

Jute Market Report for December 2022

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2nd January 2023

Bangladesh

Raw Jute: During the month under review, raw jute demand from major importing countries like Pakistan, India and Nepal increased. Pakistan was in the market for long Jute Tossa, long Meshta, Tossa cuttings such as BTCA and BTCB and Meshta/Kenaf cuttings such as SMC and OMC. In total, Pakistan placed orders of about 2.500-3.000 mtons. Indian buyers were in the market for long Jute Tossa varieties such as BTR NB KS, BTR NB CS and BTR BS as well as jute cuttings BTCA and BTCB and placed orders to the tune of about 2.000-2.500 mtons.

Demand from other importing countries like China, Vietnam, Russia and Tunisia continued to be sluggish during the month under review. The local jute yarn and twine spinning mills as well as composite jute mills were in the market but in view of the upward market price situation as well as the scarce availability, especially of higher quality grades, most of the parties decided to restrict their purchases to their minimum requirements only.

Reportedly raw jute traders and stock keepers are trying to control the local jute market by increasing fibre prices and creating what looks like an artificial shortage in availability of fibres whereas international demand is only supported by buyers from Pakistan and India at normal level.

The local jute industry blames the middlemen and stockists that the latter for the sake of gaining higher profits are being responsible for the significant increase of market prices, as they are illegally hoarding the fibres which consequently leads to an artificial shortage of supplies. The high raw jute market prices inevitably lead to increased production costs and the larger part of the industry is accumulating significant losses, as most customers are unwilling to follow the market and accept the current high fibre prices.

Raw Jute and Meshta prices increased by about US\$ 30-40 per mton during the month under review. As mentioned above, availability of higher quality grades becomes irregular in the local market. Thus it is assumed that upward price tendency for the higher grades of fibres is likely to continue unabatedly.

Raw jute exports in July, 2022 were 56.854 bales against 28.211 bales during the same period under review in the year 2021.

Weather: From middle of the month under review the entire country witnessed low temperatures and foggy weather which lead to congested highways and blocked terminals, due to low visibility on roads and highways.

Jute Yarn and Twine: Export demand for both high and low quality of jute yarn and twine from regular importing countries like Turkey and Iran increased during the month under review. Same applies for the demand from other international markets such as India, China, Vietnam, Indonesia,

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Malaysia, Japan, Uzbekistan and the Middle East. Though European and US buyers were in the market, their demand was quantitywise less than regular, mainly caused by the Festive Season.

Local demand for both Sacking and Hessian quality jute yarn and twine for packaging purposes was at a regular level during the month under review.

Export price: Export prices for high and low quality of jute yarn and twine increased by around US\$ 40,00-50,00 per mton during the month under review. Due to the increase of raw jute prices, most of the jute yarn and twine spinning mills are facing difficulties to run their factories in full swing. Especially the mills which were not in position to cover the larger part of their annual demand might face huge losses, in case they had concluded long term contracts with their customers. In case the raw jute market situation continues to remain as it is, prices for jute yarn and twine are expected to rise further during the coming months.

Jute Goods: During the month under review export demand for both Hessians and Sackings, especially from buyers in African countries, increased. Demand from other markets such as Europe, USA, China, Vietnam, Iran and Australia were at average level. India was regularly in the market for unstitched Binola and B-Twill fabrics.

Jute CBC demand from the regular importing countries like Europe, UK, and Japan was at a relatively low level during the month under review.

An increased local demand for Hessians and Sackings for packaging purposes was observed.

During the month under review, export prices developed as follows:

Hessians:	increased by approx. 2 %
Sacking:	increased by approx. 2%
CBC:	unchanged

BJMC: According to the Secretary Ministry of Textiles and Jute it was decided to widen the scope for the production of textiles, backward and forward linkage items of jute and textiles to attract more investors to lease the mills. The Jute Ministry has received a total of 37 proposals from the private sector for leasing 13 state-owned mills after it had announced that, apart from jute goods, also textiles could be produced at the mills. The Bangladesh Jute Mills Corporation (BJMC), which controls the state-owned mills, released the revised terms of reference for leasing 11 jute and two non-jute mills at the end of October 2022, shifting from its initial position that only jute goods can be produced in the 25 factories that were closed in July 2020.

We quote from a newspaper article "*Jute mills seek low cost fund*", published by The Daily Star on 2nd January 2023 as follows:

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„Jute mills have urged the government to speed up the formation of a low-cost fund for the jute sector to allow entrepreneurs to modernise machineries of their dilapidated mills and increase productivity. The view was shared at an annual general meeting of Bangladesh Jute Mills Association (BJMA) on Saturday.

At the meeting, BJMA Chairman Abul Hossain said the Ministry of Textiles and Jute requested the Finance Ministry to create an initial low-cost fund of Tk 500 crore out of its proposed Jute Sector Development Fund of Tk 10,000 crore. "We hope this fund will be developed within a short time," he said.

The BJMA also lamented a lack of implementation of the mandatory jute packaging act-2010. [They] urged the government to reduce the price of jute batching oil, which is used to make jute fibres pliable, as an increase in prices would fuel production cost. The government earlier hiked the price of jute batching oil by 55 per cent to Tk 140 per litre from Tk 90 earlier.

The BJMA chairman said at present the jute sector in Bangladesh was facing a lot of critical problems. One is a drastic fall in exports, he added."

India

Raw Jute: The ruling market prices quoted by the Jute Balers Association (JBA) end of last month were fixed as follows: TD-4 IRs 6.475 and TD-5 IRs 5.775 per 100 kgs. The premium for TD-4 remained unchanged.

Not much Bdesh raw jute business with Indian buyers was reported during the month under review since prices of Bangladesh raw jute of Hard District and North Bengal grades were not considered to be attractive.

Local supplies to Indian jute mills were around 709,000 bales during the month under review (against 693,000 bales in November). According to current estimates the crop 2022/23 is expected to be about 9.5 mio. bales compared to 9 mio. bales in 2021/22. The carryover is unlikely to exceed one million bales. This estimate is based on an inventory of some 500,000 bales with IJMA mills and an estimated similar stock with non IJMA mills and traders.

Jute Yarn and Twine: Demand for jute yarns and twines was negligible during the month under review.

Jute Goods: Situation during the month under review presented itself as follows: Prices for Hessians seem to have stabilized, ruling at IRs 134,000 per mton. Selective mills asking for premium of 10% against prices quoted by „standard“ mills. Export demand was very low but local demand partially picked up.

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Market prices for Sackings remained unchanged, fluctuating between IRs 95.000 and 100.000 per mton, with selective mills asking for premium of 5 % against prices quoted by „standard“ mills.

B-Twills: The Indian Government placed orders of about 400.000 bales of B-Twill bags during the month under review. The order volume for January is expected to be to the tune of 250.000 bales.

Orders for Jute Carpet Backing Cloth continued to be sluggish.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for November 2022 were not yet published at the time this report goes to press.

Anti-dumping duty: India has extended anti-dumping duty on various jute products from Bangladesh and Nepal. We quote from a newspaper article published by The Business Standard on 1st January 2023 as follows:

"The anti-dumping duty imposed under this notification shall be levied for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency," a notification from the Indian finance ministry dated 30 December 2022 said, reports the Telegraph India.

The duty applicable is in the range of \$6.3 to \$351.72 per tonne.

In January 2017, India imposed anti-dumping duties ranging from \$19 to \$352 per tonne for five years on jute exports from Bangladesh. After the five-year period expired on 1 January 2022, the country started a review on keeping the duty for a while longer.

In October last year, India's Directorate General of Trade Remedies (DGTR) recommended its Finance Ministry to again impose anti-dumping duty on jute goods exports of Bangladesh for another five years, prompting Bangladesh's Commerce Ministry to initiate discussions with exporters to determine the course of action.

Bangladesh Finance Minister AHM Mustafa Kamal and Commerce Minister Tipu Munshi wrote to their Indian counterparts, asking them to not impose the anti-dumping duties on jute products once again.

At the time, Tipu Munshi told The Business Standard that he and his Cabinet colleagues had made the request on the basis of an assurance to that end by India.

The commerce secretary of India had earlier indicated there might be an announcement on this issue during the Bangladesh prime minister's recent visit to Delhi. But the joint statement of the prime ministers of the two countries did not mention anything in this regard."

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