

**Testimony on Behalf of the Korean-American Small Business Service
Center on the Application by BJ's Warehouse Club**

**Sung Soon Kim
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Good morning Chairman Avella, councilmembers. My name is Sung Soo Kim and I am the director of the Korean-American Small Business Service Center (KASBC). My organization represents the interests of 9,500 Korean-American retailers in New York and we have been doing so for over two decades.

I am here today to voice the opposition of my organization to the application by BJ's Warehouse Club to build a 130,000 sq. ft. store on Brush Avenue in the Bronx. After careful examination we have determined that the store, if built, would not only seriously damage the existing Korean-American businesses in the Bruckner Boulevard corridor, it would, at the same time, have a significant harmful impact on produce wholesalers at the Hunt's Point Market who are members of the Korean Produce Association.

In pointing this out I know that many people will say that, whatever damage BJ's does is simply an unavoidable byproduct of good old fashion competition. I should be pointed out, however, that there is a reason why a huge store like BJ's is not allowed to build on Brush Avenue without a Special Use Permit. The zoning restricts this case because city planners wanted to preserve the quality and character of existing neighborhoods.

New York City is unique in the fact that, unlike any other city region, it has 400 separate shopping areas, little "Main Streets," that give character to the local communities they serve. The building of suburban style box stores like BJ's and Wal-Mart will, if allowed to proliferate, destroy the neighborhood economies where immigrant entrepreneurs like my members have, over the past three decades, successfully pursued the American Dream.

When a store like BJ's applies to get special permission to change the zoning laws we often hear people talk about jobs. This employment appeal is an illusion. If BJ's takes more than 1 million dollars a week out of the local economy than local stores will close. It's as simple as that; don't forget that BJ's use of the economies of scale means that they will do more volume with less workers. And let's not also forget that when a local supermarket or given grocer closes it is an owner, an entrepreneur that loses his dream.

Job loss is experienced in another way. As the Institute for Local Self-Reliance has found, locally-owned businesses spend around 44% of their revenues within the local area. On the other hand, box stores like BJ's typically spend 14.6% of their revenue within the local economy. The rest leaves the local area and flows to out-of-town suppliers or back to corporate headquarters.

The Institute observation is profoundly significant for the economy of the Bronx. Food wholesaling is a core industry in the borough and Hunts Points accounts for 40% of all the city' meat and 80% of its produce. There are 2,415 union jobs and hundreds of family-owned businesses in the market. It is important to point out that the BJ's business model is built, just like Wal-Mart's, on bypassing local channels of distribution through direct shipments from manufacturers.

The more business BJ's absorbs from local retailers the more a ripple effect occurs at the wholesale level. It is not only an economic loss, it is a cultural loss as well. As the New York Industrial Retention Network has pointed out, "New York's diverse ethnic and immigrant populations are very important to both the demand and the supply side of the food industry. Networks throughout the different ethnic and immigrant

communities provide the workforce for the industry, form the market for new ethnic food products and create opportunities for new entrepreneurs.”

From what I’ve outlined so far it should be clear that the potential impact of a BJ’s store, potentially the largest food store in Bronx County, is clearly significant and could well be devastating. Yet there is no data from the developer that analyzes the possible collateral damage such a box store can create.

The box store, as a new type of economic activity in the Bronx, must be given the fullest and most comprehensive reviews. Without the data, however, there is no way that the City Council can reasonable approve the BJ’s application. We urge this committee, in the interest of good government and elementary fairness, to turn down the application that is before you.