

**International Business News**

**Dutch insurer Aegon gets 3b euro cash injection**

AFP, The Hague

The Dutch state gave a three-billion-euro (3.75-billion-dollar) cash boost to insurer Aegon on Tuesday in the latest bid to shield a financial institution from the world financial crisis.

"With this capital injection, Aegon remains a healthy and well-run insurance group with a robust capital buffer which makes it among the strongest insurers in the world," the finance ministry said in a statement.

An agreement to this end was reached between the ministry, Aegon and the Dutch central bank on Tuesday.

The Dutch government announced earlier this month it would provide 20 billion euros to augment bank capital and liquidity to shield its financial sector against shocks from the global economic crisis.

Aegon was making use of this facility, said the ministry, for "healthy financial companies that have to deal with unforeseen external shocks".

The investment would see the state become the owner of Aegon securities, added the statement. The securities were bought at four euros apiece. Aegon shares closed at 3.38 euros on the Amsterdam stock exchange Monday.

**Nissan's Ghosn warns worst to come in economic crisis**

AFP, Tokyo

The head of the Renault-Nissan automaker group on Tuesday warned that the worst of the global financial crisis was yet to come, saying it could last into 2010.

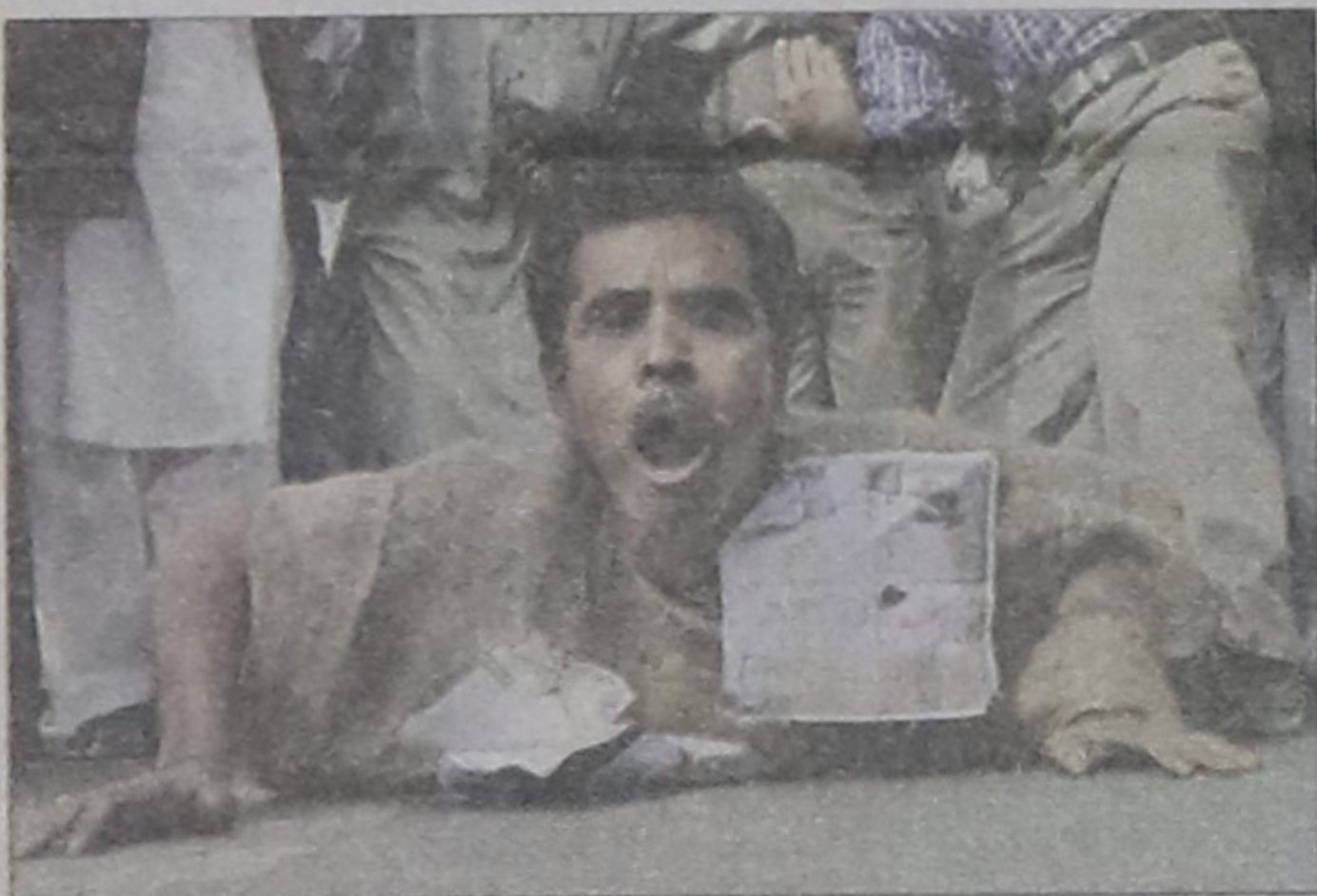
Carlos Ghosn, the legendary manager who turned around Nissan a decade ago, said the auto industry was being pummeled by deteriorating markets in the rich world as well as a slowdown in emerging markets such as Russia and China.

"We have not seen yet the worst," Ghosn told a business forum in Tokyo.

"Even if the financial crisis stops, the consequences of the market slowdown in terms of unemployment (will) come. So far we have seen only the beginning of the consequences," he said.

Ghosn said he was bracing for "a relatively long term of credit turbulence."

"This is going to probably lead to a situation in 2009 which (will be) at best lukewarm. It may continue into 2010 if the financial meltdown does not find good solutions to address it," he said.



A member of the All Pakistan Clerks Association shouts slogans during a protest against inflation and the escalating food crisis in Lahore yesterday. The largely impoverished population of 168 million is suffering from inflation that hit a 30-year-high in June, the last available figure of 25.33 percent, making staple foods and fuel unaffordable.

**One million Thai workers risk losing jobs in 2009**

AFP, Bangkok

One million Thai workers are at risk of losing their jobs next year because of a sharp fall in export orders, the Federation of Thai Industries said Tuesday.

The federation's deputy chairman, Thaveekij Jaturajareonkul, blamed the slowdown in global economic growth for the bleak forecast, which he said could bring troubles worse than the 1997 Asian financial crisis.

"Exports orders from our main markets -- the US, Europe and Japan -- have dropped significantly in all industries."

"That will affect our labour employment and we estimate that next year around one million workers may lose their jobs," Thaveekij told AFP.

"If another economic crisis hits Thailand this time it's going to be far worse than in 1997 because it will affect every sector," he added.

Between mid-September and earlier this month, Thai export orders from the top three markets dropped by an average of 30-40 percent across all industries. The figure was higher still for the luxury goods sector, Thaveekij said.

**Tougher entry rules will not deter migrants: UN official**

AFP, Manila

Moves by countries to block the entry of foreign workers in response to the global economic crisis will not succeed, the UN's top advisor on migration issues said Tuesday.

"We've seen how ineffective simple prohibition policies (can be) with regard to migration...they don't really work," said Peter Sutherland, the UN secretary-general's special representative on migration at a forum in Manila.

Migrants will always find ways of gaining entry to a country if determined to do so, said Sutherland, adding that the number of illegal immigrants could increase if governments restrict visas to safeguard domestic jobs.

Immigration has become a major economic issue in Europe with unemployment set to rise amid recession fears. Earlier this month, the 27-member European Union adopted an agreement to manage migration and boost border controls to limit illegal immigration. The pact has triggered protests in France.

**TRADE**

**Timepieces stand test of time**

SAYEDA AKTER

Ranjana Fatema is deep in thought as she ponders over what to give her cousin as a wedding gift. She realises that gold ornaments would be too expensive for her, especially after a spike in world gold prices.

Fatema unexpectedly stumbles upon the idea of presenting the newlyweds with a fine pair of Titan wristwatches, which she can easily obtain at a price tag of around Tk 20,000.

"The watch set will certainly be a trendy and useful gift, without squeezing my pocket," she squeals in delight. Although wristwatches have always been popular as gift items, they have recently won the heart of the middle class -- all within budget.

The market has further grown, as the wristwatch is a necessary accessory for the day-to-day lives of many.

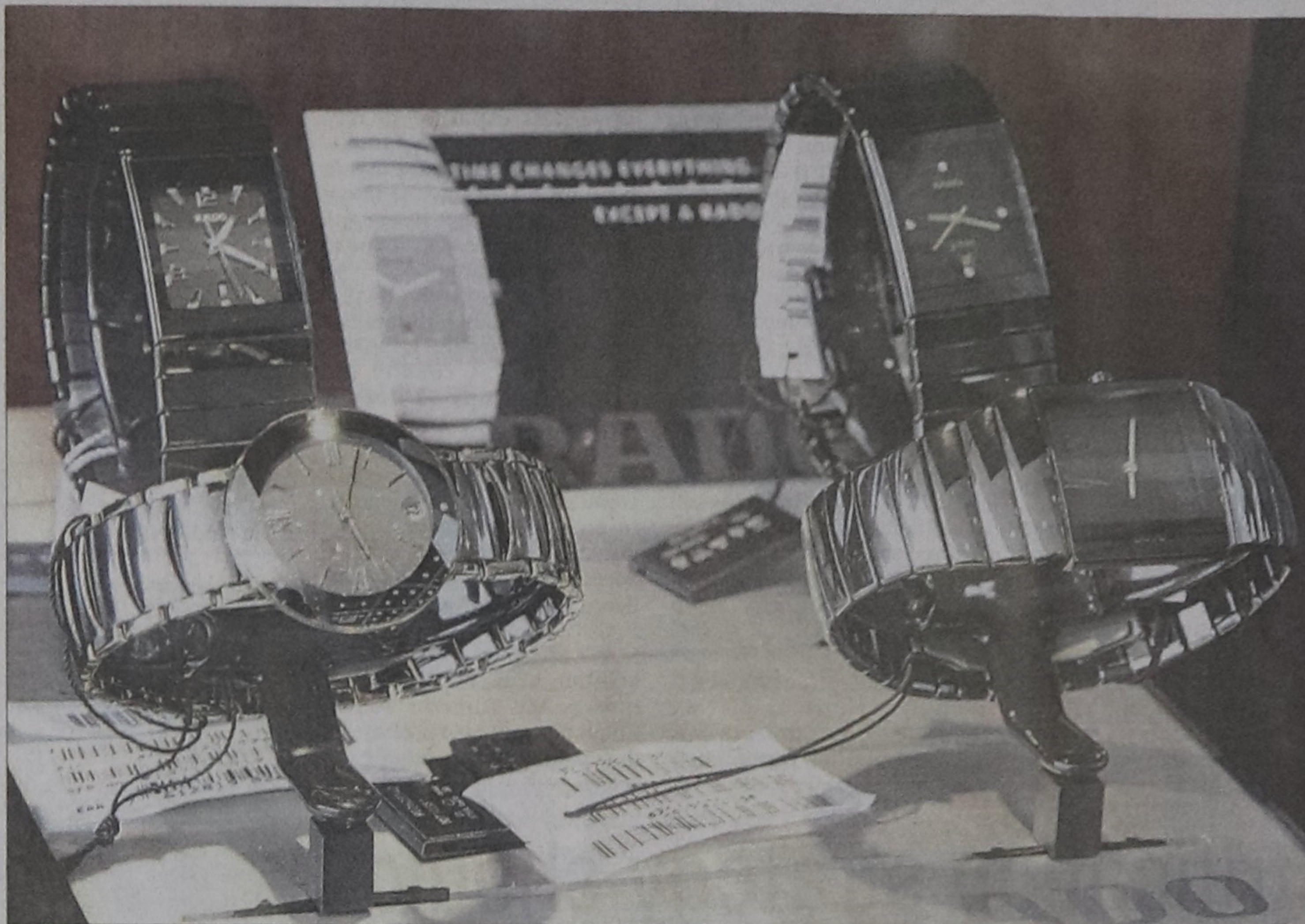
According to industry people, imported wristwatches drive the market and the total market size stands around Tk 300 crore.

Kallol Group is the biggest importer of branded wristwatches, including 16 world famous brands such as Credence, Titan, Tissot, RADO, Wester, Guy Laroche, Colber and Longines, in the country.

Sheik Shahid Ali, assistant general manager of Kallol Group, says demand for branded wristwatches has been increasing in the past 10 years, as people are now more aware of branded products.

"The wristwatch is a popular daily wear accessory among all age groups, both young and old. It is also a big fashion statement these days, as it directly reflects a person's tastes," he says.

Kallol has established Time Zone, a retail chain to showcase and sell wristwatches all



AMRAN HOSSAIN

over the country. It has 32 outlets with nine in the capital.

"We set up these boutique stores mainly to introduce ourselves as an authentic source of genuine products at fixed prices. This helps our consumers obtain branded watches without any harassment and distress over the authenticity of their purchase," he says.

Credence, a UK brand, is the market leader among all the branded watches that are available in the market. A pair could range anywhere between Tk 1,500 to Tk 20,000.

A pair of Titan watches, a close competitor of Credence, would range from Tk 2,000 to

Tk 12,000.

"These two brands of watches are very popular among the middle income groups for their reasonable price tags and designs that match our culture," says Shahid.

He says the sale of designer wristwatches are fast growing in the city. Other popular brands include Pierre Cardin and Charles Jourdan that costs anywhere between Tk 6,000 and Tk 20,000. Tissot, Longines and RADO are the most expensive watches available that start at a hefty Tk 50,000.

Apart from the plush branded products there exists a huge market for wrist-

watches that are not so extravagant, mainly imported from China.

Azizul Haque, president of Bangladesh Ghory Baboshayee Samity (wrist-watch merchants association of Bangladesh), says the local market for watches has been growing steady for a long time as traditionally, people of this region love to wear wristwatches.

He says earlier in the British period, people thought only educated people wear watches, and thus it became a symbol of grace and honor.

"But gradually, watches have become the most important piece of accessory of daily

life, now that more and more people are pursuing higher education and entering the job market," he says.

"However, the watch market has hit a slight bump with the growing popularity of the mobile phone, as people tend to check the time on their handheld devices," he admits.

He reveals they import watches mainly from China and a few from Japan and Switzerland, and distribute to the whole country.

Brands such as Citizen and Labor are available in a more economical price range for customers all over the country. The watches not only promise longevity but also are afford-

able at prices ranging from Tk 200 to Tk 1200.

The wholesale prices of wristwatches are much cheaper than retail. The biggest wholesale market for watches is at Patuaty, where the average price ranges from Tk 120 to Tk 800.

Rabiul Alam, a wholesaler at Patuaty, says the business of watches is less profitable but steady.

He says some watches are imported as parts and assembled locally, such as Casio and some other sports watches with fancy dials and belts.

"Such assemblies cost less, but the longevity is not guaranteed," he says. "These products are especially popular among teenagers."

However the sector faces some difficulties.

Haque says the main problems of the industry are counterfeits. These have wiped out original watches from the market.

"Many sellers cheat unsuspecting buyers by selling counterfeits," he says.

"A RADO watch is also available in the market for Tk 1,000, where an original would start at Tk 40,000."

Shahid says consumers lose faith when cheated and requests them to go to authorised distributors for an authentic purchase.

Another problem that this industry faces is termed as 'luggage party', where watches enter and flood the markets via illegal channels.

Rabiul says dishonest businessmen bring watches into the country by dodging taxes to make extra profits. This proves to be a problem for small importers of the product.

He urges the government to take strong action against these people.

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**CREDIT CRUNCH**

**World turmoil may spur Islamic finance**

AFP, Doha

The fast growing Sharia financial system may receive a further boost as an alternative to capitalism amid the credit crunch and banking crisis, Islamic academics and clerics believe.

Already said to be worth 300 billion dollars and expanding at 15 percent a year, the Islamic system forbids the levying or payment of interest, preferring shared ownership and splitting of profits.

The global economic meltdown shows "the need for a radical and structural reform of the global financial system. The system based on the principles of Islam offers an alternative which could reduce risks," Hatem al-Naqrahashawi, head of theological studies at Doha University, told AFP.

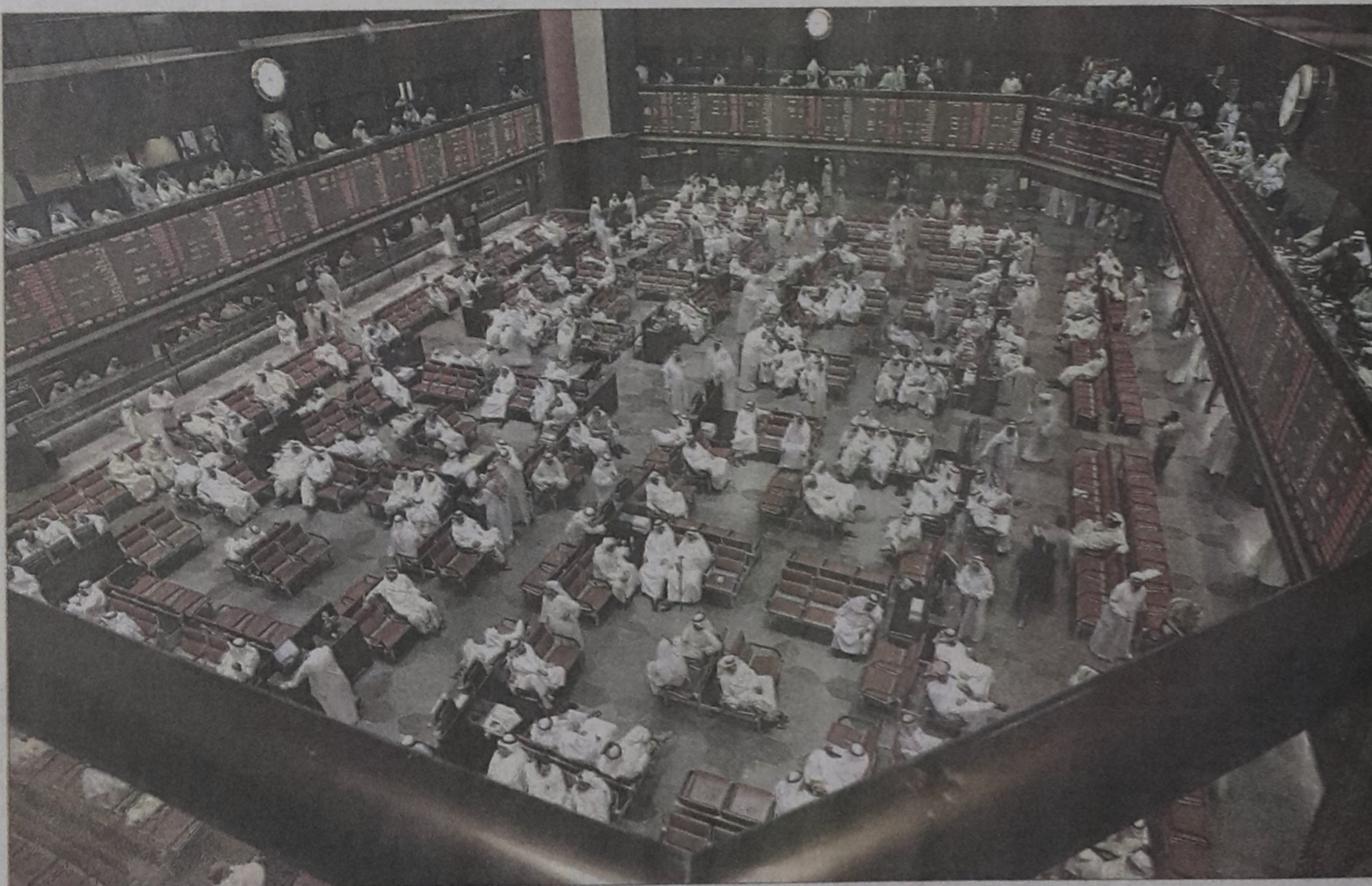
"Islamic banks don't buy credit but manage concrete assets... which shelters them from the difficulties that American and European banks are experiencing," explained Abdel Bassat al-Shibi, managing director of Qatar International Islamic Bank.

Islamic finance is different from capitalism in two main ways. It bans interest-bearing loans, seen as usury, a practice forbidden by Islam, and also forbids speculation. Instead, it favours sharing risks and profits between a bank and a client.

Sharia compliant products include Ijara, a way of buying a house through a lease and subsequent ownership, rather than through a mortgage. Others are Musharaka, the sharing of profits and losses, and Murabaha, under which the seller declares the profit margin being made on the sale of a commodity.

Murabaha is seen as a way of enabling a buyer to avoid taking an interest-bearing loan, though some Islamic scholars say it is too similar to the charging of 'riba', or interest.

In the past three decades, the number of Islamic financial institutions has risen above 300, spread among 75 countries. Their total assets are more



Kuwaiti traders follow fresh falls in stock prices at the Stock Exchange in Kuwait City on Monday. Traders on the Kuwait stock market walked out for a third trading session, after emergency financial measures by Kuwaiti authorities failed to prevent fresh falls in prices as stocks sank on all Gulf bourses.

than 300 billion dollars and are growing in at average rate of 15 percent a year, according to studies.

"The collapse of capitalism based on usury and paper and not on the trading of goods on the market is proof that it is in crisis and shows the Islamic economic philosophy is holding up," prominent Egyptian-born Qatar-based cleric Sheikh Yusef al-Qaradawi told a recent

conference in Doha.

"We have all the wealth... the Islamic nation has all or nearly all the oil and we have an economic philosophy which no one else has," he said, referring to the fact that Islamic countries, headed by Saudi Arabia, hold a large part of the world's proven crude oil reserves.

Suleiman al-Audah, an influential

Saudi cleric, called for an "international Islamic summit to define the framework and the stages of an Islamic economic alternative."

Some Islamists admit, however, that this alternative is not yet operational.

"Theoretically, the Islamic economic system offers a complete and solid mechanism... but in practice, the Islamic banking experience is not

yet mature, because it offers limited products like 'Murabaha'," Audah, a moderate Islamist, told AFP.

His caution is shared by Egyptian Islamist intellectual Fahmi Howaidi, for whom the Islamic system "could bring solutions to certain banking problems but cannot be a magic wand" to end the financial upheaval which is shaking the world.