



ECONOMY

## Russia's richest oligarchs lose \$380bn in 12 months

Keeping up with the Abramoviches is getting harder for Russia's rich; the billionaire club is feeling the pinch after losing two thirds of its members and 70 percent of its assets in a year.

**T**HEY'RE BEST KNOWN for their bragging and their billions, but times are changing for Russia's richest

tycoons as the fortunes of the nation's super-rich shrink.

Russia's 100 wealthiest people lost a combined \$380bn last year as their assets evaporated in the financial crisis, revealed *Forbes* magazine last week in its annual ranking of the Soviet country's richest people.

Their total net worth has dived from a staggering \$520bn to \$140bn over 12 months, while the number of dollar billionaires Russia can lay claim to has shrivelled from 110 to 32.

Moscow previously boasted the highest billionaire count of

any city in the world; now only a third of the monied moguls classed as billionaires last year remain in the elite club.

"This crisis has touched everyone; financiers, developers, metal and oil magnates, producers and sellers of consumer goods and owners of holding companies," commented *Forbes*. "In the 2009 rich list, there is not a single businessman whose fortune has grown over the last year."

Topping the roll call is the cash-wielding oligarch Mikhail Prokhorov (second from left), now Russia's richest man, who has shed \$10bn off his \$19.5bn wealth in the last year. His wallet would be lighter, had the 43-year-old not sold off his stake in the mining giant

Norilsk Nickel last April, at the peak of its market value.

Still, even he is thriftily scaling back. Prokhorov recently scrapped plans to buy the world's most expensive mansion on the French Riviera; a steal at \$575m.

Just \$1bn behind Prokhorov is Chelsea Football Club owner Roman Abramovich (left), who must get by on a paltry \$8.5bn fortune after dropping \$15.8bn in the downturn. In third place is Vagit Alekperov (right), the head of Russia's largest private oil firm, Lukoil. His net worth fell \$5.2bn last year to \$7.8bn.

Worst hit is Oleg Deripaska (second from right), who last year ranked as Russia's richest man. Deripaska, the owner of Rusal, the world's largest

aluminium producer, watched his empire crumble when the metal markets collapsed. His fortune has shrunk by a massive \$25bn, and he is now ranked 10th on the rich list with \$3.5bn. His chief woe is his — now sadly diminished — 25 percent stake in Norilsk Nickel. He bought it for \$4.5bn.

"The decrease in their combined wealth has been spectacular," said Maxim Kashulinsky, *Forbes Russia's* editor-in-chief. "Last year you needed \$1.1bn to get on the list. Now it's \$400m."

The recession is the first to hit Russia in more than a decade, dragging the combined wealth of Russia's richest back to 2004 levels, when the country had only 36 billion-



▲ Deputy prime minister Igor Shuvalov (left) has warned Mikhail Fridman (top right) that the Kremlin has closed its coffers to the ailing tycoons.

aires. Most oligarchs have had little choice but to appeal to the Kremlin for help in shoring up their empires. The state handed out a select number of bailouts last October to save favoured billionaires from crippling debts with foreign banks, thought to total \$130bn, but has since shut its doors.

Last month first deputy prime minister Igor Shuvalov warned that some tycoons had “taken on such high debt levels that they have suffered injuries not compatible with life”.

“The list of [strategic] enterprises for which we are ready to fight is extremely limited. We are talking about a few, not a dozen,” he said.

Mikhail Fridman, owner of conglomerate Alpa Group, was one of the lucky ones. Fridman, who ranks fourth on the list with a diminished \$6.3bn fortune, netted a \$2bn bailout last October to pay off Deutsche Bank.

Deripaska, a close friend of prime minister Vladimir Putin, was also granted \$4.5bn to repay loans to foreign banks that had been used to buy his Norilsk stake.

“There were a lot of guys who

thought they were going to get bailed out, and did not,” said Peter Halloran, founder of Russian hedge fund, Pharos Financial Group. “The crisis accelerated and oil was going to \$30, so loans were selective.”

Russia herself is sitting pretty, in relative terms at least. Though the country’s oil-led economy was hard hit by falling crude prices, Russia was also one of the first to recognise the scale of the downturn and to act.

Courtesy of \$750bn in windfall oil revenue, Russia had sufficient reserves to pour in \$200bn at the end of last year to prop up the stock market and protect the rouble against speculative attack.

As a result, the country is now in an enviable situation, said Halloran.

“Russia spent \$200bn rather than let the currency reset and it avoided any kind of financial panic. Today, it looks like the perfect use of reserves and very well played,” he said.

“As long as oil stays at \$40 and above, Russia has a balanced fiscal budget, a currency that’s stable and a positive current account. Not many countries can say that.”

IN HIS OWN WORDS



“Do you know how we used to live before? Do you have any idea about the state of education, illiteracy, infrastructure and public services?”

In an unprecedented online Q&A session with journalists, his highness **SHEIKH MOHAMMED BIN RASHID AL MAKTOUM**, the Ruler of Dubai, traces just how far the United Arab Emirates has come.

“It was a media bombardment targeted at the UAE... a successful and prosperous Arab country. [Dubai] was under a daily attack by some Western media; as if they were in a race against time to harm the UAE”

The media offensive against Dubai has not gone unnoticed in royal circles.

“Do you know how many major international airlines are closely monitoring Emirates’ performance? Do you expect international financial markets are pleased with Dubai Financial Market’s success?”

And neither have the reasons behind the barrage.

“Cooperation among the seven emirates has never stopped and they don’t wait for crises to show this cooperation... Regarding the speculations you referred to in your question, they will always remain just speculations”

Setting the record straight on rumours of Abu Dhabi-led bailouts for sister emirate Dubai following the onset of the global financial crisis.

“I can read between the lines of your question about potential measures to face a budget deficit. My reply is: no income taxes”

Budget deficit or not, Dubai will remain tax-free.



NEWSMAKER

## Leading from the front: Barack Obama's first 100 days in office

**T**HE CLOCK IS TICKING DOWN TO April 29 and Barack Obama's 100th day as US president, a date seen as a symbolic milestone among US presidents since Franklin Roosevelt took office in 1933.

Opinion is split as to whether the world's most scrutinised leader rates an A+ or an F for his policies, but his early moves are likely to shape the rest of his presidency.

When Obama began his run for office, the electorate's hot topics were the two wars in Afghanistan and Iraq. Not any more. These issues have been elbowed aside by the economy, the county's imploding car industry, the four million unemployed and the rising clamour from the public for a government-led solution.

By any ranking Obama has been quick off the block — he signed off an order to close Guantanamo Bay three days into office — but he has been hamstrung by the legacy of the previous administration. Few presidents have faced a more difficult inheritance: two wars, a \$1 trillion budget deficit and the US economy's worst recession in decades.

Still, his report card reads well. He has moved fast against the downturn, signing a \$787 economic stimulus bill into law on his 25th day of office in a bid to shore up the banking sector and kickstart lending.

President Obama also siphoned off \$14bn in emergency loans at the turn of the year to stricken carmakers General Motors and Chrysler — but had no qualms in ushering GM chairman Rick Wagoner out of the picture when the US taxpayer bayed for corporate heads.

In recent months Obama has also stretched health coverage out to four million uninsured children, taken steps to end a 30-year diplomatic deadlock with Iran and set a date for the end of the US combat mission in Iraq. He also bought a dog — a move that garnered almost as many headlines as his inauguration.

No matter what the pundits say, Obama remains popular where it counts — at the polls. His popularity rating has held steady at 63 percent over his first three months in office, a mark that outstrips his four immediate predecessors.

### NEWS IN NUMBERS

## 8 years

The length of the jail sentence handed down by an Iranian court last week to Roxana Saberi, an US journalist convicted of spying for the US. The news has created a new stumbling block for America, which has taken steps under president Obama to break its 30-year-old diplomatic deadlock with Tehran.

## 9.5 million

The number of passengers that passed through Dubai International Airport in the first quarter of 2009, according to government figures. The number represents a two percent increase on the corresponding period in 2008.

## \$1bn

The value of an investment fund Qatar Islamic Bank plans to launch in the Gulf this year, in a bid to tap into demand for Sharia-compliant products. QIB, the region's third-largest Islamic lender, will co-host the fund with its investment subsidiary, QInvest.

## 1 million

US actor Ashton Kutcher became the first person to attract one million followers on social networking site Twitter last week, beating news channel CNN to the milestone. US singer Britney Spears was next in line to pass the one million mark.



## \$43.8m

Arabtec Holding achieved consolidated profits of AED161m (\$43.8m) and consolidated revenues of AED1.8bn (\$480m) for the first quarter of 2009, the firm has revealed.

Commenting on the results, Riad Kamal, CEO of Arabtec Holding, said the results were in line with its forecast for 2009.

## 35 percent

The discount that telecoms operator Zain is offering mobile phone users in Saudi Arabia, as part of a deal to slash all prepaid and postpaid mobile lines. The deal is the first in a string of promotions that Zain hopes will net it a bigger share of the lucrative Saudi market.