

International Business News

Islamic finance expands as wealth grows in oil-rich Gulf

AFP, Dubai

The market for Islamic finance and banking is growing rapidly in the oil-rich Gulf thanks to burgeoning wealth and attractive financial instruments.

Studies have put the total value of Islamic equity funds in the Gulf region at around 30 billion dollars (19.5 billion euros), said Khaled al-Masri, partner in asset management at Dubai-based Rasmala Investments.

"Investable wealth in the Gulf Cooperation Council is growing by one of the highest rates in the world ... This increase is being met with more product providers and products being launched in the GCC market," he said.

The Islamic finance industry worldwide is worth around 700 billion dollars, Moody's Investors Services estimated in a February report.

Economies of the six GCC member states -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates -- have been enjoying remarkable growth over the past few years on the back of record oil prices.

The robust economic performance has inflated local wealth in this Muslim region where many might prefer to seek profit through investments that do not contradict their beliefs.

The basic principle of Islamic finance is the prohibition of Riba (usury), which is correlated with interest in today's banking.

Islamic funds are also banned from investing in companies associated with tobacco, alcohol, pornography, pork or gambling, all considered taboo by devout Muslims.

Some 125 Islamic equity funds are based in the GCC out of around 320 globally, said Mark Smyth, UK-based managing director of Failaka Advisors, an Islamic fund research company.

China's employment situation 'very severe'

AFP, Beijing

China's labour minister admitted Sunday that the booming economy faced a "very severe" unemployment situation as millions of new jobseekers join the market every year.

The flood of new entrants in both urban and rural areas will continue for a long time, labour and social security minister Tian Chengping told a briefing in Beijing.

"The employment situation that we're currently facing is very severe," he told journalists.

"The main reason is that 20 million new jobseekers emerge every year in the countryside and in the cities. This will continue for a very long time."

Tian said that measures to deal with the problem included encouraging more start-ups and providing retraining for workers with outdated skills.

Premier Wen Jiabao called earlier in the week for more measures to boost employment, saying the urban jobless rate should be kept below 4.5 percent in 2008, compared with a 4.6 percent target last year.

"We must redouble our efforts to increase employment, a matter that is crucial to people's well-being," Wen told parliament in his annual work report, the Chinese equivalent to the US president's State of the Union address.

Unemployment and inflation are the two top priorities for Chinese policy makers, because they affect, or threaten to affect, a large proportion of the population.



Jobless people with cards advertising their skills wait for odd jobs along a street in Shenyang, in northeast China's Liaoning province on March 7, 2008.

Vietnam's small-time investors feel crunch

AFP, Ho Chi Minh City

After he started playing the stock market in early 2006, Tran Duy Thang made more than one billion dong (63,000 dollars) -- enough to buy a bigger home for his family.

But two years later, Thang -- who works for a Japanese electronics firm in Vietnam's commercial hub Ho Chi Minh City, the former Saigon -- has lost 70 percent of what he made.

"I'm very worried about the drop in the market and that I might have to sell our home," he said.

Small-time investors -- who just a year ago were lining up cash-in-hand at Vietnamese brokerage houses -- are now feeling the sting of recent global economic turmoil and inflation-busting measures at home.

And they are bailing out of the game.

At Saigon Securities, the mood is sombre. One year ago, the room set up by the brokerage firm to allow investors to monitor the benchmark VN Index was bustling.

OUTSOURCING

Cartoons draw in business



Animators at the SW Multimedia animation studio in the capital are inking on some sketches.



An artist is drawing layouts for animated cartoons. Bangladeshi animation companies are hoping to gain a share of the multi billion-dollar global animation market.

MD HASAN

Donkeys are usually slow and stupid, but Shamsuzzaman's intellectual Donkey named Pachu is exceptional, always making a fool of his owner.

Pachu's owner Lechu is not big hearted. He does not give Pachu his daily meal. So what? Pachu gets by, entering villagers' crop fields and taking what he needs.

AFM Shamsuzzaman's SW Multimedia animation studio is at the end of production of 'Lechu and Pachu', an entertainment cartoon for children.

The Bangla version will be screened on television before June this year.

SW Multimedia is part of a new wave of Bangladeshi animation companies hoping to gain a share of the multi billion dollar global animation market.

The business idea is simple. Hand animation is very labour-intensive and in most cases simply too expensive to do in Europe, North America or Japan. More than 30 years ago the large US studios started outsourcing to Canada, and then to the Philippines and South Korea. A few years ago the outsourcing wave reached India.

Now it could be Bangladesh's turn, says Shamsuzzaman. "Our labour

costs are cheaper, around 50 percent that in India, which of course could make the country a hub for outsourcing animation."

The local cost for 2D animation is around \$35 per second, compared to more than \$100 in the West.

Zahin Hasan, managing director of another local company, Toon Bangla, is less convinced that Bangladesh will be able to undercut India simply on price, but still sees a bright future. "They have a much bigger animation business but each of their studios was smaller than we are now when they started," he said.

His 2D studio in Dhaka has around 35 young animators busy preparing demos for prospective western customers.

On a lazy afternoon, Imam Hossain, an animator of the studio was fully concentrated making a sketch of a rude bull for the company's demo.

The bull that Hossain sketched on a plain white paper was static, but when scanned by a special camera, exclusive software gave it life. And then the bull was roaring ready to knock down a girl, the heroine of the demo.

Zahin explained how they put life into a static creature. He said usually clients supply character designs, prop



'Lechu and Pachu'

designs and some basic background sketches on a storyboard. The storyboard shows which characters are in each scene and what happens in each scene.

At first only rough drawings -- key frames -- are made for each scene. Key frames are viewed sequentially in a "line test" to check whether the motion of the characters and props looks good. If the motion looks okay, the key frames are cleaned up -- refined and in-between drawings are added to the sequence to make the movements look smoother. Once all the clean-up and in-between is done, colour is added.

The drawings are then

scanned and software is used to composite -- that is, to put the characters, props and background together to create a lively scene.

Toon Bangla has already completed its first export project, the opening credit sequence for the feature film Karma Calling, which will be released in 2008. The client is an American company.

"We produced a short cartoon introducing each of the main characters," said Zahin.

At present SW Multimedia's animation production is fully concentrated on local work. The company has completed the production of an 8-episode 2D animation series for the Millennium Development

Goals (MDGs) campaign for UNDP and UNICEF.

The studio also produced a 5-episode animation project for the British High Commission on climate change. All of these productions have been broadcast on local television channels.

Alongside client projects, SW Multimedia is involved in producing self-sponsored projects on various social and development issues. These include 'Play' on the subject of children's rights, 'Rupa' that deals with domestic violence and 'The Gift of Life' that highlights bio-diversity and environmental issues.

"Animation is a very good medium to communicate. It can be used to prompt behavioural changes," Shamsuzzaman said, adding that the Lechu and Pachu cartoon, along with entertaining children, would teach them different social norms.

But the industry is not without risks. In the last few years several of the original animation studios have folded, hit by high costs.

Although setting up a studio does not require a huge investment in hardware or software, the main investment is simply in keeping it running until it breaks even, said Zahin.

He said, "Western clients will work with a young and

unknown animation studio only after you have produced a free demo for them. You have to assume that you will not break even in your first year as you will be doing a lot of free demo work."

"For the industry to thrive, we need entrepreneurs to invest in animation studios here and to run them just as professionally as the Indian animation studios," said Zahin.

The sector is now small but it has the potential to grow very quickly, however it requires investors who are willing to take big risks, Zahin observed.

"Foreign clients will work with a Bangladeshi studio if it can produce animation of international quality at a price lower than our rivals. I think we can do that," he said.

"It's a billions of dollar market globally," said Shamsuzzaman of SW Multimedia said.

However, a shortage of animators remains a big challenge. He said only around 500 animators are working in different studios in Bangladesh, whereas India has produced 10,000.

Like donkey Pachu the Bangladeshi animation industry will have to be smart to survive.

hasan@thedailystar.net

COMMODITIES

Jewellery trends adapting to record gold prices

REUTERS, Singapore

Diamonds might be a girl's best friend, but for those buying jewellery at a time of record gold prices, a new trend for lightweight pieces using semi-precious stones and organic materials might be a welcome ally.

Jewellery trends in recent years have been dominated by chunky pieces worn around the neck and clunky gold bangles around the arms and ankles.

But while these heavy-weight pieces may still be favoured by the rich and famous, jewellery-lovers with more limited means are being targeted by a new trend for slinky jewellery, hollowed out pieces and jewellery made from non-traditional materials.

Sophisticated simplicity is the buzzword used by European fashionistas, while the trend in Asia is for street-chic and rustic pieces made of semi-precious stones and non-traditional materials including titanium and wood.

bling, about the gold. The days of the big heavy gold chain are probably over, and if they are still around, they will be a lot lighter," Desmond Lim, fashion editor at Prestige and August Man, two Singapore lifestyle magazines.

"It's about smart fashion and this casual-chic style is probably a reflection of both fashion and economics. There is a definite balance between the art and the commerce, resulting in this street chic look."

The prices of gold and platinum have both rocketed to record highs, with spot gold trading just short of \$1,000 an ounce and platinum above \$2,000, prompting some jewellery makers to opt for light weight and hollow pieces.

"In fashion jewellery, the designers are offering us lighter weight designs. Interestingly, this means more inventive and innovative design and the craftsmanship is still there," said David Hinds, managing director of F Hinds, a family-owned jewellery chain in the United Kingdom.



Retailers in London's Hatton Garden jewellery district are seeing a similar trend and a shift in favour of hollow jewellery which consumes less precious metals and are being sold for more or less the same prices that heavier items sold for a year or two ago before gold prices really began to soar.

"A lot of chains are being made hollow and the reduction in weight is compensating for the rise in gold prices," said Roy Lynch, director of Strictly Gold.

The trend for light-weight jewellery has not extended to high-end diamond rings, where most of the value is from

the stone. Buyers are still prepared to hand over the cash for items such as engagement rings.

"People aren't going to skimp on things like that," said Lisa Argenton, an Australian jewellery designer.

"People are still happy to spend money on jewellery with meaning, although some clients who really want platinum find they can't afford it and go for white gold instead. Generally, platinum pieces are two to three times dearer than 18 carat white gold."

Record gold and platinum prices are never likely to deter high net-worth individuals from indulging themselves.

"One of the biggest things in fashion right now are gold cuffs -- big, chunky yellow gold bracelets," Carol Woolton, jewellery editor at Vogue magazine in the United Kingdom.

But she added some designers were also opting to make cuffs in wood, set with semi-precious stones. Although she admitted that none of the trends for less opulent jewellery were on display at the

Academy Awards in February.

"Interestingly, there was more jewellery on the red carpet at the Oscars this year than ever before. A lot of actresses are wearing big gold necklaces," she said.

"Nicole Kidman wore a sautoir necklace in white metal -- gold or platinum -- studded with 7,000 diamonds totalling 1,400 carats."

The jewellery display at the Oscars underscored the view from high-end jewellers that the rich are not deterred by gold prices.

Stanislav de Quercize, president of Paris-based fine jewellery house Van Cleef & Arpels, told Reuters recently that all-time high precious metals prices would not alter the raw materials content of Van Cleef & Arpels jewellery as his clients wanted only the best.

"We have high-demanding clients who want the best art (in jewellery)," De Quercize said.

"We have to fulfil the mission to offer the best. The appetite for rare stones is growing and growing."