STOCKS	Week-on-week
DGEN	CSCX
▲ 4.64%	▲ 4.60%
5,232.38	9,503.43

COMMODITIES	As of Friday
Gold ▼	Oil ▲
$1,611.40 (per ounce)	$100.18 (per barrel)

ASIAN MARKETS			Friday closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.47% 15,738.00	Closed	▲ 0.44% 2,676.47	▲ 0.85% 2,204.78

CURRENCIES (STANDARD CHARTERED BANK)	USD	EUR	GBP	JPY
BUY TK	80.62	103.15	124.38	1.99
SELL TK	81.62	107.31	128.68	1.09

Star BUSINESS

DHAKA SUNDAY DECEMBER 25, 2011, e-mail:business@thedailystar.net

Low prices cut into RMG export growth: analysts

Buyers place advance booking for months in a row

SAJJADUR RAHMAN

A drastic reduction in prices of cotton, yarn and fabrics has slowed down export growth, analysts and exporters said.

As the prices of raw materials are low, the products have become cheaper and the buyers now pay less for their garment purchase, they said.

According to Export Promotion Bureau (EPB) statistics, overall exports grew by only 2.4 percent in November this year compared to the same month in the previous year. The growth was 15.44 percent in October and 2.29 percent in September.

But the fiscal 2011-12 started with a high hope -- 28.7 percent growth in export in July, the first month of the year, and 32.4 percent in August.

"We're getting a lot of orders. The buyers now want to place orders for the next six months at a time to cash in on the present market price," said Mahmud Hasan Khan, managing director of Rising Group that has both apparel and spinning business.

The prices of raw materials such as cotton, yarn and fabrics have come down by 50-60 percent now from that of January this year, he said.

The price of widely consumed 30-count yarn has come down to $3.2 a kg now from $5.5 in January.

"As the prices of raw materials went down significantly, growth in export in terms of value also slowed down," said Khan.

Exports of knitwear and woven, which account for the country's two-third of $22.93 billion export earnings per year, lag behind the strategic export target for July-November this fiscal year.

Bangladesh's knitwear export was $3.99 billion during July-November of 2011-12, down by $105 million than the target for the same period. Similarly, woven export was less by $66 million than the target.

Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD), said this year's export growth in terms of value would show a downtrend due to a sharp fall in the prices of raw materials.

"Depressed raw material market this year compared to last year could be a reason for a slowdown in export growth," said Rahman. He said the prices of cotton and yarn were 60 percent up last year than their present value.

Still he sees challenges for Bangladesh's exports due to the global economic situation.

"The current Euro debt crisis is likely to have adverse implications for Bangladesh's exports in general, and exports of apparels in particular, in the EU. The first sign of this is already there," said Rahman.

The CPD boss, however, forecasts a double digit growth at the end of this fiscal year.

The analysis found 10 major export sectors that earned $22.18 billion or about 97 percent of Bangladesh's $22.93 billion worth of exports in fiscal 2010-11 are combinedly lagging behind the target so far this fiscal year.

The major export drivers are knitwear, woven, jute and jute goods, home textiles, frozen foods, agriculture products, engineering products, footwear, leather and specialised textiles.

The strategic target for these sectors for July-November period of the current fiscal year was set at $9.52 billion, but they combinedly earned less than $9.25 billion.

Jute and jute goods export was less than nearly 20 percent of the target, home textiles 21 percent and specialised textiles nearly 18 percent.

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United Airways to connect Muscat

STAR BUSINESS REPORT

Local private carrier United Airways (BD) will open flights to Muscat in January, targeting mainly Bangladeshi migrant workers in Oman.

The airline plans to start flying to the Arab state in the third week of the next month, it said in a statement yesterday.

"We have obtained permission from Muscat Civil Aviation Authority to operate on the route with our own Airbus-310 having 250 seats," said Tasbirul Ahmed Choudhury, chairman and managing director of United Airways.

The nine-fleet carrier, which now operates on five international destinations, including Jeddah and Dubai, will fly on the Dhaka-Muscat route four days a week.

The airline inducted one A-310 in its fleet yesterday.

"The Gulf is the most important market for Bangladeshi airlines as one in two people who fly abroad goes to the six Gulf countries which employ more than 60 percent of the county's over five million migrant workers," Choudhury said.

United is one of the four local airlines that launched operations in 2007 to get a share of the pie of the migrant worker-dominated aviation market in Bangladesh.

"Bangladesh's air traffic grew nearly 7 percent last year, making it one of the fastest-growing aviation markets in the region," said the United Airways chief.

The airline, a listed company, also seeks to start flights to Riyadh and Dammam.

On the last trading day Thursday, United closed 1.67 percent higher at Tk 24.30 on Dhaka Stock Exchange.

Mobile operators' infrastructure sharing at stake

ABDULLAH MAMUN

A regulatory move is holding back mobile operators' infrastructure sharing business with other service providers.

According to a decision of the regulator, the mobile companies will now have to share their network through a common network.

Also, the mobile operators will not be allowed to do such business in the areas where the common network -- Nationwide Telecommunications Transmission Network (NTTN) -- has coverage.

Now two local companies -- fiber@home and Summit Communication -- have NTTN licences to provide services under the common network. But this network has a very limited reach.

Now if the mobile companies or other service providers want to rent their services, they will have to rent it at first to the two NTTN licensees, who will then rent those out to other service providers.

The move was taken unilaterally and will affect the business of the mobile operators, they said.

Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), said the commission is amending its previous regulations to this effect.

The BTRC move is aimed at encouraging local entrepreneurs, BTRC officials said.

The two NTTN licensees have been responsible for laying underground fibre optic cable across the country to lease out their cable to other service providers since 2008.

The NTTN operators could only develop their network in Dhaka, and fiber@home has developed some capacity outside Dhaka by taking rent of infrastructure from other mobile companies.

On the other hand, the mobile operators have already developed countrywide fibre optic infrastructure investing more than $400 million.

The mobile companies said, if the transmission infrastructure is used by a single company, their resources will be wasted.

The telecom operators also said, as the infrastructure will be rentable to the NTTN operators only, their huge capacity will remain unused. Internet cost of the end users will also go up, as the NTTN licensees will take rent of the line at first, and then rent it out to other service providers, they said.

Mahmud Hossain, chief corporate officer of Grameenphone, said the NTTN operators will take rent of the fibre optic cable from the mobile operators, and they will offer the service after making profit. It will increase the ultimate cost, he said.

Abu Saeed Khan, secretary general of Association of Mobile Telecom Operators Bangladesh, said the current regulatory action will inevitably increase the cost of bandwidth in Bangladesh which is grossly detrimental to the fundamental spirit of 'Digital Bangladesh' vision of the government.

The BTRC chairman said if the NTTN operators fail to provide the services, the mobile operators will be allowed to share their transmission network with other service providers.

Arif Al Islam, chief executive officer of Summit Communication, said it is not possible to develop the countrywide infrastructure overnight.

He said, when the third generation mobile technology will be launched in the country, a huge demand for bandwidth will be created, and a common infrastructure will be helpful then.

In the long run, the current regulation will be useful for all, he said.

An official of fiber@home said they are developing their network fast and will be able to provide all types of services required by their clients.

An internet service provider said they do not want to switch to the NTTN, as they fear this network will not be able to provide the services they need.

"We will need interfaces in several points which the NTTN will not be able to give us due to a lack of capacity," said an official of the ISP, asking not to be named.

"They (the NTTN) have limited services outside Dhaka. Even if we enter their network, we will have to invest further in infrastructure development," the official added.

SME fair comes to a close

UNB, *Dhaka*

The five-day SME Fair-2011 ended yesterday, which organisers said raised hopes among entrepreneurs.

The fair addressed the issues of technological innovations, its application to the SME sector and credit access to entrepreneurs with special focus on women entrepreneurs, said Mostafa Azad Chowdhury Babu, vice president of the Federation of Bangladesh Chambers of Commerce and Industry, told the news agency by phone.