

# Berliners shrug off ethical worries to storm new Primark store

REUTERS, Berlin  
Thousands of bargain hunters flocked to a new Primark store in the heart of Berlin on Thursday despite a protest by campaigners demanding the Irish chain improves conditions in the factories that produce its budget tops and jeans.

Primark, owned by Associated British Foods, is accelerating the pace of its expansion in Europe, where it already has 274 stores, and in April announced it would open its first U.S. store in Boston towards the end of 2015.

Primark, which opened its first store in Dublin in 1969 under the name Penneys and launched in Germany in 2009, has grown rapidly during the economic downturn in Europe due to its rock-bottom prices and fast-changing fashions.

However, it has also drawn criticism for conditions in the factories of its suppliers, especially since more than 1,100 people died last year in the collapse of a plant in Bangladesh, where clothes were

made for brands including Primark.

Primark's success is squeezing margins at Sweden's budget chain H&M, which is also trying to improve its reputation for ethical standards, particularly in its biggest market Germany, where shoppers are particularly sensitive to environmental issues and labour rights.

However, those concerns were trumped on Thursday by the desire to snap up T-shirts for 3 euros (\$4) and skinny jeans for 7 euros, as thousands of shoppers, including dozens of mothers with small children, lined up hours before the store opened.

"Primark is criticised but it is not just Primark. All the big stores are the same, including H&M, because we want to have things cheaper and cheaper," said 16-year-old shopper Anna Schmidt. "I am not prepared to pay 30 euros for a T-shirt".

The new store is Primark's 13th in Germany, and it has set its sights on eventually opening more than 100 in the country, which is already home to more than 400 H&M stores.

Primark, which generates almost

a third of AB Foods' group sales, attracted negative headlines again in recent days after labels were found sewn in garments sold in Britain purportedly from workers complaining about their working conditions.

Wolfgang Krogmann, chief executive of Primark Germany, dismissed the labels as a hoax and said the company tightly controls factory conditions, conducting 2,000 audits a year and adding it does not allow approved suppliers to subcontract.

"Ninety-eight percent of factories are shared with other brands that are making similar garments for our competitors. The difference with us is that we charge a particularly low price for the same product," he told journalists.

At the official store opening, Primark board member Breege O'Donoghue, wearing a cream jacket with gold buttons and slim fitting trousers she said only cost 42 euros, noted that Primark has been praised by the Ethical Trading Initiative, a London-based group campaigning for worker rights.

Irish Prime Minister Enda Kenny, who cut a ribbon before shoppers stormed the store, said he was proud of Primark's success and convinced by its commitment to ethical standards.

"The queues outside certainly show the strength of Primark across Germany and across Europe," he told cheering staff.

The crowds outside the new store on the busy Alexanderplatz square were not deterred by dozens of protesters holding banners with slogans like "Crime-ark" and "Fast Fashion Kills".

"Fast fashion means there is extreme pressure to meet orders. They must produce fast, fast, fast which causes accidents," said Berndt Hinzmann from German development group Inkota Network, which helped organise the protest.

"We consciously don't call for a boycott. That would mean that the factory workers wouldn't earn anything. The companies should not leave Bangladesh. They should recognise the problems and intro-



AAMS Arefin Siddique, vice chancellor of Dhaka University, visits the Grameenphone sponsored computer lab launched in the university's tourism department in Dhaka

## Grameenphone launches computer lab at DU

STAR BUSINESS REPORT

The Tourism and Hospitality Management Department of Dhaka University yesterday opened a computer laboratory sponsored by top mobile operator Grameenphone.

The lab is equipped with 52 desktop computers along with printers, multimedia projectors, and close circuit cameras with modern servers.

The Grameenphone-Tourism and Hospitality Lab located at the Business Studies Faculty is open to all students.

The lab will help students surf the internet for their study purposes, said Prof AAMS Arefin Siddique, vice chancellor of DU, while inaugurating the lab.

For the students, the lab will work as a bridge to global knowledge, said Tanveer Mohammad, chief technology officer of Grameenphone.



Firoz Ahmed Khan, head of retail banking at Brac Bank, and Ringo Nathan, general manager of Six Seasons Hotel, attend the signing of a deal recently. Premium banking customers, platinum and gold credit cardholders of the bank will enjoy free dining offer at Vinno Shad restaurant for Iftar and dinner during Ramadan.

## Cement sees highest gain on Dhaka bourse

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DSEX, the benchmark general index of the Dhaka bourse, gained 5 percent to 4,480.52 points during the period.

However, the return was much higher at the beginning of the year as the market gauge gained 11.4 percent in January following the parliamentary elections, the stockbroker said. The DSEX reached a peak of 4,845.09 points on February 6 and declined 5.7 percent in the following five months.

The financial sector went down in the first half; banks, the second largest sector that accounts for 16.5 percent of the total equity market cap, lost 7.9 percent followed by non-bank financial institutions 3.9 percent, life insurance 12.7 percent, general insurance 16.4 percent and textile 16.1 percent.

The pharmaceutical sector achieved good earnings growth as profit was up by 26.3 percent in the first quarter, compared to the same period in the previous year.

NBFIs, telecoms and power posted better performance but the cement sector's earnings went down in the first quarter.

"Banks' earnings skyrocketed in the first quarter following relaxation of provisioning requirement and loan rescheduling facility," BRAC EPL said. The top 10 largest stocks, accounting for 45.9 percent of the total equity market cap as on June 30, outperformed the market significantly.

Among the largest stocks, Renata registered the second highest gain of 60.8 percent after Lafarge Surma. Islami Bank is the only stock among the large companies which went down 19.6 percent during the period. Most of the large cap stocks posted staggering returns which resulted in positive movement of the broader market indices, the stockbroker said.

Out of 256 equity issues that have been trading from the beginning of the year, 80 gained with four of them posting triple digit return during the period. The remaining 176 issues declined.

Paper and printing was the worst performer during the first half, declining 26 percent.

Seven new issues commenced trading on the DSE floor during the period.

## SJIBL reelects chairman



AK Azad

STAR BUSINESS DESK

AK Azad has recently been reelected as the chairman of Shahjalal Islami Bank, the bank said in a statement.

At the same time, Mohammad Younus and Md Abdul Berek were elected as vice chairmen.

Azad is the managing director of Ha-Meem Group of industries, Channel 24 and the Daily Samakal and has also served the Federation of Bangladesh Chambers of Commerce and Industry as president.

Younus is the managing director of Sobhan Ice and Cold Storage Ltd, Younus Filament Industries Ltd, Younus Plastic Industries Ltd, Younus Cold Storage Ltd.

Berek is a sponsor shareholder of SJIBL and SJIBL Securities Ltd and owner of Arju Electronics, Jony Electronics and Rony Electronics.

## Evaluation of Cathay Pacific's eEnabled aircraft solution begins

STAR BUSINESS DESK

Cathay Pacific began operational evaluation of its eEnabled aircraft solution programme on Tuesday.

The airline along with the Hong Kong Civil Aviation Department (HKCAD) will conduct a formal evaluation of the operability of its Class 3 Electronic Flight Bags and Electronic Techlog systems in the next six months.

The eEnabled aircraft solution is an advanced system of connectivity and integration with ground systems, and it will help replace existing manual processes of flight operations.

A successful evaluation will lead HKCAD to grant operational approval for the technology to be used in place of paper documents, the airline said in a statement.

The airline will continue to roll out the eEnabled system across its fleet of Boeing 777-aircraft, Airbus A330 passenger aircraft and Boeing 747 freighter aircraft upon approval, according to the statement.

"Our teams have put a great deal of time and effort into developing this advanced eEnabled aircraft solution and it is now very exciting to see it moving into the operational evaluation phase," Cathay Pacific Chief Operating Officer Rupert Hogg said. The group's Dragonair has already installed the new technology.

The eEnabled aircraft solution will improve the airline's speed, accuracy, deployment and presentation of information between the aircraft and ground infrastructure, greater operational efficiency, effective maintenance and service delivery. It will also enable pilots to determine precise fuel requirements and the potential for increased payload for each flight and reduce environmental impact.

Cathay Pacific has developed its eEnabled aircraft system in collaboration with a number of key technology partners, including Rockwell Collins, DAC, Ritec, Navtech, Miltope, ICG and USI.

## Biman must find partners to return to profit

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The flag carrier plans to complete the renewal of its fleet in 2015, when it will take delivery of two new 737-800s to replace its ageing A310 fleet.

The transition from the DC-10 to 777 should significantly improve Biman's position in the international market, as the 777 is more efficient, resulting in lower operating costs. Biman should forge partnerships with one or multiple carriers globally, according to the report.

Access to Europe beyond the key destinations of Rome and London as well as to North America could be improved by working with a European or Gulf carrier or multiple carriers. A partnership with an Asian carrier could provide access to more points in the Asia-Pacific, including Australia, and the west coast of North America.

Biman has Australia in its long-term business plans, so working with a Southeast Asian carrier to serve the country could be a more practical approach, it said.

CAPA also asked Biman to focus on the business and corporate travel segment to increase its revenues.

Biman's traffic is now dominated by migrant workers, a very price sensitive segment as tickets are generally purchased by labour contractors expecting big discounts in exchange for high volumes. The airline will need to change its passenger mix for its investment in new aircraft to be converted into higher revenues, CAPA said.

The carrier will need to raise its game in the business and corporate travel segment particularly with its 777-300ER as it has configured the planes with 35 business class seats along with 385 seats in economy. The smaller 777-200ER has only 12 business class seats (and 307 seats in economy), a more appropriate mix given Biman's routes.

The carrier's 737-800s also have 12 business class seats compared to the 24 on the A310s that will be replaced.

wooing business class passengers, however, will not be easy as there are several premium carriers serving the Bangladeshi market.

The Gulf carriers are particularly fierce competitors, pricing aggressively for labour traffic at the back while using their high standard premium products to attract business passengers heading to or from the Middle East, Europe, Africa and the Americas. Emirates is the largest foreign full-service carrier in the Bangladeshi market, with about 10,000 weekly seats and 16 weekly return frequencies.

Malaysia Airlines is the second largest full-service carrier, with three daily flights and about 7 percent share of the total international seat capacity.

On Bangladesh-Asia routes, Biman competes with Cathay Pacific Airways, Malaysia Airlines, Singapore Airlines and Thai Airways for Bangladeshi passengers.

Biman operates 10 aircraft on 22 destinations, with 19 international and three domestic.

## Axiata sells 24pc stake in Thai phone distributor

STAR BUSINESS DESK

Axiata Group Bhd, Malaysia's biggest phone operator by market value, plans to sell its 23.93 percent stake in Thai handset distributor Samart I-Mobile to Samart Corp for \$88.69 million.

The Malaysian company will sell 1.05 billion shares of Samart I-Mobile at 2.73 baht each through the Stock Exchange of Thailand, news agency Reuters quoted a statement of the Thai firm. The price represented a 14 percent discount to Samart I-Mobile's closing prices at 3.16 baht on Wednesday, up nearly 4 percent on day.

The deal, which will be completed in the next 30 days, will raise holding of Thai telecoms group Samart Corp to 74.11 percent.

Samart i-Mobile is in the business of providing instant wireless information services and mobile content along with the distribution of mobile phones and accessories.

"Since our inception, Axiata has always expressed our intention to exit from non-core businesses, at the most opportune time, and concentrate on our primary business of mobile communications," said Jamaludin Ibrahim, president and group chief executive officer.

"The divestment of Samart i-Mobile reflects the continuation of our strategic direction. This follows on from the divestment of Samart Corporation in 2010, an IT company and also the shareholder of Samart i-Mobile." "We have also exited from our small regional operations in Iran in 2010," Ibrahim said.

The divestment of Samart i-Mobile is not expected to have any material financial impact on Axiata's consolidated earnings for the financial year ending on December 31, 2014, Axiata said.

Axiata is the majority shareholder of Bangladesh's third largest mobile operator Robi that has 2.40 crore subscribers as of



Md Ehsan Khasru, managing director of Prime Bank, launches Prime NFCD Account, a special fixed term foreign currency deposit account, at a programme in Dhaka on Wednesday. Ahmed Kamal Khan Chowdhury, deputy managing director, was also present.



William Hanna, European Union ambassador, and Syed Nasim Manzur, chairperson of Leather Sector-Industry Skills Council, attend a meeting organised in collaboration with the International Labour Organisation, the Centre of Excellence for Leather Skill Bangladesh, Swiss Agency for Development and Cooperation, European Union, and Bangladesh Government, in Dhaka recently.

## State banks sink back to deficit

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The central bank has rules for giving out loans, Mahfuzur Rahman, executive director of BB, told The Daily Star. "If any loan proposal is against the rules, the banks should not forward it to the central bank."

Rahman said there are many instances when a good party defaults due to unfavourable business environment. "If the banks give clients support during this time, they get the opportunity to repay the loan."

"Besides, the banks know their borrowers well, which is why the central bank recommends settling on loan proposals according to banker-customer relations. Banks must have that capacity to handle customers," he said.

Bakht said the government may need to inject capital again to strengthen the position of the state banks. The government had previously injected about Tk 4,100 crore into the four banks to meet their deficit.

A finance ministry official said Tk 5,000

crore has been set aside in the current fiscal year's budget to meet the state banks' capital deficit.

Further capital injection must be conditional, Zahid Hussain, lead economist of the World Bank's Dhaka office, said.

Various conditions including loan recovery targets should be tagged with the fresh capital, he said, adding that there must be a provision for punishment for failure to reach the target. The punishment would be applicable to the management, with their non-salary benefits like bonus curtailed.

Hussain also called for a minimum performance indicator for the chief executive, which would be evaluated regularly.

Meanwhile, state-run BASIC Bank's capital shortfall increased to Tk 1,037 crore at the end of March from Tk 647 crore last December. The specialised bank has also sought money from the government to meet the shortfall.



Dan W Mozena, American ambassador, visits a photovoltaic module manufacturing facility of Rahimafrooz Renewable Energy in Ashulia recently.