

International Business News

AIG to give back \$50m in bonus cash

AFP, Washington

Executives with AIG's financial products division have agreed to pay back 50 million dollars in bonuses amid outcry over the insurance giant's use of taxpayer cash for executive perks, officials said.

The agreement comes as Treasury Secretary Timothy Geithner and Federal Reserve chief Ben Bernanke face a grilling from lawmakers Tuesday over government aid for the troubled American International Group.

The US government has so far pumped around 170 billion dollars into the multi-national insurance titan to keep it afloat, fearing its collapse could deepen a market-wide liquidity crisis.

Fifteen of the top 20 bosses who received big bonus checks after the US government doled out cash to rescue AIG will give back their bonuses, New York Attorney General Andrew Cuomo said late Monday.

The 15 executives from the financial products unit are expected to return 30 million dollars in cash. Cuomo said a total of 50 million dollars, including bonuses from other employees of the unit, was to be returned.

"I would like to say this to the individuals who have given the money back: 'You have done the right thing. You have done what this country now needs and demands,'" Cuomo said in a statement.

Arroyo says 41,000 Philippine jobs lost to crisis

AFP, Manila

At least 41,000 people in the Philippines have lost their jobs amid the global downturn, President Gloria Arroyo said Tuesday.

The number includes overseas-based contract workers sent home from recession-hit host economies as well as employees in local factories reeling from slumping global demand, she said in an interview on government radio.

The total was up 6,000 from figures released by the labour department earlier this month.

Arroyo said the updated total included "some expatriate workers who came back from Dubai and Qatar, as well as those retrenched from export-oriented industries" in the Philippines.

"Two-thirds of the world is in recession. So far the Philippines is not in recession and we want to ensure we are not dragged down there," she said.

The government's focus is on "creating or saving jobs as well as to keep inflation down," she said.

The January 2009 jobless rate stood at 7.7 percent or 2.855 million, up 0.3 percentage points or 180,000 from a year earlier.

Manila will continue to put into effect "targetted subsidies to the poorest Filipinos" so they will have access to cheap rice and transportation.



AFP

A worker stands in an empty shop in Dubai's old district yesterday. The global financial crisis has also hit small businesses as economy of Dubai -- the regional business and tourism hub that is part of the UAE federation -- is expected to shrink by two to four percent.

Obama sees good signs in US economy

AFP, Washington

President Barack Obama has expressed growing confidence in efforts to revive the economy ahead of a White House press conference on Tuesday aimed at rallying Americans behind his reform and recovery efforts.

The showpiece White House event is the culmination of a week-long public relations offensive designed to raise Obama's agenda above the clamor of a row over AIG bonus payments and opposition Republican carping at his sweeping spending plans.

The news conference at 8:00 pm (0000 GMT) follows two television interviews and a tour of California last week.

The press conference will take place a day after Obama said he detected "glimmers of hope" in the housing sector and stocks soared nearly seven percent, in a rare moment of respite for the new administration.

The president said he was "very confident" in the effort to revive banks by offering government incentives for private investors to buy up to a trillion dollars in toxic assets which choked lending and sparked the recession.

Vietnam's first-quarter inflation almost 14.5pc

AFP, Hanoi

Vietnam said Tuesday that inflation was almost 14.5 percent year-on-year for the first quarter of 2009 as consumer prices continued to ease from a record high seen last year.

Much of the 14.47 percent hike came from a sharp rise in the cost of food, which was up more than 22 percent over the same three-month period in 2008, the Government Statistics Office (GSO) said.

Compared with February, consumer prices in March were down 0.17 percent, according to GSO estimates.

It said food prices were down 0.46 percent month-on-month, as the global slowdown takes a toll on the nation's formerly red-hot economy, which is heavily reliant on exports.

The economy overheated last year, leading to record 28.3 percent inflation in August. The government began tightening monetary and fiscal policy, raising interest rates in a bid to tackle double-digit inflation, a move the World Bank has described as "a phenomenal success".

LIFESTYLE

Cosmetics brands beat all odds

SAYEDA AKTER

Sanjida Rahman, a 29-year-old lawyer, loves using internationally renowned cosmetics, as these brands are reliable and available in the local market.

"I feel comfortable using international brands, as I don't have to worry about the quality and can completely rely on them," she said. "The prices of these products are quite reasonable as well."

"At the same time, TV advertisements and programmes on satellite channels are constantly making us aware of our looks and personal care," she added.

Rahman is not alone. Nowadays, women are living in an age of "cosmopolitan lifestyles" and are increasingly interested in skin and hair care products, religiously following beauty routines. Expensive cosmetics brands are cashing in on this craze.

As a result, the sales of imported branded luxury cosmetics products have increased even at a time when the global recession has started to affect the local economy.

Fahima Choudhury, managing partner of Ogilvy and Mather, a local partner of a high-profile international ad agency that marketed international personal care goods, said the market for international brands started growing in the late 1980s.

"The market for branded cosmetics blossomed after the open market economy developed and people began to have a little cash to spare. Women chose to pamper themselves by spending on these luxuries," she said.

"The cosmetics trade expanded when local companies started importing foreign cosmetics and personal care products, targeting people from all classes," she said.

"Local importers took the next step and started campaigning via advertising agencies, to create awareness about items such as shampoos, creams and toothpastes. Gradually, demand for those products was created among people from the middle



AMRAN HOSSAIN

A woman shops for cosmetics at a store in Dhaka. Sales of imported branded luxury cosmetics products are on the rise.

and upper-middle income groups," added Choudhury. "Satellite channels also had a major part to play in the spread of awareness about one's looks."

She said the demand for such cosmetic and personal care products is now huge and it is quite common for women to prefer branded items.

Currently, the market size for cosmetics and toiletries stands at around Tk 3,000 crore per year, of which imported branded items account for Tk 1,800 crore.

According to industry insiders, the market for branded items are divided into two segments: colour cosmetics, that includes lipstick, nail polish, eye and cheek shades and personal care products, that includes skin and hair care products, like shampoo, conditioner, lotions, creams.

Nearly all renowned colour

cosmetics brands, including L'Oreal, Revlon, Estee Lauder, Max Factor, Avon, Maybelline, M-A-C Cosmetics, Garnier, Elizabeth Arden, L'Aligue, bareMinerals, BeBeautiful, Bioré, Biotherm, Bobbi Brown, Chanel, Clinique, CoverGirl, Crabtree and Evelyn, Dior, Essie, Frederic Fekkai, Fusion Beauty, Giorgio Armani, Guerlain, Nivea, Lakme, and Emami are imported into Bangladesh.

Most products have been imported from the US, Germany, France, Middle East, China, Thailand and India. The reasonably priced products are most popular in the local market.

Munirul Ahsan, general manager of T-Mart Group, the sole agent and distributor of US cosmetics companies including Jordana and Nior, said the imported products are most popu-

lar among the middle-income groups of people.

The price of a Jordana branded lipstick ranges from Tk 110 to Tk 130, while a bottle of nail polish costs Tk 140 in the local market.

"As we provide good quality products at prices that are within means, our products are more preferred than the costlier items," he said.

Simultaneously, sales of L'Oreal, Revlon, M-A-C Cosmetics, Maybelline, Garnier, Max Factor, Elizabeth Arden have also risen.

Mahbubur Rahman, an importer and the general manager of Rahad Enterprise, said the demand for globally renowned brands like L'Oreal, Revlon, M-A-C Cosmetics, Maybelline, Garnier has risen in the past five years. His company has been importing cosmetics since 1998.

"People now can differentiate between high quality and low quality products, mainly because of an awareness created by the satellite channels. Customers trust branded products and they do not even compromise of price in that regard. Women will buy high quality products, even if it means spending an extra buck or two," he said.

He said the prices of such high quality brands are almost double than the prices of Jordana or other similar brands.

Meanwhile, globally renowned color cosmetics brands such as L'Oreal, Revlon, Estee Lauder and Elizabeth Arden are planning to reduce prices and introduce low cost products in the market, according to a Reuters report.

The report said these companies would do so to battle the financial crisis and to capture low income but promising markets like Bangladesh.

In February, L'Oreal of France, the world's biggest cosmetics group, said that it would launch a low-price range of products to help beat the financial crisis this year.

However, personal care products, including skin and hair care, are increasingly becoming essentials for people belonging to all classes in society.

Kazi Ziaul Hasan, general manager of MF Consumer Ltd, the sole agent and distributor of Johnson and Johnson products, said the sales of their products are increasing day by day.

"Personal care products, such as body care, shampoo and perfumes are essential products. For this reason, sales of their products would not decrease even if the prices go up," he said.

However, the sector is currently facing several problems.

Mahbubur Rahman said they often face hassles in imports and the import duty is also very high, which stands at 25 percent.

He suggested that the government should reduce import duties to safe guard local entrepreneurs.

sayedata@thedailystar.net

AUTO

Rave reviews for Nano

AFP, Mumbai

Motoring experts in India on Tuesday gave a rousing reception to the Tata Nano, hailing the world's cheapest car as "one of the greatest bargains of all time" and "a triumph of Indian ingenuity."

The tiny car, which costs just 100,000 rupees (2,000 dollars) for the basic model, was unveiled to great fanfare on Monday, with Tata Motors chairman Ratan Tata saying it would revolutionise travel for millions of Indians.

India's trade press agreed that the sporty, jellybean-shaped Nano passed the test as a bona fide vehicle, earning comparisons to the European Smart car and classic "People's Car" the Volkswagen Beetle.

Much was made of the car's looks. Autocar India magazine described it "as cute as a cartoon caricature... desperately loveable" which was "appealing, especially to ladies."

Most reviewers were surprised at the amount of headroom and leg space inside the 3.1-metre-long (10 feet) car and said it was ideal for nipping around the congested streets of Indian cities.

"It's not a toy or an autorickshaw with a fourth wheel as many sceptics believed," Autocar India said.

"It's a credible car that does the job brilliantly for its target customers and in the process trounces much more expensive cars in areas like passenger space."

Auto India said the Nano -- which has a strong passenger compartment, crumple zones and intrusion resistant doors -- is likely to be safer than many of its direct competitors in the small car market in India.

"The Tata Nano is worth every bit of your hard-earned money and we believe it has the makings of a cult car," it added.

However, demand is set to outstrip supply, with production limited to just 30,000 to 50,000 cars in the first year because of limited production capacity -- a fraction of the original target of 250,000, auto analysts say.



Tata Nano cars are seen during the vehicle's launch in Mumbai on Monday. The Autocar India magazine described it "as cute as a cartoon caricature... desperately loveable" which was "appealing, especially to ladies".

The launch has come at a tough time for India's top vehicle maker, hit by the economic slowdown and credit crunch -- and at a time when it is trying to absorb the British luxury marques Jaguar and Land Rover, which it bought last year.

In the long-term, Tata is hoping the Nano will also be a hit overseas.

Vardhan Kondvikar, from BBC Top Gear magazine, was certainly impressed.

"The Nano's a real car: By which I mean it looks, feels and drives the

way you'd expect any car to," he wrote in the Mumbai Mirror newspaper, describing it as "one of the greatest bargains of all time."

"It doesn't feel different, or cheap, or bad just because it costs so little -- if Tata hadn't committed to a price, they could have charged twice as much and you wouldn't have blinked."

There was criticism, however, of the lack of luggage space, power steering and air conditioning in basic models.

And with a top speed of just 105

kilometres (65 miles) per hour from a two cylinder, 624 cc rear-mounted engine, its overtaking prowess was questioned.

But reviewers seemed to accept Tata's view that potential buyers need to be realistic when considering such a low-cost motor.

"In the mould of the original Ford Model T but snappier and impressive in its use of the right technology, the Nano has the makings of a mega winner," wrote Adil Jal Darukhanawala from the Economic Times.

ZigWheels.com.

"It has been engineered to a fault and deserves the success it is bound to get," added Bijoy Kumar Y in the Business Standard daily, under the headline "Nano second to none!"

"The Nano's not perfect," said Autocar India. "Owners will want more power, miss the practicality of a hatch and want an additional gear too. But that's about it."

"What Tata has achieved (at the price)... is a triumph of Indian ingenuity."