

Jute Market Report for April 2020

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Bangladesh

COVID19 Update: In order to control dispersion of the Corona Virus, the Bangladesh Government decided to continue the country wide lockdown until May 5th for the time being.

Raw Jute: During the month under Pakistan was in the market for both high and low quality Tossa and Meshta fibre and cuttings such as BTE BS, BTE KS, BTE CS as well as BTCA and BTCB cuttings and purchased lots which were ready for prompt shipment. India however was not in the market with significant volumes, due to the COVID19 related lockdown in India.

Normally import demand from the latter two countries is much higher during this period of the year, but the outbreak of COVID19 affected the business of both countries significantly and led to less import demand during the month under review.

Other international buyers from countries like Vietnam, Russia and Brazil were not in the market with noteworthy quantities during the month under review also because of the worldwide adverse effects of the Corona Virus. The continuously improving COVID19 situation in China brought Chinese customers back to the market and regular quantities were purchased during the month under review.

Since Bangladesh is under a countrywide lockdown since almost two months the demand from the private jute yarn and twine spinning mills was at a marginal level. Same applies for private composite mills and raw jute processing industries, as well.

Due to the exiguous demand from the international markets during the month under review, fibre prices remained stable for both high and low quality of fibres.

BJMC mills stopped purchasing activities up to April 20th, because of the countrywide lockdown, but since nine of the state-owned factories slowly resumed their production by end of April, it is assumed that BJMC will be back in the market with smaller quantities sometime soon.

The statistics about raw jute exports during the period of July 2019 up to January 2020 were unfortunately not published when this report was prepared.

New Crop: Sowings of Meshta and White Jute has been completed in all growing areas in Bangladesh during the month under review. Since the sowings took place during the time of the COVID19 outbreak in Bangladesh, the farmers were facing an acute shortage of workers, which distracted the farmers from tapping the full potential of the available land for sowing. As a consequence one expects that the outcome of new crop White Jute and Meshta will be 10 to 15 per cent less compared to last year.

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Sowings for Tossa Jute started from the second week of April onwards but same as for Meshta and White Jute, farmers were lacking of sufficient workforce to execute the sowings. In addition to that, the lockdown in India and Bangladesh hampered the jute seed imports from India significantly. At the moment it is expected that the shortage of seeds will lead to a crop shortfall of some 20 per cent. Certainly it is too early to make a final statement about the outcome of new crop.

During the beginning until mid of the month under review Bangladesh enjoyed moderate rainfalls mixed with good sunshine, i.e. ideal conditions for Jute and Meshta sowings. During the second half of the previous month heavy rainfall was reported all over Bangladesh. It might happen that low land areas will be flooded in case the heavy rainfall continuous.

Jute Yarn and Twine: During the month under review export demand for both high and low quality jute yarn and twine from the major importing countries like Turkey, The Middle East and Iran was slow due to worldwide spreading of the COVID19 virus. Same applies for the demand from other regular buyers of Jute Yarns and Twines from countries like Vietnam, Russia, African countries and Europe. China however was back in the market with a regular demand.

A minimal demand from local market for both Hessian and Sacking Quality was observed during the month under review. Same as in March the export prices remained stable for both low and high quality jute yarns and twines during the month under review, because of the restrained position observed by the major importing countries.

As mentioned above, due to the outbreak of COVID19 in Bangladesh, most of the jute mills were forced to stop their production at least from March 26th until May 5th. Because of the uncertainty about when the mills are able to resume production, most of the jute mills are unwilling to offer at the moment. The major share of the private jute spinning and composite mills are facing a huge backlog of production, which will automatically lead to delayed shipments of certain order.

Jute Goods: During the month under review export demand from countries like Africa, China and Vietnam was on a regular level. Europe -, Australia - and US - based customers were barely in the market during the month under review. Same applies for purchases of unstitched Binola and B-twill bags.

During the month under review export demand for Carpet Backing Cloth from importing countries in Europe, UK, Japan, Australia and New Zealand was rather sluggish.

Export price development Jute Goods:

Hessians:	unchanged
Sackings JBA:	unchanged
CBC:	unchanged

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Latest news: Seed shortage to affect jute production this year and in order to compensate the loss, the government wants jute growers to produce food so the country can cope with an upcoming period of uncertainty. Jute cultivation may decline by 20 percent this year due to a shortage of seeds. The Covid-19 pandemic and its resulting lockdown are the main reason for the expected shortage. March-April is the season for sowing jute seeds, but a lockdown in India and Bangladesh to prevent the spread of the coronavirus has hampered the import of seeds.

Though the activities at Benapole land port in Bangladesh are still on, the problem is with the service receivers and the Indian end. "From customs' point of view, I can say we are open and ready to provide service to clients. But service receivers are not coming to take their goods amid the shutdown," said Dr Md Niamul Islam, additional commissioner of Benapole customs.

According to a report by an Indian newspaper, authorities are not allowing truck drivers and helpers to cross the border as they cannot quarantine themselves when they return. Around 50 trucks carrying nearly 1,000 mtons of jute seeds have been waiting at Petrapol in the Indian Territory since the lockdown began on March 24 in India.

Bangladesh needs nearly 6,000 mtons of jute seeds annually. Of the amount, nearly 90 percent comes from India. The Bangladesh Agricultural Development Corporation (BADC) provides only about 1,000 mtons. "We have no seeds now. Whatever we had has already been given to farmers," said Md Alamgir Mia, general manager (jute seeds) of the BADC.

Plan to compensate the loss Alamgir said the world is going through a very critical and abnormal time. Activities are stalled and new plans have to come in to compensate the losses. He said the government wants jute growers to cultivate paddy rice, given the importance of food grains amid the ongoing uncertainty. „We want farmers to use every inch of land to produce food," he said.

9 state-owned BJMC jute mills resume partial operation. The workers will have to maintain social distancing while working to avoid the risk of coronavirus. The operations of nine state-owned jute mills in Khulna and Jashore regions started partially on Sunday morning after one month following the coronavirus outbreak. The workers will have to maintain social distancing while working to avoid the risk of coronavirus.

According to Bangladesh Jute Mills Corporation (BJMC), there are roughly 10,000 permanent workers at the nine jute mills. The mills were closed on March 26 following the outbreak of novel coronavirus in the country. The authorities took the decision after a discussion with heads of the jute mills on April 23. They considered the overall condition of coronavirus crisis and decided to run the factories with workers at the mill colony on April 25.

Murad Hossain, joint convener of state-owned Jute CBA-Non-CBA Sangram Parishad and former CBA president of Crescent Jute Mills Ltd., said the mills were closed due to coronavirus outbreak.

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BJMC reopened the mills partially to cover losses. The workers got assurance that they will get two months' salary within April 30, he added. Md Golam Rabbani, project director of Platinum Jute Mills, said the mills will open at 5am and continue until 2pm. Workers will get an hour's break. If the workers who are staying outside the mills colony are unable to attend work due to lockdown, it will be considered as a normal holiday.

The operations of the mills will continue this way till May 5. The next decision will be taken as per the government direction, he added. Bangladesh Jute Mills Corporation (BJMC) Khulna Region Coordinator Md Bonoj Uddin Mia said they decided to run the mills partially following the scarcity of jute packets and sacks in the country. They will produce the jute goods as per the demands of foods and agriculture departments but not to export.

The local workers can only join mills maintaining social distancing as per the health rules to avoid the risk of coronavirus infection.

India

COVID19 Update: The country wide lockdown in India will be relaxed from 4th May. In some parts of the country the lockdown is likely to be extended further. Air services are likely to resume but no train or intercity bus transportation will be allowed in near future. The Indian Government has allowed to resume production in factories located in Green Zone (no new COVID19 case being reported during last 28 days) and in Orange Zone (no case being reported during last 14 days). But the Indian Government decided to allow only 10 per cent of the regular work force, subject to maximum number of 500 persons in total amount of shifts.

The Jute mills being located in Green and Orange zones are now investigating on how many workers are able to return to the factories to resume production, since a lot of the workers left for their home districts during quarantine. It will take the mills some time to set up a new production plan, adjusted to the number of workers available.

Raw Jute: JBA quotations were not available due to the country wide lockdown in India during the month under review.

New Crop: Sowings for raw jute started during the month under review and since weather conditions were favorable with moderate to heavy rainfalls, cloudy weather and bright sunshine a good progress of sowings is reported. The migration of workers from cities to their home districts is expected to be an advantage when it comes to jute sowings, as most of the workers prefer to work on the fields rather than returning to the cities where the risk of COVID19 infection appears to be higher. At the moment it is assumed that the carry-over stocks of old crop jute will be much higher than expected during the beginning of the year. The country wide lockdown and the significantly less demand during the last two months are the reason that it is expected that the carry-over stock will sum up to around 1 Mio bales.

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Jute Yarn: There were not much activities to report on the jute yarn market in India.

Jute Goods: Jute goods market will remain firm as demand will outpace supply. The Indian Government has declared holidays in all the educational institutions and has strictly advised to avoid gatherings, use masks and sanitisers and to frequently wash hands. However in a jute mill factory, nearly thousands of workers under the same shed in groups, in such circumstances, there are possibilities of transmission. The jute mill management is yet to follow the directives issued by the state government. Jute mill workers of Rishra Wellington jute mill said that they were aware of the spread of the deadly viral infection, but neither the mill management nor the administration have approached them to explain in details about the signs, symptoms, precautions and preventive steps against the virus.

The workers informed that nearly two thousands workers toil under one shed in shifts. They are panicked that they might all get infected. They have scant information about the viral disease. The mill management has not yet provided them with masks. Only soaps have been provided. The mill management has been indifferent towards their health condition, the workers alleged.

Sarvotam Biswas (assistant director factory inspection) said, "The concerned department of the state government has issued strict directives to the mill management to remain alert towards taking preventive and precautionary steps, so that, no worker gets infected by the deadly viral disease.

The Indian Government extended the COVID19 related lock down further until May 17th. However, some relaxation is given, so as to prepare for gradual normalcy. Of course it all depends on situation at different locations. A couple of Jute mills will resume from 4th May, with approximately 10% of work force. Local sources report that mills like Birla, Cheviot, Caledonian, Budge-Budge, Bowreah, Kamrhatty etc. will resume production accordingly.

Please find attached to our market report (pages 5-9) the latest press release of the Indian Government with respect to the lock down extension until May 17th.

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PRESS RELEASE

EXTENSION OF LOCKDOWN FOR A FURTHER PERIOD OF TWO WEEKS WITH EFFECT FROM MAY 4, 2020.

After a comprehensive review, and in view of the Lockdown measures having led to significant gains in the COVID-19 situation in the country, Ministry of Home Affairs (MHA), Government of India (GoI) issued an Order under the Disaster Management Act, 2005, today, to further extend the Lockdown for a further period of two weeks beyond May 4, 2020. MHA also issued new guidelines to regulate different activities in this period, based on the risk profiling of the districts of the country into Red (hotspot), Green and Orange Zones. The guidelines have permitted considerable relaxations in the districts falling in the Green and Orange Zones.

2. The criteria for identification of districts as Red, Green and Orange Zones have been spelt out in detail in the letter dated April 30, 2020, issued by Ministry of Health and Family Welfare (MoHFW), GoI. The Green Zones will be districts with either zero confirmed cases till date; or, no confirmed case in the last 21 days. The classification of districts as Red Zones will take into account the total number of active cases, doubling rate of confirmed cases, extent of testing and surveillance feedback from the districts. Those districts, which are neither defined as Red nor Green, shall be classified as Orange zones. The classification of districts into Red, Green and Orange Zones will be shared by MoHFW with the States and Union Territories (UTs) on a weekly basis, or earlier, as required. While States and UTs can include additional districts as Red and Orange Zones, they may not lower the classification of a district included by MoHFW in the list of Red or Orange Zones.

3. A number of districts of the country have, within their boundaries, one or more Municipal Corporations (MCs). It has been observed that due to higher population density within the MCs, and consequent greater inter-mixing of people, the incidence of COVID-19 within the boundary of the MC(s) is higher than in the rest of the district. In the new guidelines, therefore, it has been provided that such districts will be classified into two Zones, i.e., one Zone for the area under the boundary of the MC(s); and, another for the area falling outside the boundary of the MC(s). If the area outside the boundary of the MC(s) has reported no case for the last 21 days, it will be allowed to be classified as one stage lower than the overall classification of the district as either Red or Orange. Hence, this area will be classified as Orange, in case the district is overall Red; or as Green, in case the district is overall Orange. This classification will enable more economic and other activities in that area of the district, which is relatively less affected by the incidence of COVID-19, while also ensuring that due caution continues to be exercised so that these areas remain free from COVID-19 cases. This dispensation has been made only in respect of districts having Municipal Corporation (s).

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- 4.** The most sensitive areas of the country, from the spread of COVID-19 point of view, and falling within the Red and Orange Zones, are designated as Containment Zones. These are areas where there is significant risk of spread of the infection. The containment areas would be defined by respective District Administrations, taking into account the total number of active cases, their geographical spread, and the need to have well demarcated perimeters from the enforcement point of view. The local authority shall ensure 100% coverage of *Aarogya Setu* app among the residents of the Containment Zone. Containment Zones would have intensified surveillance protocols, with contact tracing, house to house surveillance, home/ institutional quarantining of persons based on their risk assessment, and clinical management. Strict perimeter control would need to be ensured, so that there is no movement of people in and out of these Zones, except for medical emergencies, and for maintaining supply of essential goods and services. No other activity is permitted within the Containment Zones.
- 5.** Under the new guidelines, a limited number of activities will remain prohibited throughout the country, irrespective of the Zone. These include travel by air, rail, metro and inter-State movement by road; running of schools, colleges, and other educational and training/ coaching institutions; hospitality services, including hotels and restaurants; places of large public gatherings, such as cinema halls, malls, gymnasiums, sports complexes etc; social, political, cultural and other kinds of gatherings; and, religious places/ places of worship for public. However, movement of persons by air, rail and road is allowed for select purposes, and for purposes as permitted by MHA.
- 6.** The new guidelines also prescribe certain measures for well-being and safety of persons. Hence, movement of individuals, for all nonessential activities, shall remain strictly prohibited between 7 pm to 7 am. Local authorities shall issue orders under appropriate provisions of law, such as prohibitory orders [curfew] under Section 144 of CrPC, for this purpose, and ensure strict compliance. In all zones, persons above 65 years of age, persons with co-morbidities, pregnant women, and children below the age of 10 years, shall stay at home, except for meeting essential requirements and for health purposes. Out-Patient Departments (OPDs) and Medical clinics shall be permitted to operate in Red, Orange and Green Zones, with social distancing norms and other safety precautions; however, these will not be permitted within the Containment Zones.
- 7.** In the Red Zones, outside the Containment Zones, certain activities are prohibited in addition to those prohibited throughout the country. These are: plying of cycle rickshaws and auto rickshaws; running of taxis and cab aggregators; intra-district and inter-district plying of buses; and, barber shops, spas and saloons.
- 8.** Certain other activities have been allowed in the Red Zones with restrictions. Movement of individuals and vehicles is allowed only for permitted activities, with a maximum of 2 persons (besides the driver) in four-wheeler vehicles, and with no pillion rider in the case of two wheelers. Industrial establishments in urban areas, viz., Special Economic Zones (SEZs), Export Oriented



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Units (EOUs), industrial estates and industrial townships with access control have been permitted. The other industrial activities permitted are manufacturing units of essential goods, including drugs, pharmaceuticals, medical devices, their raw material and intermediates; production units, which require continuous process, and their supply chain; manufacturing of IT hardware; jute industry with staggered shifts and social distancing; and, manufacturing units of packaging material.

Construction activities in urban areas have been limited to in-situ construction (where workers are available on site and no workers are required to be brought in from outside) and construction of renewable energy projects. Shops in urban areas, for non-essential goods, are not allowed in malls, markets and market complexes. However, all standalone (single) shops, neighbourhood (colony) shops and shops in residential complexes are permitted to remain open in urban areas, without any distinction of essential and non-essential. E-Commerce activities, in the Red Zones, are permitted only in respect of essential goods.

Private offices can operate with up to 33% strength as per requirement, with the remaining persons working from home. All Government offices shall function with senior officers of the level of Deputy Secretary and above at full strength, and the remaining staff attending upto 33% as per requirement. However, Defense and Security services, Health and Family Welfare, Police, Prisons, Home Guards, Civil Defence, Fire and Emergency Services, Disaster management and related services, National Informatics Centre (NIC), Customs, Food Corporation of India (FCI), National Cadet Corps (NCC), Nehru Yuvak Kendra (NYK) and Municipal services shall function without any restrictions; delivery of public services shall be ensured and necessary staff will be deployed for such purpose.

9. A large number of other activities are allowed in the Red Zones. All industrial and construction activities in rural areas, including MNREGA works, food-processing units and brick-kilns are permitted; besides, in rural areas, without distinction to the nature of goods, all shops, except in shopping malls are permitted. All agriculture activities, e.g., sowing, harvesting, procurement and marketing operations in the agricultural supply chain are permitted. Animal husbandry activities are fully permitted, including inland and marine fisheries. All plantation activities are allowed, including their processing and marketing.

All health services (including AYUSH) are to remain functional, including transport of medical personnel and patients through air ambulances. A large part of the financial sector remains open, which includes banks, non-banking finance companies (NBFCs), insurance and capital market activities, and credit co-operative societies. Operation of homes for children, senior citizens, destitutes, women and widows etc.; and operation of Anganwadis has also been permitted. Public utilities, e.g., utilities in power, water, sanitation, waste management, telecommunications and internet will remain open, and courier and postal services will be allowed to operate.

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10. Most of the commercial and private establishments have been allowed in the Red Zones. These include print and electronic media, IT and IT enabled services, data and call centres, cold storage and warehousing services, private security and facility management services, and services provided by self-employed persons, except for barbers etc., as mentioned earlier. Manufacturing units of essential goods, including drugs, pharmaceuticals, medical devices, their raw material and intermediates; production units, which require continuous process, and their supply chain; Jute industry with staggered shifts and social distancing; and manufacturing of IT hardware and manufacturing units of packaging material will continue to be permitted.

11. In the Orange Zones, in addition to activities permitted in Red Zone, taxis and cab aggregators will be permitted with 1 driver and 1 passenger only. Inter-district movement of individuals and vehicles will be allowed for permitted activities only. Four wheeler vehicles will have maximum two passengers besides the driver and pillion riding will be allowed on two-wheelers.

12. In the Green Zones, all activities are permitted except the limited number of activities which are prohibited throughout the country, irrespective of the Zone. However buses can operate with upto 50% seating capacity and bus depots can operate with upto 50% capacity.

13. All goods traffic is to be permitted. No State/ UT shall stop the movement of cargo for cross land-border trade under Treaties with neighbouring countries. No separate pass of any sort is needed for such movement, which is essential for maintaining the supply chain of goods and services across the country during the lockdown period.

14. All other activities will be permitted activities, which are not specifically prohibited, or which are permitted with restrictions in the various Zones, under these guidelines. However, States/ UTs, based on their assessment of the situation, and with the primary objective of keeping the spread of COVID-19 in check, may allow only select activities from out of the permitted activities, with such restrictions as felt necessary.

15. No separate/ fresh permissions will be required from authorities for activities already permitted to operate under the guidelines on Lockdown measures up to May 3, 2020. The Standard Operating Protocols (SOPs) issued by MHA will continue to operate such as transit arrangement for foreign national(s) in India; release of quarantine persons; movement of stranded labour within States/ UTs; sign-on and sign-off of Indian seafarers, movement of stranded migrant workers, pilgrims, tourists, students and other persons by road and rail.

16. State/ UT Governments are mandated to strictly enforce the lockdown guidelines and they shall not dilute these guidelines issued under the Disaster Management Act, 2005, in any manner.

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