

Supermarkets boom on robust sales growth

MD HASAN

The idea of 'all essential commodities under one roof' is the driving force behind the success of supermarket business in Bangladesh, which saw around Tk 200 crore investment in the last five years.

With a strong 20-25 per cent annual sales growth, some 30 companies having about 64 outlets made foray into the business during the period, industry people said.

Dhaka-based Agora with its four outlets, Meena Bazar with two branches, PQS with three stores and Nandan with one outlet are the major players in the market.

Bangladesh Supermarket Association (BSA) officials said there are also 15 supermarket outlets in other cities such as Khulna, Rajshahi, Chittagong, and Mymensingh.

Hassle-free shopping environment, hygienic commodities, fresh

vegetables, meat and fish at the supermarkets are wooing the customers, said market operators.

Fresh vegetables directly collected from the farmers are one of the factors for increasing popularity of the supermarkets in Dhaka, said Md Zakir Hossain, general secretary of BSA and Managing Director of Ocean Marketing Company Ltd.

The first chain supermarket in Bangladesh is PQS, which was established in September 2005 at Uttara in Dhaka. AS Maharun Shohel of PQS, which has now three outlets at Uttara, Shanti Nagar and Dhanmondi, said his company plans to open two more branches – one in Gulshan and the other on Elephant Road – by September this year.

On the growth of the relatively new business, Shohel said, "We have tried to ensure customers' satisfaction from the beginning. And our quality products also attract customers."

In the early days of the business, around 500 customers would visit a supermarket outlet a day, but some 5,000 customers come to a store everyday now.

Meena Bazar, which started its journey in 2002, has already extended its business to Khulna. The company has taken up a three-year plan to open outlets in Chittagong and Sylhet and at eight points in Dhaka.

"Positive customer response is inspiring more investments in the thriving sector," said Kazi Jamil Islam, executive director of Meena Bazar.

"Absolutely it's a new trend in business. We have to invest Tk10 crore to 15 crore to establish an outlet," said Md SH Choudhury, general manager of Nandan Mega Shop. Nandan will start another outlet at Dhanmondi soon, he added.

The superstores outside Dhaka are still in a nascent stage. But they

are growing. "Our sales volume is little but it is growing rapidly," Ahsanul Huda Dulu of Nanking Bazar in Rajshahi told the newspaper over telephone.

"Usually, we handle around 300 to 500 customers everyday," he added.

Abu Nasher Suman, proprietor of Cool City in Mymensingh, said customers' response is increasing day by day.

"I shop here because it gives a relaxing shopping experience, which traditional kitchen markets fail to offer," said Salma Mannan, a customer at Agora's Maghbazar outlet.

Besides, every commodity is available in this supermarket, she added.

The supermarkets offer good services to working people who really find little time for shopping in the daytime, said Parvin Rahman at Meena Bazar.



PHOTO: STAR

Customers are busy shopping at a supermarket in Dhaka.

Oil climbs higher in Asian trade on Ecuador crisis

AFP, Singapore

Oil prices climbed towards \$64 a barrel in Asian trade Friday after protests forced Ecuador to suspend crude exports, underscoring market nervousness over supply disruptions, dealers said.

Forecasts of hotter-than-expected weather in the United States through September also helped push prices higher because it means there will be bigger demand for electricity to keep airconditioners running, they said.

At 12:00 noon (0400 GMT), New York's main contract, light sweet crude for delivery in September, advanced 49 cents to \$63.76 a barrel from its close of \$63.27 in the

US on Thursday.

Prices have lost more than three dollars since hitting historic highs of \$67.10 a barrel on August 12.

Dariusz Kowalczyk, a Hong Kong-based investment strategist at CFC Seymour Securities, said the production shutdown and suspension of exports by Ecuador's state oil firm Petroecuador following the protests sent shockwaves through the market.

Ecuador is South America's fifth largest oil producer and more than half of its exports go to the US. The country normally produces 200,000 barrels of oil a day.

"The market is concerned about short supplies and even 200,000 barrels is able to make people

nervous," Kowalczyk said.

Ecuador declared a state of emergency on Wednesday amidst mounting protests in the Amazon's main oil producing region by demonstrators demanding a renegotiation of contracts with foreign oil firms.

The protesters have occupied 200 oil facilities and airports in Lago Agrio and El Coca provinces.

Kowalczyk also said forecasts of hotter-than-expected weather patterns in the US through September helped boost prices because "this means there will be bigger demand for energy."

Prices were expected to trend higher in Asian trading hours as traders close positions ahead of the weekend, he added.

Nepal's state-run oil monopoly hikes prices to stop big losses

AFP, Kathmandu,

State-run Nepal Oil Corp, battling mounting losses, hiked petrol, diesel, kerosene and air turbine fuel prices in what state media said was an attempt to keep pace with rising global costs.

The monopoly supplier's move was seen causing more hardship for the general public in the impoverished nation whose economy has been sapped by a deadly Maoist revolt.

The company, which has a monopoly over imports and distribution of oil in the country, raised petrol prices by 8.06 percent, diesel by 12.19 percent, kerosene by 14.70 percent and air turbine fuel by 10.41 percent.

Korean Air averts strike

AFP, Seoul

Pilots at Korean Air, the largest airline in South Korea, called off threatened strike action after a compromise was reached in a dispute over working conditions, the company and the union said Friday.

Unionised pilots at the airline had said they would begin a partial walkout involving around 50 co-pilots on Friday unless their demands for better working conditions were met.

"The management and union shared the view that they have to avoid causing public inconvenience and a massive loss to the national economy," they said in a joint statement after marathon 30-hour talks.

Korean Air spokesman Lim Yun-Sang said the two sides agreed to keep the current retirement age at 55 for pilots and that pilots will have more rest hours after night flights on international routes and receive further allowances.

Furniture fair now ends tomorrow

The five-day furniture fair that began on August 16 at Bangladesh-China Friendship Conference Centre in Dhaka, will now end tomorrow at 10pm. However, the second version of the show will remain suspended today due to the daylong countrywide shutdown, according to a press statement issued yesterday by Bangladesh furniture industry owners' association.

India's Wadia Group plans low-cost airline

AP, Bangalore, India

Indian industrial conglomerate Wadia group, best known for its textile brand Bombay Dyeing, will launch a low-cost airline in October and is in talks with Airbus and Boeing Co. to buy 50 new jets over the next five to seven years, an official said Friday.

The new carrier, GoAir, will operate with up to 22 used Airbus A-320 planes for the first two years, when deliveries of the new planes will begin, Jeh Wadia, managing director of GoAirline (India) Pvt. Ltd, told The Associated Press.

"We want to be the lowest-cost airline in India," Wadia said, adding his airline would target passengers traveling in air-conditioned train coaches and overnight bus services.

Wadia declined to divulge investment details, but 50 new mid-size aircraft typically cost \$3 billion under list prices.

The first flight will take off from the western city of Bombay, where the Wadias have their head office, but its destination or other routes have not been decided yet, he said. Each flight will offer 180 seats in a single class.

AnnTaylor's Q2 profit falls

AP, New York

Women's clothing retailer AnnTaylor Stores Corp on Friday posted a sharp drop in second-quarter profit, hurt by weak sales at its flagship stores and one-time costs from moving its corporate headquarters.

Quarterly income fell to \$7.1 million, or 10 cents per share, from \$30.1 million, or 41 cents, the year before. Setting aside relocation costs, adjusted earnings were 18 cents per share, a penny higher than the average estimate from analysts polled by Thomson Financial.

Net sales totaled \$508.7 million, up 8 percent from \$472.6 million a year earlier but missing analysts' consensus target of \$514.8 million. Sales at stores open at least a year, also known as same-store sales, fell 3.9 percent after climbing 7 percent last year.

ADB lends \$25m to Pakistan for infrastructure

AFP, Manila,

The Asian Development Bank (ADB) said here Friday that it has approved a 25-million-dollar loan to Pakistan to help implement an infrastructure development program.

The project will help the government develop its infrastructure sector in an integrated manner that will provide electricity, transportation and water, the ADB said in a statement from its headquarters in the Philippine capital.

It will also "help create an envi-

Dhaka eyes new export markets in 29 countries

Holds roundtable with envoys tomorrow

UNB, Dhaka

The government plans to look for new markets for Bangladeshi goods, particularly readymade garment products.

The government mulls exploring markets in about 29 countries, including the South American nations, where Bangladesh has no diplomatic missions and the markets remain totally unexplored, said Export Promotion Bureau (EPB) Vice President Mir Shahabuddin Mohammad.

The commerce ministry and the EPB in this regard are going to start negotiations with the honorary consuls general and consuls of 29 countries to work out the modus operandi of starting export of Bangladeshi products to those destinations.

The negotiation, first of its kind, will begin in Dhaka tomorrow through the holding of a roundtable with envoys of 29 countries at a city hotel, a commerce ministry official told the news agency.

"Bangladeshi products can easily establish control over the markets in those countries if we can start exporting our goods as per the market demands," Shahabuddin hoped.

He also said Bangladesh's RMG sector could find its "survival destinations" in those countries.

The country's overall export has

been facing a serious setback in the wake of the quota umbrella withdrawal over RMG sector, the highest foreign currency earner that remained a bit inert in the last fiscal year.

Sources at the EPB said although the RMG sector posted an overall 16 percent growth in the first half of 2005, the export growth of woven products, the core of RMG, marked a sharp decline.

Apart from this, export of frozen food, leather, home textiles, bicycle and tea could not touch the target in FY2004-05.

In tomorrow's roundtable, the ministry official said, the government side would discuss with the envoys about the possible ways for attracting foreign investment from those countries.

Besides, the commerce ministry authorities would make plea for duty-free access of some Bangladeshi products to those countries in the meeting, sources said.

The EPB vice-president said: "The roundtable is the beginning of the negotiation... we'll continue discussion with the envoys and send our delegations to the destinations and hold fairs there aiming at attracting the importers."

Until now, he said, the country could not do anything worth mentioning in exporting goods to those as there were no diplomatic missions of Bangladesh.

DCCI for vision 2020 to build infrastructure

UNB, Dhaka

The Dhaka Chamber of Commerce and Industry has called for developing a vision for 2020 and beyond to build infrastructure required for viable businesses to achieve an overall economic progress.

The DCCI in a recent issue of its monthly review has recommended that the government and the business community should set some well-defined goals for the development of industries through public-private partnership.

"To build a prosperous country, we need to have a vision," reads the editorial of the review.

Besides, the DCCI is going to organise a "Grand Programme" in the last week of this month with a view to evolving a homegrown vision for overall development targeting 2021, the year the nation will celebrate the golden jubilee of independence.

President Iajuddin Ahmed has given consent to inaugurate the Vision-2021 conference to be held at the Osmani Memorial Auditorium.

The conference has been designed to give a "sense of direction" to the private sector, the review said.

Professionals, intellectuals, experts, officials, business people and members of the civil society are expected to give their inputs on issues ranging from utilities to tax regime, regulations to funding, education to manpower and from export-import policies to foreign relations.

The DCCI Review also stressed the need for taking up a holistic package programme to create entrepreneurs, "who can bring Bangladesh to a new height of development in every possible field".

It also advocated for fixing a export target in the next decade and afterwards. "In recent years, we had been obsessed with the fear of losing

"But we still have opportunities to expand market in these countries through the honorary consuls generals," Shahabuddin said.

The EPB chief executive said a proposal to form joint chamber of commerce with the South American countries would be put forward in the upcoming meet.

"Trade between Bangladesh and South American countries is almost at zero level despite having great potential for our RMG, frozen foods, leather, raw jute and agriculture products," he said.

Ministry sources said the roundtable is expected to be participated by honorary consuls generals of Australia, Belgium, Cuba, Cyprus, Czech Republic, France (in Chittagong), Greece, Indonesia (in Chittagong), Italy (in Chittagong), Japan (in Chittagong), Republic of Korea (in Chittagong), Lebanon, Malaysia (in Chittagong), Republic of the Maldives, Republic of Moldova, Malta (in Chittagong), Romania, Russian Federation (in Chittagong), The Slovak Republic, South Africa, Spain, Sri Lanka (in Chittagong), Tanzania, Tunisia, Turkey (in Chittagong) and Uruguay.

Commerce Minister Altaf Hossain Chowdhury is expected to attend the roundtable as chief guest.

market for our major export-earning readymade garments after January 2005 and we did look only for a short-term remedy through certain interim arrangement instead of taking a long-term mission to make the sector viable," observed the DCCI in-house magazine.

Pointing to country's failure to diversify exports and it said, "We have no other way than putting our past failures behind and forging ahead into a promising future by means of a pragmatic approach to achieve development goals."

Underlining the need for building infrastructures ready for coping with possible pressures in the next 30 years, the DCCI review also proposed undertaking mega-projects such as Dhaka-Chittagong Development Corridor and a Deep Sea Port to meet additional requirements in future.

Asian countries need efficient use of forex reserves

Chinese economist says

REUTERS, Seoul

Asian countries need to think about how to deal with their growing foreign exchange reserves and to consider using assets more efficiently rather than just buying US Treasury bills, an influential Chinese economist said Friday.

Asian nations, which control more than two-thirds of world's foreign exchange reserves, have heavily invested in dollar-denominated assets as part of their intervention in currency markets.

Yu Yongding, who heads the Chinese Academy of Social Sciences' Institute of World Economics and Politics, warned that this trend meant a further devaluation

in the dollar could have serious consequences, particularly given pressure on China to allow its yuan currency to rise further.

"There is no doubt whatsoever, after a short period of relative calm, the US will demand more revaluation from China... and the consequences of the devaluation of the dollar on East Asian economies will be grave," Yu told a seminar in Seoul.

China revalued in July its yuan currency by 2.1 percent to 8.11 per dollar and moved to a policy of managing it by reference to an unspecified basket of currencies.

"Even if the dollar doesn't devalue in a big way, East Asia will need to think about how to deal with their already excessive foreign exchange

reserves that are still rising fast."

Asian central banks have some \$2.5 trillion in their vaults as they have been recycling their trade surpluses by selling their own currencies, buying the US dollar and investing in US securities in order to keep their respective currencies weak to help boost exports.

"They also need to think hard on how to put their scarce resources for more efficient domestic and intra-regional uses," Yu, who is also a central bank policy committee member, said.

The central banks of Japan, China, Taiwan, Korea and Hong Kong are among the main holders of dollar-denominated assets.