into floating military theme parks, while the Pentagon says the third—unfinished when purchased—has undergone work; but it remains unclear what China plans to do with it.

In some of the most direct public statements on current thinking be-



Rear Adm. Xiao Xinnian, center, said Tuesday in a news conference that China's warships were prepared to fight pirates in international waters off Somalia.

hind Beijing's naval policy, military spokesman Col. Huang Xueping said Tuesday "China has vast oceans, and it is the sovereign responsibility of China's armed forces to ensure the country's maritime security and uphold the sovereignty of its coastal waters as well as its maritime rights and interests."

Col. Huang said China is "seri-

ously considering" adding an aircraft carrier to its fleet, as "the aircraft carrier is a symbol of a country's overall national strength, as well as the competitiveness of the country's naval force."

China has stepped up spending on the country's navy and the rest of its armed forces in an effort to modernize and strengthen them. Much

of the defense push has been driven by China's increasingly global commercial interests. The Chinese economy depends on trade and imported oil and raw materials.

China says its ships in the Gulf of Aden will operate under United Nations rules of engagement, including a U.N. policy on when to engage pirates. "We are sending our naval force as part of international cooperation, according to a specific situation," Capt. Ma Luping, director of the navy bureau of China's general staff, said at the news conference. However, China doesn't plan to "always send the navy whenever there is the loss of Chinese personnel or Chinese property," he said.

The new mission includes protecting deliveries of humanitarian aid to Somalia. China will cooperate with other navies and commercial ships operating in the area, Capt. Ma said. Mr. Ma said piracy has been quickly growing in the Gulf of Aden—along a critical international shipping route—with seven attacks on Chinese ships this year.

—Gordon Fairclough in Shanghai contributed to this article.

Russian missile fails in test launch for fifth time

ASSOCIATED PRESS

MOSCOW—Russia's new sea-based ballistic missile has failed in a test launch for the fifth time, signaling serious trouble with the highly advertised major future component of the nation's nuclear forces.

The Bulava missile "self-destructed and exploded in the air" after a launch from the Dmitry Donskoy nuclear submarine beneath the surface of the White Sea, said Russian Navy spokesman Capt. Igor Dygalo.

Russia has been making an aggressive effort in recent years to upgrade its missile forces after years of post-Soviet underfunding and a lack of testing. The Kremlin has hailed the missile as capable of penetrating any prospective missile defenses.

Russian news agencies said Tuesday's test was the fifth failure out of 10 launches since 2004. During the last successful test in late November, it hit test targets on the Kamchatka Peninsula, some 5,500 kilometers to

the east of the launch site, less than 15 minutes after the launch.

Washington's plan to deploy a ballistic-missile defense system in Eastern Europe has upset the Kremlin and the Russian military, who say it will undermine Russia's security.

The Bulava is reported to be designed to fly about 10,000 kilometers and to carry six individually targeted nuclear warheads. It is expected to equip three Borei-class nuclear submarines now under construction.

FOCUS ON CHINA

Soho hits political snag

From glitzy projects to Beijing headache; what is conservation?

BY IAN JOHNSON
AND JASON LEOW

BEIJING—Already struggling with the global slowdown, one of China's best-known companies, real-estate developer Soho China Ltd., has been hit hard by something less expected: political missteps.

Soho's difficulties with a project in one of Beijing's oldest districts illustrates how even one of China's savviest, Western-oriented companies can fall victim to the opacity of the country's real-estate market. Soho said it went into the project hoping to save the old district, known as Qianmen; instead, swaths of historic buildings have been leveled and Soho remains locked out of revenue.

Headed by the husband-and-wife duo of Pan Shiyi and Zhang Xin, Soho rose to prominence by buying up old industrial plots and hiring Western architects to produce glitzy commercial property that it sold to newly wealthy Chinese. Along the way, the media-friendly couple earned attention and acclaim around the world, making them emblems of China's economic rise.

Last year, Soho capped its successes with a public offering on the Hong Kong stock market that raised \$1.65 billion. In Beijing's Central Business District, its buildings, topped by the company's logo, are seemingly ubiquitous.

But Soho has been hit hard by the global downturn. Its stock is down 68% from its high, as are other Chinese real-estate companies. In the first half of the year, the company reported a loss of \$21 million, compared with a profit of \$9.2 million for the same period last year.

That mirrors problems at other Chinese real-estate developers, such as China Vanke Co., which said this month that revenue from real-estate sales in November fell 16% from a year earlier. Consumers aren't buying apartments and companies are cutting expansion plans.

Soho's problems, however, have been made worse by longer-term woes afflicting Chinese real estate. In China, local governments have few sources of money; the country has no property tax, while income



After initial success and world-wide acclaim, Soho China has been hit hard by the global financial crisis, with its stock down 65% from its high.

taxes go to the central government.

So local officials rely on real-estate deals, which usually involve pushing out residents in exchange for modest compensation and flipping the land to developers for a profit. Over the past decade, such deals have resulted in numerous high-level corruption cases, as well as protests, but none involving Soho.

Until last year, Soho had avoided sensitive projects. Then it decided to take on the redevelopment of a labyrinth of alleys and lanes in Beijing's old quarters. The Qianmen district was one of the last functioning old-town neighborhoods in the city of 17 million people. Soho's plan was to rebuild the district into a pedestrian mall of faux-1920s shops.

But the project quickly ran into trouble. It had the backing of the local district government, but contravened Beijing's historical preservation plans, which had called for Qianmen to be protected. When nongovernmental activists learned of the project, they protested. One group, the China Heritage Foundation, posted an eight-page critique of Soho's plans on the Internet, saying it threatened to wreck a valuable neighborhood.

Soho was involved in the project indirectly through a company owned by Mr. Pan, the chairman, who invested in a company owned by the district government. The idea was that Mr. Pan would sell his share of the company to Soho, according to Soho's stock prospectus.

What happened next is in dispute. According to preservationists, some

of whom work for local governments, that transfer has been blocked permanently by the Beijing city government, which is investigating the project for violating preservation rules.

City and district government officials declined to comment.

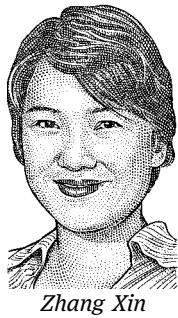
Soho's version is somewhat different. "That [conservation] alone is not the issue," Ms. Zhang, Soho's chief executive, said in an interview. Instead, she said the problem is primarily with a government austerity measure put in place early last year when the Chinese real-estate market was heating up. That made it harder for foreign-listed companies to invest in Chinese real estate. When that policy is lifted, she said, Soho will gain the assets.

Soho hasn't lost money on the project because it hasn't paid for the assets. Overall, analysts said the company is sound, with \$1.4 billion in cash. It recently bought back some shares, which has helped stabilize the stock price.

But the project remains off Soho's books, crimping its prospects. Soho said that by the end of 2009, it will develop another 13.5 million square feet of gross floor area. With the Qianmen project, that amount would have increased 30%.

Worse might be the potential damage to Ms. Zhang and Mr. Pan's image in the West. The couple won awards and notice for their buildings' architecture, but are now involved in a project that is destroying an old neighborhood and replacing it with a replica.

"A lot of other people, me included, had a very different view of what conservation was," Ms. Zhang said. "Qianmen is a headache."



Zhang Xin

Activists ask China to free dissident

BY SHAI OSTER

BEIJING—More than 150 international scholars, human-rights activists and Nobel Prize laureates signed a letter to China's president calling for the release of one of the country's leading dissidents, Liu Xiaobo, adding new international pressure on Beijing over its human-rights practices.

Mr. Liu has been held by Chinese authorities since Dec. 8, according to human-rights groups, in apparent response to his involvement with an open letter issued by Chinese activists earlier this month calling for major political reform in China. China's government has refused to comment

on the whereabouts of Mr. Liu, a former university professor who previously spent time in jail for his participation in the 1989 Tiananmen Square prodemocracy protests.

The letter, dated Monday, urged President Hu Jintao to "honor your commitment to ensure the civil rights of citizens who peacefully express their views on public affairs." Among the letter's signatories were Chinese scholars and several authors, including three winners of the Nobel Prize for literature: Nadine Gordimer of South Africa, Seamus Heaney of Ireland and Wole Soyinka of Nigeria.

A spokesman for China's Ministry of Foreign Affairs said that he didn't

know the specifics of Mr. Liu's case, but that China wouldn't tolerate interference in its internal affairs. "I can tell you that China runs the country according to law and will handle the relevant issue according to law," the spokesman, Qin Gang, said Tuesday at a regular briefing. An official at the Beijing Public Security Bureau declined to comment.

Mr. Liu was one of 303 Chinese activists who signed the so-called "Charter 08" document issued earlier this month to commemorate the 60th anniversary of the United Nations' adoption of the Universal Declaration of Human Rights.

—Sky Canaves in Beijing
contributed to this article.

Chinese court rejects suit over earthquake deaths

BY GORDON FAIRCLOUGH

SHANGHAI—Parents of children killed when an elementary school collapsed in May's massive earthquake in southwestern China said a court has rejected a lawsuit they filed alleging that shoddy construction was to blame for the deaths.

A judge of the Intermediate People's Court in Deyang, the city in Sichuan province where the school was located, told representatives of the dozens of parents involved in the suit last week that the court wouldn't hear their case, parents said.

Sang Jun, one of the parents, said the judge told them that government "internal documents" made it clear that "no court should be involved in such cases." The court in Deyang declined to comment.

The parents' complaint, presented to the court on Dec. 1, demanded a public apology and 768 million yuan, or about \$1.1 million, in compensation, said Xu Peiguo, a lawyer who helped prepare the suit against the school, the town government, the county education bureau and the boss of the construction team that built the school.

Parents said it was the first time a group of parents has attempted to bring the school-collapse issue before a court.

Local authorities in Sichuan have worked to silence complaints and stifle protests by parents unhappy with official investigations into why school buildings weren't strong enough to withstand the 7.9-magnitude quake.

The quake left nearly 90,000 people dead or missing, including thousands of students who were in class when the tremor struck in the afternoon of May 12. The government says about 7,000 classrooms and dormitory rooms were destroyed.

In some cases, school buildings collapsed when other structures nearby remained standing. And many parents complain that poor construction and negligence by local officials were major contributors to the schools' structural failures.

Mr. Sang and other parents in Wufu, the town in Deyang where the Fuxin No. 2 primary school collapsed, alleged in their complaint that a substandard building and inadequate res-

cue efforts led to unnecessary deaths. The collapse killed more than 120 students, according to official figures.

Mr. Xu said parents were told last week the case was rejected. He said he has requested but not received formal notice from the court.

Some parents participating in the Fuxin No. 2 school suit said they faced pressure from local authorities not to pursue the matter.

Mr. Sang, reached on his cellphone, said he is moving around in an effort to avoid the police, fearing that he will be detained. He said another parent was held briefly by police at the weekend and warned not to talk to foreign reporters.

Mr. Sang's 11-year-old son was a student in the Fuxin school. After the earthquake, Mr. Sang rushed to the site. He and his wife joined others digging through the debris. He said they rescued several trapped children and uncovered 10 corpses. They found the body of their own child huddled in a corner of the fallen building.

The Fuxin school parents have been especially vocal in calling for an investigation of the causes of the collapse. While careful to say that they don't blame the central government or the Communist Party for what happened, they said they believe local officials didn't do enough to ensure the quality of construction.

In June, the Mianzhu county government warned parents in a letter not to do "things hurting the national dignity."

The county also offered parents a one-time payment and increased monthly pension disbursements if they would sign an agreement not to participate "in any activities that will affect overall rebuilding efforts." Parents interpreted the language of the agreement as an effort to force them to stop speaking out.

Mr. Sang said that he and others plan to keep fighting to overturn the Deyang court's refusal to try their case. He said families who lost children have each received an average of about 60,000 yuan, or about \$8,800, in payments from government agencies.

"But no one has ever apologized," Mr. Sang said.

—Ellen Zhu in Shanghai
contributed to this article.



A father holds a photo of his daughter in the ruins of the Fuxin No. 2 Primary School in Wufu. She was among thousands of students killed in the May 12 earthquake. A court has rejected a lawsuit filed by parents seeking compensation and an apology.