

Vancouver Sun

Dubai's blistering development pace slowed by world's economic downturn; City state carved into series of mega-projects, each with its own character and design

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Section: Canada & World

Byline: Christopher Hawthorne

Source: Los Angeles Times

Illustrations: Photo: Jumana El Heloueh, Reuters / Villas are seen on The Palm, an artificial island in Dubai. The emirate has charted a new course in its urban development, taking large tracts of land for big new projects.

If a city can be spectacularly quiet, this waterfront city-state certainly has qualified in recent months. Hundreds of abandoned construction cranes languish above Dubai's gated communities and beach-side developments and, most dramatically, up and down Sheikh Zayed Road, its high-rise spine.

According to a recent estimate in the Middle East Economic Digest, projects worth \$335 billion in the United Arab Emirates -- of which Dubai, with a population of about 2 million, is the largest member -- are stalled or have been canceled outright.

Dubai's residents, roughly 85 per cent of them expatriates, have been left to wonder if the current crisis is merely a pause, a recessionary lull that will be painful but temporary, or closer to a fundamental reckoning that will reorder the emirate and how it does business. The same question is being asked in other cities, of course. But it's a particularly acute, even existential one here, since it goes right to the heart of Dubai's self-image.

During the boom years of the past decade, the emirate -- which has only a tiny fraction of the oil reserves held by the UAE capital, Abu Dhabi -- became synonymous with real estate speculation and headlong growth. It operated as a highly efficient machine for attracting capital -- in some cases from investors who, for political reasons, rejected the idea of sending it to the U.S. -- and turning it into real estate.

In a fundamental sense, many of Dubai's skyscrapers were conceived and designed primarily as vessels to store excess liquidity. If the endless rows of stalled towers now resemble mere shells, perhaps shells are all they were ever meant to be.

You wouldn't have to be hopelessly cynical to conclude that it was all a kind of Ponzi-scheme urbanism: city planning a la Bernard Madoff. "During the boom," as the Economist put it, "supply seemed to create its own demand."

NEW URBANISM

But charting the economic collapse and its fallout is not the only story worth telling about Dubai. Scrape away the signs of financial distress, plentiful though they are, and what you find is an experiment in a new kind of urbanism here -- one that has winning and alarming elements and that figures, for a range of

reasons, to outlast the current crisis.

Like many first-time visitors, I expected to find in Dubai a messy, vital hybrid of architectural and urban strategies, reflecting the city's history as a regional crossroads and trading center. I could hardly have been more wrong. Dubai is not some Middle Eastern Venice, a polyglot city where the combination of construction workers from Pakistan, bankers from London and Hong Kong and tourists from everywhere creates a mash-up of contemporary urbanism.

It is, instead, carved into a series of separate, perfectly ordered miniature cities, each performing a remarkably persuasive imitation of the place that inspired it. There is the Manhattan-like Sheikh Zayed corridor, where skyscrapers line up shoulder to shoulder and where, just off the boulevard, work continues on an impossibly lanky beanstalk skyscraper known as the Burj Dubai. It will be the tallest building in the world when it's completed later this year.

Between Sheikh Zayed Road's skyscrapers and the Dubai beachfront, meanwhile, is a series of low-rise gated communities that look just like those in Orange County, Calif.

Farther inland, the Emirates Golf Club re-creates an artificially green slice of suburban Houston or Phoenix.

To the west is a centre for high-tech and media companies whose office-park architecture -- mid-rise, mirrored-glass office blocks set into a landscape of rolling grass and ponds -- is an almost perfect replica of Silicon Valley, the Microsoft campus in Redmond, Wash., or new high-tech outposts in China and India.

Other Dubai neighbourhoods mimic the urbanism of Miami, Cairo and Mumbai.

George Katodrytis, an architect who teaches at the American University in Sharjah, the emirate just northeast of Dubai, calls the resulting condition "cut-and-paste" urbanism. It's as if Dubai's leaders had taken sections from cities that appealed to them -- or that they decided would appeal to foreign investors -- and imported them wholesale to the Persian Gulf.

One major reason that the city has been divided this

way is that the emirate's ruling family, led by Sheik Mohammed bin Rashid al Maktoum, controls all the major real estate companies here. In Dubai, the urban planners and the developers are essentially one and the same. Market ambition and civic ambition are also intertwined: Mohammed often has been called Dubai's chief executive. Instead of building a monumental city hall or war memorial, Dubai builds shopping centres and office towers at a monumental scale.

In the heart of most cities, the biggest piece of land that a single developer typically controls is one square block. In Dubai, whole districts, many covering hundreds of acres, have been given over to single developments. Seeing architectural diversity within any project as a threat to the bottom line, their creators usually hire a single company to design them around a recognizable theme: The golf community, the office park, the vaguely souk-like waterfront combination of retail outlets and condominiums.

The result is a surprising twist on the privatization of cities such as Los Angeles, where public space is notoriously scarce. In the privatized city, as the critique goes, people aren't forced to mix with people who are different from themselves. They are hidden from that interaction inside their private cars and gated developments. In Dubai, remarkably enough, the same is true for buildings, which tend to cluster together with other pieces of architecture just like them.

The strategy takes some obvious cues from aggressively themed environments, such as the casinos lining the Las Vegas Strip.

But in Dubai, the illusion is far more powerful. In Dubai, the themed architecture is not only authentic, or nearly so, but is produced at a far more dramatic level. Along Sheikh Zayed Road, the rows and rows of skyscrapers don't just suggest or symbolize a Manhattan-like scale -- they match that scale tower for tower.

Dubai's brand of city-making hasn't produced much important architecture, at least at the level of individual buildings. Although the emirate has enlisted some well-known and innovative architects, most of their projects -- including an opera house by Zaha Hadid -- aren't built and because of the downturn may never be.

MODERN DESIGN

If the architecture that has emerged over the past two decades does cohere around a single, particular style, it is a sort of cruise ship modern. Dubai's malls and hotels are lined with loud carpeting and over-polished marble floors, its skyline draped in the architectural equivalent of gold chains and leisure suits.

The most obvious example of the type is the nine-year-old, 1,000-foot-tall Burj al Arab hotel, which is shaped like a billowing sail and sits on its own man-made peninsula. The rooms, which, even in the current downturn, start at \$1,000 a night, offer countless amenities and sweeping views of the

Persian Gulf.

Dubai's architecture will be familiar to anyone who has spent time in a quickly modernizing and growing part of the world lately. Its new towers look a lot like the new towers in Beijing, for example, or those rising alongside elevated expressways in Shanghai.

In those cities, though, new buildings and neighbourhoods are laid over or replace old ones, and the tension between modernization and maintaining some links to an urban and cultural past are palpable everywhere. Dubai's new neighbourhoods, by contrast, have been colonized by builders simply pushing out into virgin desert -- or, in the case of the emirate's now-iconic Palm island developments, into the gulf.

That makes Dubai -- its neighbourhoods unburdened by history, its developers unconstrained by zoning codes, preservation battles or community activism -- an unusually pure, unfiltered example of what new cities look like in the age of globalization.

Of course, the very attractiveness of Dubai as a place to invest led directly to the current crisis, creating a dangerously speculative bubble that grew and grew until, last year, it popped.

HELPING NEIGHBOURS

But Dubai's economy probably will recover, for a number of reasons. Chief among them are Abu Dhabi's interest in keeping its neighbour healthy -- already it has bailed out Dubai to the tune of \$10 billion, with more perhaps to come -- and Dubai's ability to manipulate the local financial and real estate markets in ways that the U.S. Treasury Secretary can only dream of.

Increasingly, Dubai also figures to be a force in exporting a certain approach to architecture, urbanism and real estate development, in particular through the investments overseen by its various sovereign wealth funds. Among the best studies to date of gulf urbanism is a 2007 book called *Al Manakh*, a co-publication of the architectural journals *Archis* and *Volume*. A sequel will be released early next year; significantly, its editors say it will focus on how Dubai and other city-states that make up the UAE "are reaching out beyond their borders to export development and urbanization."

Dubai's wealth funds so far have tended to sink their money into projects -- including the \$8.6-billion CityCenter development on the Las Vegas Strip, funded in part by an investment group called Dubai World -- that re-create a version of Dubai urbanism in other cities, responding as nimbly to global capital flows as to the streets around them.

Even the now-abandoned plan by Frank Gehry and developer Forest City Ratner for Brooklyn's Atlantic Yards, although it wasn't funded by the UAE, had Dubai written all over it. Designed to cover 22 acres and include 16 towers, all by the same architect, if built it would have been an example of the same themed, city-within-a-city, triple-XL approach that

has shaped the emirate.

That project was doomed by bitter community opposition -- as well as by market timing that could not have been worse.

In the U.S., once the economy revives, similar mega-projects will be attempted again. And in place where governments, such as Dubai's, can approve such developments by fiat, they figure to be even more popular and their chances of taking root far greater.

INDOOR SKI SLOPE HAS AN BIG ECOLOGICAL FOOTPRINT

DUBAI, United Arab Emirates -- At the Mall of the Emirates, a four-year-old behemoth designed by the Pasadena, Calif.-based company F Plus A Architects, there is an indoor alpine resort, Ski Dubai, whose signature black-diamond run is a remarkable 400 metres long.

Seen from the front, the mall resembles a big version of any newish Sun Belt shopping center, all pastel stucco and oversized fashion-label billboards. But if you walk around back you notice that the structure bulges dramatically. That enormous bulge holds the ski slope. The mall's main attraction is not some small-scale, irony-laden re-creation of a ski slope. It is a ski slope.

The over-chilled, hyper-ambitious exoticism of such projects has helped give the UAE the biggest ecological footprint, per capita, of any country.

That is not Dubai's only black mark. Its labour record, though recently somewhat improved, has been dismal. The construction workers who have built its new towers often live a version of indentured servitude.

The BBC aired a documentary in April exposing wretched conditions in one of the emirate's largest labour camps.

Los Angeles Times

CANADA GETS A CADILLAC; One of four GM vehicles to be built in Oshawa

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Byline: Nicolas Van Praet
Source: Financial Post

General Motors Corp. will build a new luxury stretch sedan called the Cadillac XTS at its assembly plant in Oshawa, Ont., according to suppliers briefed on the automaker's latest product plans.

The new car, together with the upcoming Buick Regal, a redesigned Chevrolet Impala and current Chevrolet Camaro, will form the backbone of the company's manufacturing footprint in Canada well into the next decade, industry sources indicated. GM will also build a hybrid version of one of those four models at the Oshawa site, its main Canadian assembly facility.

While automakers have always trumpeted the new vehicles they build in Canada with splashy launch ceremonies attended by political leaders, the new GM cars have added significance because Canadians would be owners in the company under a reorganization plan for GM being weighed in U. S. bankruptcy court.

The federal and Ontario governments last month pledged US\$9.5-billion to help the bankrupt carmaker reinvent itself and protect thousands of jobs. It is the largest-ever public intervention in the industrial sector. Under the plan, Ottawa and Queen's Park would receive 12% of the common shares of a new GM that will exit bankruptcy protection as well as about US\$1.7-billion in debt and preferred stock.

"To the extent that both the feds and Ontario have skin in the game, I think they need to be satisfied that they made the right decision," said Bill Pochiluk, president of consultancy AutomotiveCompass LLC in West Chester, Pa. "We think the lineup for Oshawa is very strong."

In exchange for public aid, GM has made several commitments including maintaining in Canada 16% of its North American production capacity. On June 1, the company said it would launch five new vehicles including the hybrid at its two Ontario assembly plants in Oshawa and Ingersoll.

It gave no further details on the vehicles.

The new Cadillac XTS will be the largest four-door sedan in the luxury brand's lineup, replacing the slow-selling DTS, one industry source said. It will compete with other high-end cars from BMW, Audi and Lexus. Production is slated to start in December 2011.

The Buick Regal, to start in Oshawa in August 2011, is a mid-sized family car essentially identical to GM's

Opel Insignia model. The Chevrolet Camaro, which Oshawa factory workers began building in March, is an updated take on the classic 1960s muscle car. GM said last week it has filled about half the 25,000 orders taken for the vehicle and can't keep up with demand.

The Chevrolet Impala has for years been one of GM's high-volume, bread-and-butter cars, a model it can throw up against Toyota Motor Corp.'s Camry or Honda Motor's Accord. The next-generation Impala will start production in February 2013, according to the latest timetable communicated by the company to suppliers. The current model, in production since 2005, will be more than seven years old by then. That is an unusually long stretch for a vehicle without a revamp, but GM lacked the money to redo it.

The new Impala, Regal and XTS will all be built on GM's global Epsilon platform, sources indicated. That is significant because it will allow the company to produce three different models for three different brands -- Chevrolet, Buick and Cadillac -- based on the same basic vehicle underpinnings, and adjust how much of each it builds based on demand.

"It gives GM the flexibility to juggle the production mix to meet the market," said one source familiar with the company's plans. "That is something that GM has not had the full-scale opportunity to do. In the past, they've built assembly lines dedicated to one vehicle, they run the piss out of it, and they throw money at it to make the public buy it whether you want to or not. That's passe. That's the bad old days we hope will never come again."

The Toronto Star

California issues IOUs to avoid bond default; Democrat-Republican quarrel over whether to raise taxes derails California's budget

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Page: B01

Section: Business

Byline: Jim Christie

Source: REUTERS NEWS AGENCY

Illustrations: Rich Pedroncelli Ap California's employees rally against Governor Arnold Schwarzenegger's plan for furloughs and pay cuts at the Capitol in Sacramento Tuesday.

California Governor Arnold Schwarzenegger yesterday declared a fiscal emergency to force lawmakers into a special session to tackle a state budget gap that has widened to \$26.3 billion from \$24.3 billion just hours after they failed to close it Tuesday.

That let state officials suspend payments to vendors and local agencies for the new fiscal year that began yesterday. Instead, they will get IOU notes promising payment.

Such notes mark the first time in 17 years that those governing the most populous U.S. state must resort to such an unusual measure.

To conserve cash, state controller John Chiang plans to issue IOUs by today to vendors, local agencies overseeing health programs and various recipients of state aid - including the elderly and disabled and college students.

He plans to send \$3.36 billion (U.S.) in IOUs this month to safeguard \$10.9 billion for payments he must make, including money owed to investors holding California's general obligation debt. "The general obligation bonds will be paid," he said this week. "California has never defaulted on its debt obligation and we don't plan to."

The world's eighth largest economy in 2006, according to its Legislative Analysts' Office, now needs to reassure Wall Street.

State officials see the need to sell \$7 billion to \$9 billion of short-term debt to maintain cash-flow once there is a budget agreement.

This budget fight is being waged amid the worst drop in state revenues from personal income taxes since the Great Depression, as recession and rising unemployment add to California's housing slump.

Democrats who control the legislature could not persuade Republicans late last night to back their plans to tackle the shortfall, or a stopgap effort to ward off the IOUs. The sides agree on the need to cut spending but are split on whether to raise taxes to help fill the gap.

GOP lawmakers and Schwarzenegger, also a Republican, rule out tax hikes. They see deep spending cuts as the way to balance the budget. Democrats argue new state revenues must be raised because deep cuts would slash the state safety net for

the needy to the bone.

In the secondary municipal market, California bonds due in 10 to 30 years were trading more strongly yesterday because the market has priced in expectations for a missed budget deadline, said Domenic Vonella, an analyst with Municipal Market Data.

"Not having a budget on time has been par for the course lately," added Parker Colvin, head of municipal securities trading at Stone & Youngberg in San Francisco.

Credit rating agencies have warned of more downgrades if the budget problem is not resolved soon.

Moody's has said the state could see a multi-notch downgrade of its A2 rating. S&P rates \$57 billion of its general obligation bonds A.

Fitch Ratings last week cut its rating on California's general obligation debt by one notch to A-minus - four notches above 'junk.'

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The New York Times

Muted Recovery Seen in Asia, With a Long Way to Go

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Section: Business/Financial

Byline: BETTINA WASSENER; Cat Contiguglia contributed from Paris.

Gradual stabilization in some economies, a muted recovery in others and a long way to go over all -- that was the picture painted by a cluster of data from Asia on Wednesday after the remarkable slowdown of the last few months.

In Japan, the closely watched Tankan survey of big manufacturers, conducted quarterly by the Bank of Japan, bounced back in June from a record low in March, coming in at minus 48, the bank announced Wednesday.

In China, an official purchasing managers' index rose for a fourth consecutive month in June.

And South Korea reported that exports in June were 11.3 percent lower than a year earlier, a much smaller decline than the surprisingly poor 28.5 percent fall recorded in May.

"I believe the current recovery has been confirmed and can be sustained," said Fan Gang, an economist who advises the Chinese central bank, Reuters reported. President Lee Myung-bak of South Korea, however, said that the government remained cautious about the economic outlook.

In Japan, the Tankan business survey rebounded, but to a much lower reading than economists had expected. While the reading was better than the minus 58 registered three months ago, it remained a negative reading indicating that pessimists still outnumbered optimists.

Moreover, the survey also showed that businesses had become even warier about plans to purchase machinery and other items, suggesting that many would make more layoffs and cut costs as they braced for a prolonged downturn in foreign demand for goods.

Big manufacturers surveyed in the June Tankan said they planned to cut capital spending by 24.3 percent in the year that began April 1. In the March survey, the estimate was 13.2 percent.

"The massive fall in capital expenditure plans has dispelled any optimism about the speed of recovery in Japan," said Glenn Maguire, an economist at Societe Generale in Hong Kong.

At a briefing in Paris, Takatoshi Ito, a University of Tokyo economics professor and a former finance ministry official, said, "We are nowhere near declaring that we are past the bottom -- that the worst is over."

Likewise, the recovery in the purchasing managers index in China was muted, while a similar index in

India slipped to 55.3 in June, from 55.7 in May.

Unlike the United States and Europe, the indexes have been above the 50 mark that separates expansion from contraction for several months, showing both countries' relative resilience in the face of the global downturn. The June index for the euro zone, also released Wednesday, rose to 42.6, from 40.7 in May.

In China, the June reading moved up only slightly, to 53.2 in June, from 53.1 in May. A separate index compiled by the brokerage firm CLSA rose to 51.8, from 51.2 in June, its highest level since July 2008.

The rises reflect big stimulus expenditures in China, which has more leeway than governments elsewhere to pump money into the economy.

In November, Beijing announced a two-year spending program worth 4 trillion renminbi (\$585 billion) which, combined with rate cuts and soaring lending by banks, have propped up the economy and helped offset the impact of falling exports.

"It was the third straight month in which firms' order books have improved, following a period of contraction that lasted eight months," CLSA said in a note accompanying its survey Wednesday, adding that the data also showed that foreign orders had risen for the first time in 11 months.

But CLSA also struck a note of caution, echoing many economists' warnings that recent global data signaled mere stabilization at this stage, rather than all-out recovery.

Many economists also worry that recent signs of improvement in parts of Asia may be tied to one-time effects like improved credit conditions and the restocking of inventories by companies.

"The unfreezing in credit conditions helped provide a boost in recent months," said Mr. Maguire of Societe Generale. "But we will need a recovery in final demand in Western economies for that to be sustained."

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