

# Jute Market Report for February 2019

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7<sup>th</sup> March 2019

## Bangladesh

**Raw Jute:** During the month under review there was steady demand for both high and low quality of fibres from international market as well as from local jute yarn and twine spinning mills. Export demand continued from Pakistan, India as well as Nepal. Due to less availability of long Meshta and long white jute, suppliers couldn't offer as per existing demand. Pakistan bought about 5000 mtons of long jute and jute cuttings. The latter country mostly bought long jute BTE BS, CS, KS and Jute Cutting BTCA and BTCB. India was also in the market for high and low quality long jute and Jute Cuttings BTCA. However, due to less availability of high quality of fibres, India just bought about 3.000 mtons long jute BTE BS, CS, KS and Jute cuttings BTCA and BTCB. There was less regular export demand from Vietnam, Russia, UK and other jute importing countries. China hardly showed up as buyer during the period under review because of Chinese New Year holidays.

Regular demand was also observed locally for both high and low quality of fibres from private jute yarn and twine spinning mills, composite mills and raw jute processing industries. They were active buyers to cover their raw material requirements.

Bangladesh Jute Mills Corporation (BJMC) were in the local market, however their purchasing activities were limited because reportedly, due to cash crunch, BJMC has been failing to buy raw jute from growers at the peak harvest season and it has resulted in BJMC jute mills cutting production around 66 %.

It is reported that the delay in fund allocation for the state-run corporation is causing productivity losses in the 23 jute mills which BJMC operates. BJMC sought BDT 4 Mia 500 million from the Government to purchase raw jute until December 2018 but received BDT 800 million. Even if BJMC gets the money now it may face shortage of raw jute as private composite jute mills, jute yarn and twine spinning mills and raw jute exporters have already bought most of the good quality raw jute from the market. The average production of BJMC mills came down to 206,33 mtons against a capacity of 600 mtons, mainly due to shortage of raw jute. Raw jute prices increased by about USD 60,00 - USD 70,00 per mton for both high and low quality.

Raw jute export figures from the period of July 2018 up to January 2019 were 399,516 bales against 450,755 bales during the same period under review in the year 2017-2018.

**Jute Yarn and Twine:** During the month under review export demand for jute yarn and twine from the major importing countries like Turkey and Iran was rather sluggish and this since beginning of last month. There was less demand from other regular importing countries like Uzbekistan, Indonesia, Malaysia. China was buyer in the market, however, the actual quantity bought by China was observed rather moderate. Regular demand was also observed slow from Africa, USA and Europe. There was regular demand from the local market for jute yarns/twines of Sacking and Hessian qualities. Due to scarcity of raw material and high price, jute yarn/twine export prices went up by about USD 80,00 - USD 90,00 per mton for both high and low quality of Jute yarn and twine.

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It is expected that prices will continue their upward trend in sympathy with rising meshta and raw jute prices. Jute yarn and twine spinning mills in Bangladesh have well filled order books which keep them busy.

**Jute Goods:** Regular export demand of finished goods for sackings has been observed and increased demand from African countries. Besides Africa, there was regular demand for hessians and sackings from Europe, Australia, USA, Iran, China and Vietnam. India was regularly in the market for unstitched cloth of Binola and B-Twill. CBC: There was less export demand for jute CBC from the regular importing countries like Europe and Australia and New Zealand. It has been observed that local demand for Sacking further improved. Demand for Hessians was a bit sluggish. Most of the privately owned composite jute mills are busy with their running orders.

During the month under review export prices appreciated:

Hessian: Price increased approx. 3 to 4%  
Sacking: Price increased approx. 4%  
CBC: Price increased approx. 2%

According to a press release on 21<sup>st</sup> February 2019, Bangladesh Govt. plans to establish jute goods research and training centre. Textiles and Jute Minister Mr. Golam Dastagir Gazi said that a research and training centre will be established soon for the diversification of jute production to regain its lost glory. "The government has taken a plan to establish a centre for jute goods research and training to expedite the multifunctional use of jute which will be administrated by the Department of Jute under the provisions of 'Jute Act-2017'," the minister said this while speaking at a discussion with the officials of the Jute Department.

Referring to different initiatives of the present government in developing jute sector, including enactment of the Mandatory Jute Packaging Act-2010, the minister said more use of jute and jute products will make a significant contribution to boost the economic prosperity of the country. Mentioning that Bangladesh is ahead of many foreign countries in exporting jute and jute goods, Mr. Golam Dastagir Gazi, Minister of Textiles and Jute, said to achieve the production goal and ensure the mandatory usage of jute goods, the law enforcement authorities will conduct drives against any irregularities or corruption.

63 jute mills in Bangladesh are currently inoperative, the Minister of Textiles and Jute told parliament on 5<sup>th</sup> March 2019. Of them, 56 are private. Currently there are 281 privately owned jute mills and 33 state-owned mills in Bangladesh, according to him. Seven state-owned mills also remain closed, he said, replying to a question from treasury bench MP Tanveer Imam. Mr. Gazi said the number of jute mills under BJMC was 27 in July 2018. The number increased to 33 after the government took back the ownership of six jute mills.

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Prime Minister Sheikh Hasina spoke yesterday at the National Jute Day-2019 programme and inaugurated the two-day Multipurpose Jute Product Fair at Bangabandhu International Conference Centre in Dhaka. She urged authorities concerned to take necessary steps to make the jute sector profitable. "Jute is such a produce, nothing of which is wasted. So, why'll it incur losses? I don't want to hear (the news of) losses. Attention is needed for making it profitable" she said.

The Prime Minister said the jute products will get incentives both as an agricultural produce and an industrial product. "We'll definitely make it (the jute sector) profitable through diversifying the jute products. I believe it", she said with a call to assess the local demand of jute products. She said the Export Policy 2018-2021 has already been declared. "It'll have to concentrate on further increasing the export of jute goods."

### India

**Raw Jute:** The Jute Corporation of India (JCI) will continue to act as central nodal agency to undertake price support operations at the Minimum Support Price (MSP) in jute growing states. The Indian Government on 13<sup>th</sup> February hiked the minimum support price for raw jute IRs 3,950 per 100 kg for 2019/20 season, from IRs 3,700,00 per 100kg in the previous season (2018/19). The decision was taken at a meeting of the Cabinet Committee of Economic Affairs in New Delhi. Union Minister Piyush Goyal said "The MSP would yield returns of 55,81 % over the All-India weighted average cost of production. The MSP is expected to ensure appropriate minimum prices to the farmers and step investment in jute cultivation and their production and productivity in the country" an official statement said.

JBA raw jute quotations at the end of the month under review were as follows: TD-4 IRs 5,000.00 and TD-5 IRs 4,700.00 per 100 kg. Raw jute market ruled fully steady during the month under review.

**Jute Yarn and Twine:** Market was absolutely dull during the month under review.

**Jute Goods:** Jute sector trade unions in West Bengal have deferred a proposed strike from 1<sup>st</sup> March 2019 by two weeks, as the state government sought more time to look into the unions' demands and resolve the present impasse. At a tripartite meeting on 26<sup>th</sup> February 2019 in presence of West Bengal Labour Minister Moloy, the 21 trade unions decided to postpone the strike until 15<sup>th</sup> March 2019. The jute industry employs 200.000 workers in more than 60 jute mills in the State of West Bengal.

The West Bengal Government had decided on 17<sup>th</sup> January 2019 to give an interim relief of IRs 70,00, raising the workers wage to IRs 327,00 per day till a new wage agreement was finalized. IJMA sources had earlier said that the jute mills would not be able to pay anything more than the revised wage of IRs 327,00 per day.



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With sufficient orders jute CBC production booked almost up to June 2019 shipment, availability of high quality raw jute, both locally and from Bangladesh, also improved. Hessian prices have remained more or less unchanged during the month under review. Orders for Hessians are very slow. Selected jute mills continue to ask for a premium which most recently was 4 %. With abundant orders for Sackings in their books, jute mills are unable to supply and are trying to regulate order and supply by Government. Imports from Bangladesh continue and the imported quantity is increasing. Government orders for February 2019 are of approx. 475.000 bales of B-Twill bags. Backlog in supply till February is of approx. 320.000 bales.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA in January 2019 amounted to 85.000 mtons of which 3.200 mtons were jute yarns/twines.

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